VILNIAUS GEDIMINO TECHNIKOS UNIVERSITETAS

VERSLO VADYBOS FAKULTETAS

TARPTAUTINĖS EKONOMIKOS IR VADYBOS KATEDRA

Jurgita Vabinskaitė

RYŠIŲ SU VISUOMENE STRATEGIJOS INTERNACIONALIZUOJANT BANKININKYSTĘ BALTIJOS ŠALYSE

PUBLIC RELATIONS STRATEGIES FOR INTERNATIONALIZATION OF BANKING IN THE BALTIC COUNTRIES

Baigiamasis magistro darbas

Verslo vadybos studijų programa, valstybinis kodas 62403S121

Tarptautinio verslo specializacija

Vadybos ir verslo administravimo studijų kryptis

Vilnius, 2011

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TVIRTINU
Katedros vedėjas

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Prof. habil. dr. Borisas Melnikas
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BAIGIAMOJO MAGISTRO DARBO
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BAIGIAMOJO DARBO UŽDUOTIS:

Atlikti teorinės metodinės literatūros analizę magistrinio darbo tema, panaudojant Lietuvos ir užsienio autorių mokslinę ir metodinę literatūrą ir kitus su baigiamojo darbo tema susijusius antrinius duomenis.
Atlikti empirinius tyrimus, įvertinant ryšių su visuomene problemas internacionalizuojant banko veiklą, ir sumodeliuoti ryšių su visuomene strategijas internacionalizuojant bankininkystę Baltijos šalyse.
Išanalizuoti bankininkystės internacionalizacijos procesus bei ryšių su visuomene srities perspektyvas Baltijos šalyse, ir panaudojant empirinio tyrimo rezultatus, suprojektuoti strategijas, kaip bus įgyvendinami banko ryšiai su visuomene Estijos, Latvijos ir Lietuvos rinkose. Suformuluoti darbo išvadas ir pateikti pasiūlymus.
Darbe naudoti paveikslus, lenteles, schemas ir kitas grafines iliustracijas pagal poreikį.

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VADOVO ATSILIEPIMAS
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Kitų asmenų indėlio į parengtą baigiamąjį darbą (projektą) nėra. Jokių įstatymų nenumatytų piniginių sumų už šį darbą niekam nesu mokėjęs(-usi).

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Pavadinimas

Ryšių su visuomene strategijos internacionalizuojant bankininkystę Baltijos šalyse

Autorius **Jurgita Vabinskaitė** Vadovas doc. dr. **Rasa Smaliukienė**

Kalba

	lietuvių
X	užsienio

Anotacija

Baigiamajame magistro darbe nagrinėjamos ryšių su visuomene problemos internacionalizuojant bankininkystę Baltijos šalyse. Darbe išanalizuoti bankininkystės internacionalizacijos modeliai ir juos pagrindžiančios teorijos, išnagrinėti klasikiniai bei modernūs metodai plėtoti ryšius su visuomene tarptautiniu mastu. Magistro darbe atlikti empiriniai tyrimai siekiant objektyviai įvertinti bankininkystės internacionalizacijos bei ryšių su visuomene srities perspektyvas Estijoje, Latvijoje ir Lietuvoje. Remiantis teorinio ir empirinio tyrimų rezultatais baigiamajame magistro darbe suformuotos ryšių su visuomene strategijos internacionalizuojant bankininkystę Baltijos šalyse bei pateikti pasiūlymai tolimesnei problemos analizei.

Darbą sudaro 4 dalys: baigiamojo magistro darbo analizės objekto pristatymas, mokslinės literatūros analizė, bankininkystės internacionalizacijos bei ryšių su visuomene srities perspektyvų Estijoje, Latvijoje ir Lietuvoje empirinis tyrimas, ryšių su visuomene strategijos internacionalizuojant bankininkystę Baltijos šalyse; suformuluotas darbo įvadas, išvados ir pasiūlymai, pateiktas literatūros sąrašas.

Darbo apimtis – 121 p. teksto be priedų, 14 iliustr., 20 lent., 154 bibliografiniai šaltiniai.

Atskirai pridedami darbo priedai.

Prasminiai žodžiai: bankininkystės internacionalizacija, ryšiai su visuomene, ryšių su visuomene strategija, internacionalizacijos indeksas, Baltijos šalys, Hofstedes indeksai, ryšių su visuomene modeliai

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Master Degree Studies **Business Management** study programme Master's Thesis

Title: **Public Relations Strategies for Internationalization of Banking in the Baltic countries**

Author **Jurgita Vabinskaitė** Academic supervisor **Assoc Prof Dr Rasa Smaliukienė**

Thesis language

[ ] Lithuanian

[x] Foreign (English)

Annotation

The final master thesis concerns public relations problems for internationalization of banking in the Baltic countries. In the paper there are analyzed theories and methods concerning the process of banking internationalization, also there are examined classical and modern models of international public relations. In the paper there are presented the results of empirical research investigating both the development of banks' internationalization processes in Estonia, Latvia, and Lithuania, and the opportunities for international bank to practice public relations in the Baltic countries. Following the results of theoretical and empirical research there were developed general public relations strategies for banking internationalization in the Baltic countries, also there were provided recommendations for further researches on public relations management when internationalising banking business.

Structure: the presentation of the analysis object of the Final Master Thesis, analysis of scientific literature, empirical research on both the development of banks' internationalization processes in Estonia, Latvia, and Lithuania, and the opportunities for international bank to practice public relations in the Baltic countries, public relations strategies for internationalization of banking in the Baltic countries; the introduction of the work was prepared; conclusions and recommendations prepared, the list of reference sources was compiled.

The final Master thesis consists of: 121 p. text without appendixes, 14 pictures, 20 tables, 154 bibliographical entries. Appendixes included.

Keywords: banking internationalization, internationalization models, public relations, public relations strategies, Transnationality index, the Baltic countries, Hofstedes dimensions, public relations models

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ACKNOWLEDGMENT

Over the past thirty years, one of the most frequently researched topics in international marketing has been that of internationalization of the firm. There are many definitions of internationalization and more recent ones such as those of Welch and Luostarinen (1988), Rao and Naidu (1992), Easton and Li (1993) and Johanson and Vahlne (1993) describe internationalization as a process by which firms increase their involvement in international business activities: establishing a foreign subsidiary, international joint ventures, licensing agreements, developing international advertising campaigns, engaging in international trade, participating in exhibitions and a multitude of other events and actions. The process of internationalization is considered to be complex and multidimensional (Grönroos, 1999; Fletcher, 2001), requiring for insightful strategic management of internationalization positively and negatively influencing factors. Among these factors scholars suggest the bank's identity and reputation, as well as country specific triggers.

Czinota and Ronkainen (2004) states, that services have a great potential for internationalization. Banking sector is a good example of rapidly growing scale of internationalization processes around the world, as well as in the Baltic countries. Since 2000 the Baltic countries experienced emerging internationalization of banking services, and especially from the Scandinavian countries. This tendency could be partially explained by the Huettinger’s (2008) empirically tested insight, that the culture of three Baltic countries are closer to the Nordic countries rather than to Eastern Europe or Post Socialist countries. Furthermore, the growing banking internationalization in the Baltic countries is positively influenced by good terms for doing business, as well by the promising perspectives for economical development and rapidly increasing quality of life.

Opening global gateways offer greater revenue and credibility for bank as well as challenges that are far greater than those of doing business under the home roof. It is considered more risky to internationalise services than manufacture of goods since in many cases the producer and the production facilities are part of the service and therefore it requires a better control of resources. According to Arvidsson (1997) the most crucial asset that a service company must be aware about is it’s image and reputation. It challenges public relations to manage intangible and the most fragile corporate asset (identity, image, and reputation) in particularly uncertain international environment. Therefore international public relations deal with great diversity of publics in sense of cultural, economical, political, and social environments, as well as with rapidly changing environmental contexts throughout time in different countries.

The other challenging aspect for internationalization of banking is cross-cultural communication. According to Morosini (2002) half of cross- border, business ventures fail, largely because organizations routinely sacrifice cultural sensitivity and communication for adherence to business strategy and financial gain. Ignoring cultural signs can be just as costly in the initial stages of an international business venture as they are to businesses with a longstanding presence. Thus the diverse cultures should be treated as opportunities for business, as resource, capital and ‘set of tools’. They can be used as unique source of competitive advantage, as well as source of value and differentiation within business community. However, in order to use national culture as business tool, it is necessary to explore, understand and split it in applicable components.

“In an age when there is talk of an inevitable “clash of civilizations, when ill-judged remarks can ignite the tinder-box of popular opinion, when the stereotyping and stigmatization of “the other” can suddenly destroy community relations built up over decades, there is premium on intercultural dialog between societies. There is a corresponding need for sensitivity to these matters by organizations and individuals operating in multicultural, multi-faith, and multi-etnic environments” (Koichiro Matsuura, Director-General, UNESCO).

Lithuania, Latvia and Estonia have been systematically ignored in the cultural research and are still being treated as a forecourt of Russia. Many publications consider them as a common block, due not only to their geographical proximity. That is why in business, the “block” classification has meanwhile become a fact and most corporations and multinational companies pursue a standardized marketing strategies across the three markets. However, more often scholars admit significant differences between Baltic people and their Slavic counterparts, rapid adaptation to western patterns, as well as remaining historically sound national identities in the globalizing market.

However, general theoretical public relations models do not consider business internationalization issues in the Baltic countries as well as the specificity of banking internationalization. That is why there is needed more comprehensive research on the subject, as well as empirical verification in the analyzed field.

The goal of the research – to develop general public relations strategies for banking internationalization in the Baltic countries Estonia, Latvia, and Lithuania, based on the results of theoretical and empirical research.

The tasks settled to reach the goal of the research are the following:

1. To identify main theoretical and practical challenges when internationalising banking business.
2. To analyze theories and methods concerning the process of banking internationalization.
3. To examine classical and modern models of international public relations, applicable to the banking internationalization.
4. To investigate the development of banks’ internationalization processes to the Baltic

countries.

5. To analyze the opportunities for international bank to practice public relations in the Baltic countries.
6. To formulate the public relations strategy for internationalization of banking in the Baltic countries.
7. To provide recommendations for further researches on public relations management when internationalising banking business.

The research methods

In order to explore the practice of international public relations during bank‘s business internationalization process to the Baltic countries there were analyzed scientific literature, explored previous studies on the matter. There were also collected and analyzed corporate specialty publications (annual reports, press releases, brand books, lieflets and etc.) and according to the gathered information there were compiled actual case studies of international public relations. The statistical analysis tools were used to explore banking internationalization processes to the Baltic countries in the time period of ten years: there were performed both simple and multiple correlation, regression, and exponential analysis. There were also calculated and analyzed internationalization indexes of each Baltic country, as well as of the biggest international banks operating in analyzed region.

The structure of paper

In the first section of this paper there are analyzed the main public relations problems for banking internationalization, as well as public relations challenges for international management of corporate identity and image. There are also researched basic factors causing banking internationalization, and the main structural models for banking internationalization.

In the second section of this paper there are analyzed public relations theories and methods for banking internationalization, comprising classical and modern conceptions of international public relations. In this section there are also analyzed different methodologies to research public relations in different countries; moreover, there is developed the principal model for the research of public relations in the Baltic countries.

In the third section of this paper there is implemented quantitative research on banking internationalization processes in the Baltic countries. Furthermore, there is qualitatively researched the environment for public relations in the Baltic countries.

In the forth section of this paper there are developed public relations strategies for banking internationalization. The proposed public relations strategies are based on the previously analysed scientific literature as well as on proceeded quantitative and qualitative researches.

1. PUBLIC RELATIONS CHALLENGES FOR INTERNATIONALIZATION OF BANKING

1.1. Main Public Relations Problems for Internationalization of Banking

It is argued that one promising sector in international markets - financial services. However, it is considered highly risky to internationalize services since in many cases the service infrastructure are part of the service and therefore requires precise control on both tangible and intangible resources in the organization. The primary asset of services providing organization is the basis of an image and of its reputation, and also strong relationship with the audience. In order to deal with issues there are developed public relations strategies.

Internationalization of services is conceptualized by the theories of foreign direct investment, movement of labor, and the theory of traditional cross-border transactions (Hufbauer, Warren, 1999). According to Arvidsson (1997), there are three ways for a service company to internationalize its presence:

- To export financial services; for example, to sell financial solutions to a customer who is based internationally;
- To arrange a contractual agreement on intermediate services; it appears when management's consultant firm analyzes operations of a firm in a foreign country; or
- To manage services directly by a foreign establishment.

Common tools for providing services in international markets are foreign direct investment, licensing and franchising, and joint ventures (Arvidsson, 1997). Grönroos suggests that the choice of entry mode for going abroad is to follow existing clients or to look actively for new markets (Grönroos, 1999). However, the technological advancements and globalization processes have reversed the pattern of services' internationalization. So now, in many cases to go international decides not the service firm, but potential customers in foreign countries, that pick up offers of services for their market and require the firm to deliver it internationally (Grönroos, 1999).

It is argued that one promising sector in international markets - financial services (Winsted and Patterson, 1998). Financial services, once supplied strictly regulated, the domestic market-oriented and fragmented, now are increasingly built into an open, competitive and global systems (Hervé Hannoun, 2006). Scholars Terpstra and Sarathy (2000) argue that international financial services are growing rapidly and the major factor behind it is the necessity to follow customers. Twenty-four-hour trading, global foreign exchanges, international lending, and other banking services, are demanded by multinationals as they spread around the world (ibid.).

Even so it is considered highly risky to internationalize services since in many cases the service infrastructure (producer and the production facilities) are part of the service and therefore requires precise control on resources in the organization (Grönroos, 1999). The primary asset of services providing organization is the basis of an image (London School of Public Relations) and of its reputation, and also strong relationship with the audience (Winsten and Patterson, 1998). It means that export of services is not just very risky, but also very costly since a firm needs to transfer its know-how and arrange a network of new contacts. So, it could be concluded, that services internationalizing firm meets all the problems that are common for entering a new market.

Any business that expands into a country other than its own is putting its name out for public inspection more than ever before (Curtin and Gaither, 2007). That is why Arvidsson (1997), argue that the most crucial resource that a service provider must be aware about at internationalization process is its reputation. In fact, the reputation, or the experience record about the service firm may be the main and perhaps the only information source for a customer to evaluate the quality of the service before the actual transaction. As Si X. Steven and H. A. Michael (2004; p. 1371) states, creating a positive image in customers' mind should be a vital issue for the organization moving into a new environment, because there is no longer any history of its previous activities.

Furthermore, Winsted and Patterson (1998) states that in order to be successful, there are necessary strong relationships and perfect reputation of quality. However, these competitive advantages are very fragile and require advanced systematic management (ibid.). On international scale to manage quality and relationships is far more challenging. Arvidsson (1997) marks that the larger is the physical distance, the higher probability of inadequacy appears between the experience record and full value to the customer.

Just like small and medium enterprises multinational banks face the same and sometimes even greater challenges outside their home countries. Different political, economical and social environments are only some of all challenging issues. Cross-border issues have fostered the growth of international public relations (T. Traverse-Healy: 181). International public relations (hereinafter - IPR) are a cultural bridge that not only respond to these challenges, but often even change them.

International public relations – a multinational program that has certain coordination between headquarters and various countries where offices and/or publics are located, and that has potential consequences or results in more than one country (Robert Wakefield, 2000). Traverse Healy explained, that "issues which… demand a public relations response… more often than not are global in development and expression" (1991; 34). According to L. Gruning the main challenges for public relations in the global environment can be characterized by "dissensus rather than consensus, heterogeneity rather than homogeneity and rapid rate of change rather than stability" (1992; 130).

One of the most important tasks for international public relations is fluent cross-cultural communication. Half of cross- border business ventures fail, largely because organizations routinely sacrifice cultural sensitivity and communication for adherence to business strategy and financial gain (Morosini, 2002). Existing theories of cross-cultural communication are focusing at value differences between cultures (Hofstede, 2001; Hall, 1990). It is argued that understanding other culture facilitates cross-cultural communication and understanding. However, ignoring cultural signs can be just as costly in the initial stages of internationalization as they are to businesses with a longstanding presence (ibid.). According to Patricia A. Curtin and T. Kenn Gaither (2007, 24) integration into a host culture is an ongoing process with an indefinite end point, and it means that for organizations it is almost impossible to escape the increasing array of issues in the international context even after few years of performance.

Public relations activities for banking internationalization do not start at neutral. Before a bank has initiated a single public relations tactic, it is generating messages by its every presence (Curtin and Gaither, 2007). The main concern of public relations is how the host culture decodes those preliminary messages. This initial process of meaning creation is not linear and do not have an end point. This means that the experience from home market can be inappropriate in the host country, and what worked yesterday might not work today. So it calls for public relations practitioners to be agents of active involvement, recognizing the complexities of doing public relations in different environments and different cultures (ibid.).

Analyzing scientific literature there were found, that the main challenges of public relations for banking internationalization are to manage bank's reputation, since it is very important factor choosing between different service providers in the market; however it is crucial to build strong relationships with target publics and to secure the correct perception of services' quality; furthermore, public relations must be able to maintain cross-cultural communication, significantly influenced by different cultural, political, economical, social environments.

1.2. Public Relations Challenges for International Management of Corporate Identity and Image

Whereas the analysis of scientific literature revealed that one of the major tasks for international public relations is to manage bank's reputation in different cultures, we think it is necessary more deeply to explore the meaning and the matter of bank's reputation for consumers' perception and the main challenges of public relations for managing basic elements of organization's reputation – corporate identity and image – in international context.

Organizational reputation is arrived at by considering the sum of total of images an individual has accumulated over a period of time that help that individual form an opinion about an organization (Tench and Yeomans, 2006). However, there may be various perceptions about organization held by the various publics of that organization, and there may even appear a gap or dissonance between those perceptions. On the other hand, the dissonance might also exist between how the organization would like to be perceived and how it is perceived in reality. The task of organizational public relations is to reduce those dissonances to a minimum. The tool used for this purpose is organizational identity (Tench and Yeomans, 2006; M. De Mooij, 2010).

Organizational or **corporate identity** includes core values of a company, i.e. the sum of total proactive, reactive and unintentional activities and messages of organizations (Tench and Yeomans, 2006:.p. 250). The British communication consultant Nicholas Ind defines corporate identity as “an organization’s identity in its sense of self, much like our own individual sense of identity. Consequently, it is unique.” Every organization has got a corporate identity. This is because organizations exist within a societal context.

“By effectively managing its corporate identity an organization can build understanding and commitment among its diverse stakeholders. This can be manifested in an ability to attract and retain customers and employees, achieve strategic alliances, gain the support of financial markets and generate a sense of direction and purpose. Corporate identity is a strategic issue.” (Tench and Yeomans, 2006: 254).

Corporate identity significantly influences the impression perceived by an individual about the organization at one moment in time. The sum of these perceptions throughout time is called **organizational image** (Tench and Yeomans, 2006: 253). Organizational image naturally can change from individual to individual and also throughout time. It means that for public relations it is much harder to manage organizational image in international context than only in home market. The main reasons for that is because of greater diversity of individuals in sense of cultural, economical, political, social environments, and also because of changing environmental contexts throughout time in different countries.

In scientific literature these environmental challenges of international public relations for corporate identity and image management within cultures and between cultures often are called as **paradoxical values** (M. De Mooij, 2010; Tench and Yeomans, 2006). Paradoxes are statements that seem contradictory but are actually true. Understanding these paradoxical values is basic to understanding the consequences of culture for global communications (M. De Mooij, 2010: 3). The paradoxical values are the main subject of concern beyond the standardization-adaptation decisions in global marketing.

One of the paradoxical aspects is that most of marketing and public relations theories are not suitable for practicing modern internationalization models (M. De Mooij, 2010; P.A. Curtin and T. K. Gaither, 2007). The reason beyond is that the general concepts of self perception and personality in the scientific literature are based on Western consumer's behavior theories. That is why it does not evaluate the cultural dynamics of different countries and especially of Eastern societies. However, globalization has not produced globally uniform consumers. Although there is a worldwide convergence of technology, media, and financial systems, desires and behaviors of consumers are not converging (M. De Mooij, 2010; Tench and Yeomans, 2006; P.A. Curtin and T. K. Gaither, 2007; K. Sriramesh and D. Verčič, 2003). Culture plays an important role beyond this. Culture influences the construal of self and the perception of ideal images.

The other paradoxical aspect is the global-local approach (M. De Mooij, 2010; Tench and Yeomans, 2006; P.A. Curtin and T. K. Gaither). When companies go global, often they forget people and talk only about products, brands, and markets, not about people. It usually follows by implementing standardized corporate communication strategies. However, markets – are people, differing among themselves by different cultural, social, political, economical and other features. The most often mentioned argument beyond standardization is the cost saving. Moreover, global standardized communication is assumed to be necessary because of its ability to create a uniform brand image (M. De Mooij, 2010: 37). It means that the decision to standardize has more to do with corporate culture than with the culture of markets and nations.

Companies want consistent brand images, but the same brand may be perceived in totally different ways by consumers around the world. According to M. De Mooij (2010: 5), there may be global products and brands, but there are no global people and global motivations for buying those brands. There may be convergence of technology, but this convergence is not the same as convergence of people's values and habits. Vice versa, technology even reinforces the differences and together with increased wealth leads to divergent behavior instead of convergence.

Another paradoxical value is about the technology usage in different countries (M. De Mooij, 2010; Tench and Yeomans, 2006; P.A. Curtin and T. K. Gaither). Worldwide are found similar media like television, press, and radio, and the emerging media like the Internet and the mobile phone, but how people use these varies. The differences in technology usage across cultures can be explained with the help of the cultural dimensions and, according to M. De Mooij (2010: 193) there are not enough data yet to set unified patterns. A variety of techniques and coding systems across countries makes it virtually impossible to receive everything through standardized communication tools.

The analysis of scientific literature enabled us to exclude the main challenges of public relations for corporate identity and image management in international markets. Most of marketing and public relations theories are based on Western behavior models. That is why their applicability in other cultures is limited. There should be implemented more comprehensive qualitative and quantitative researches on particular countries and developed more adequate patterns for public relations implementation within different cultures. Secondly, in order to concern adapting or standardizing the strategy of corporate communication across different countries there should be evaluated not only the costs, but rather the cultural, societal differences. Finally, there are no universal communication channels that could reach all target publics at once. The differences in usage of communication technologies across cultures can be explained researching cultural dimensions and public relations history in particular society.

1.3. Factors Causing Internationalization of Banking

There have been done a lot of researches on the factors influencing firm's internationalization. Most of classifications concern directions of organizational goals behind the internationalization and originating sources of influencing factors. However, analyses of factors influencing banking internationalization mainly analyze the relationship between bank's development and the growth of its corporate customers. Moreover there are explored specific advantages for banking internationalization to particular country.

Professor R. Fletcher (2001: 25) has summarized those factors to the characteristics of the organization, characteristics of the leaders and the external obstacles or incentives to expand its activities abroad. It is considered that the most important **organizational factors** are:

- The desire to develop products abroad,
- A technological advantage,
- Willingness to invest in international operations,
- The desire to explore foreign markets,
- Orientation to the research and development and, ultimately,
- The nature of the product.

Essential **features of the leader**:

- Demographics, like the age and education;
- Factors, describing the situation of the international orientation - place of birth, time, spent in foreign countries, and the frequency of business trips abroad;
- Factors, reflecting knowledge of international business: cultural knowledge and practice of international business experience and international cooperation;
- A systematic approach to the management of the target orientation and strategic thinking.

The most important **external barriers** - marketing activities of foreign competitors', and the high risk of a foreign market:

- The continuity of foreign orders,
- Tariff and non-tariff barriers,
- Change of exchange rates,
- Market and its knowledge of the processes,
- Difficulties associated with the agents and their control, including the requirements of foreign governments,
- Costs,
- Lack of export experience,
- Government support.

The most significant **external stimulus**:

- The possibility of the government for export incentives,
- Foreign demand factors such as competitiveness, market research through the industry, foreign government agencies or published information, the local demand to decline and the extent of the surplus and so on,
- Decrease of production costs.

Deputy General Manager of the Bank of International Settlements Hervé Hannoun at the 41st Conference of the SEACEN Governors (4 March 2006) identified three main factors behind the internationalization of financial services. These are the following:

- Cross-border information flows, which are a necessary condition to exercise market discipline;
- Common international standards, which lower costs of obtaining and analyzing international information, and strengthen the stability of global financial system;
- Boundaries crossing infrastructure that links all infrastructures and institutions to the global network, that enables market participants to gather more extensive information and to interact with each other.

Jumpponen and others (2004) investigated banking internationalization in Estonia and had identified **internal, external, pro-active, and reactive** motives for internationalization (Table 1.).

Table 1. Motives for banking internationalization in Estonia

	Internal triggers	External triggers
Proactive	§ Search for market power; to increase market share. § Distinctive service and brand; to increase brand identity. § Extended product range and life cycle § Visionary leadership § Diversification	§ Strategic presence vis a vis competitors. § Increasing concentration (through acquisitions and mergers) § Improvements in information technology § Improvements in physical infrastructure (communication networks)
Reactive	§ Search for market power; to increase market share. § Distinctive service and brand; to increase brand identity. § Extended product range and life cycle § Visionary leadership § Diversification	§ Strategic presence vis a vis competitors § Increasing concentration (through acquisitions and mergers) § Improvements in information technology § Improvements in physical infrastructure (communication networks)

Source: Jumpponen, Liuhto, Sõrg, & Vensel, (2004), pp. 88

Reactive internationalization motives respond to a specific and well-known environment, while the proactive motives are the ability to forecast events of defaults. Bank's goal to strengthen brand's identity is extracted as the internal, pro-factor trigger of internationalization (Table 1.).

Merrett (2002) researched internationalization of Australian banks and find out that the success of banking internationalization was determined by the country-specific and firm-specific advantages. **Country-specific advantages** influence the nature and direction of company's trade. On the other hand, **firm-specific advantages** ensure bank's competitiveness in the international markets, for example, firm-specific advantages may be effectively exploited resources, the capacity of the system, and etc. Firm-specific advantages can be transmitted for example between the markets, because the market is not limited to the specific characteristics. Conversely, the relative advantage in a specific market may be appropriate only in a specific country and its particular market. The most effective internationalizing business is a set of specific advantages, since it allows achieving a competitive advantage between the different parties and individual (specific) markets.

Country-specific advantages of banking internationalization to Norway were researched by Tschoegl (1997), who found that banks’ expansions to Norway are directly dependent on the relative size of bank’s corporate customers. The growth of local corporate customers is seen in various variables, like the growth of turnover, geographic expansion, international involvement, and etc. However the process of organic growth brings higher requirements for their patron banks. In order to fully satisfy them, the Bank is following its customers to foreign markets. Furthermore, Tschoegl (1997) also found that banks’ development in Norway is directly proportional to the imports into Norway from respective banks' home countries.

Meanwhile scholars Guillen and Tschoegl (1999) researched the internationalization of Spanish banks in Latin America regions and found that the Spanish banks wanted to expand their activities because of the Spanish market saturation. Claessen and Glaessner (1998) examined country specific advantages of banking internationalization in Asia and had identified the link between firms’ internationalization and the liberalization of accounts’ management: free use of foreign financial services at the local market provides more benefits than the offshore financial services (p. 31). The authors also examined the relationship between internationalization and the deregulation of local financial system and found that the quality of services and competitiveness in the international market depends on its degree of regulation.

However, Jumpponen and others (2004) found that the major **internal factors influencing internationalization of banks** may be divided into four groups:

- Bank’s desire fully to exploit its capacities, for example, usage of local sales and management skills in order to offer a lower price.
- Opportunity to improve bank's reputation; an international bank is considered to be more reliable than the local one.
- Intention to reduce banking activities in order to circumvent the constraints of capital movement abroad.
- Desire to cut the risk of sudden changes in economical, legal, and political environments in the country. Activities and experience in foreign markets enable to identify risks early and take necessary action and strategic change on time.

Researches on internationalization of the banking activities aims to demonstrate the need strategically manage, schedule and control banking internationalization positively and negatively influencing factors. Among these factors scholars Jumpponen and others (2004), Merrett (2002) as the strong internal trigger for banking internationalization point out the bank's identity and reputation. However, as we explored previously (Section 1.2.) the management of corporate image, identity and reputation in international markets may be also the biggest challenge for international public relations and together for the bank. That is why there are needed more comprehensive researches on advanced public relations strategies for banking internationalization. Furthermore, we have identified some country specific triggers for banking internationalization. However, researching scientific literature we have missed the analysis of country specific triggers in the Baltic countries. This is the main reason why we decided to explore if the continuing internationalization of banking in the Baltic countries is determined by the business success in specific countries.

1.4. Priorities of Research on Banking Internationalization Process

Scholars mark few theoretical approaches analyzing firm's internationalization. However there is a discussion about those approaches inadequacy to explain the specific internationalization process of banking. In 2002 scholars G. Cattani and A. Tschoegl proposed generic model to explore bank's internationalization. The proposed model is suitable to explain public relations activities in the overall process of banking internationalization.

One of the earliest approaches to internationalization - **the 'stages' approach** - views internationalization as involving changes in the firm as it increases its commitment to foreign markets. Firms start with the entry mode that requires the least commitment of resources and gradually increase their commitment of resources (Bilkey & Tesar, 1977). However, these studies tend to be cross-sectional in nature and do not address the dynamic nature of internationalization (Fletcher, 2001).

The 'learning' approach, on the contrary, attempts to explain rather than describe patterns of internationalization behavior. The 'learning' approach treats the process of internationalization as an evolutionary, sequential build-up of foreign commitments over time due to interaction between knowledge of foreign markets, on the one hand, and increasing commitment of resources to their development, on the other (Fletcher, 2001).

The 'contingency' approach is based on the insight that firms' international evolution is contingent upon a wide range of market-specific and firm-specific characteristics. External situations or opportunities may cause firms to leapfrog stages or to enter markets that are psychically distant from the home country (O'Farrell & Wood, 1994).

Finally, **the 'network' approach** attributes internationalization to the development of relationships' networks over time as international buyers and sellers build up knowledge about each other. At a point in time, the firm has a position in an overseas network that characterizes its relations with other firms. The 'network' approach concentrates on the market and the relationship of the firm to that market as opposed to internal development of firm's knowledge and resources (Easton, 1992).

Meanwhile, scholars G. Cattani and A. Tschoegl (2002) discussed the inadequacy problem of existing internationalization theories to explain internationalization processes of bank, since service provider needs contact with the customer. Scholars point out the case of Chase Manhattan bank's internationalization to justify that banking internationalization was developed through two internal processes – adaptation and exploration. Moreover, the process of internationalization was implemented by two mechanisms – organic growth and reshuffling. Scholars also analyzed evolutional perspectives of three external processes - selection, extinction and generation.

G. Cattani and A. Tschoegl researched that the geographic scope of Chase Bank developed as the result of Bank‘s interaction with the environment. Company entered the foreign markets by engaging in extensive research on domestic and beyond the local levels. This was done by organic growth or reshuffling assets between related companies. However, the active nature of environment over the time encouraged bank to select or to cease operations, and at the same time generated new opportunities - new business niches. The theory is described graphically in Annex 1.

The research of this paper is common for the internal processes of banking internationalization, since in this stage there are performed comprehensive local and foreign researches and the bank adapts to the market. The adaptation is performed through developing bank's image and reputation. As we have analyzed previously (Section 1.2.), the main tool to develop corporate image and reputation is public relations.

The structural analysis of banking internationalization process enabled us to evaluate the importance and complexity of strategic public relations activities in the overall internationalization process. Moreover, the analysis revealed that the corporate image and reputation may be not only the activities of adaptation when internationalizing banking, but also the internationalization causing advantages to attain, that is why they require even more responsible and clever management of strategic public relations for internationalization of banking. In the following sections we will analyze the theories and methods of public relations for banking internationalization.

2. PUBLIC RELATIONS THEORIES AND METHODS FOR INTERNATIONALIZATION OF BANKING

2.1. Problematic Aspects of Public Relations Meaning in International Context

The varying forms of public relations in much of the world caused the inconsistency of the field and different international views of its purpose and practice. Curtin and Gaither (2007) marks, that the gap between forms of public relations is evident in the lack of a truly international public relations theory that addresses disparate nations, varying economic and socio-political systems, and different cultures. It means that the field requires to be explored in complex by different approaches of different scholars and in different cultures individually.

One of the most widely quoted definitions of IPR is that of Wilcox et al. (2001: 283), who defined IPR as 'the planned and organized efforts of a company, institution or government to establish mutually beneficial relations with the publics of other nations'. Curtin and Gaither (2007) marked that studies of international public relations often fall into general streams, such as:

- Analyzing public relations practice in a country or region through a comparative case study;
- Studying public relations practice in non-U.S. countries by determining whether those countries fit U.S. public relations models;
- Focusing on multinational corporations and the relationship between the host culture and management style with the home norms, which often are Western based;
- Examining government efforts to promote a cause, policy, or effort.

Meanwhile the most often quoted definitions of PR emphasize mutual understanding as well as relationship building between an organization and its publics (Cutlip, Center, & Broom, 2000; J.E. Grunig & Hunt, 1984; Verčič, van Ruler, Butschi, & Flodin, 2001). Relationship building and strengthening are vital factors in building global brands and global reputation (Winsted, Patterson, 1998). Conceptualizing how individuals or certain publics perceive an organization may present some difficulties, especially in an international arena (Section 1.2.). Culbertson (1996: 2) explores the link between public relations and international public relations following:

“International public relations focus on the practice of public relations in an international or cross-cultural context. As an integral part of international or cross-cultural communication, it involves public relations practice in at least four different realms: international organizations; inter-governmental relations; transnational economic transactions; and interactions among citizens of different nations” (Culbertson, 1996: 2).

Wakefield's (2003) definition of IPR is quite tangible and expresses the structural aspects of the practice: 'a multinational program that has certain coordination between headquarters and various countries where offices and/or publics are located, and that has potential consequences or results in more than one country' (180). However, there are such theories like of American practitioner Angell (1990: 8), who argued that there's no such thing as international public relations.

The meaning of international public relations which guides as through the following research is that of Tench and Yeomans (2006): IPR is the planned communication activity of a (multinational) organization, a supra- or international institution or government to create a positive and receptive environment through interactions in the target country which facilitates the organization (or government) to achieve its policy or business objectives without harming the interests of the host publics.

In academic literature the terms IPR and global PR are being used interchangeably and in several contexts. This is because only recently PR has 'gone global' and new regions of the world, such as Eastern Europe, Asia or Latin America, are being 'discovered' by PR academics (Tench and Yeomans, 2006). For example in American public relations theories international public relations (IPR) is about how to overcome barriers that are created by other cultures, including language, laws or cultural issues, which are often identified as 'problems', rather than opportunities or the manifestation of diversity (Wilcox et. al. 2001).

Scholars Tench and Yeomans (2006) described different forms of IPR activities:

- *Preparative,* with the aim of creating and cultivating a favorable environment;
- *Situational*, when the communication is driven by single issue or situation, like international pressure group activities; and
- *Promotional,* when communication aims at the promotion of product or service and PR is supporting the global marketing function, or in an ideal case, integrates and drives the communication.

The main tools, used by public relations practitioners to implement those goals, are the following (Tench and Yeomans, 2006: 29):

- **Management communication** is aimed at developing a shared vision, establishing and maintaining trust in the leadership, managing change and empowering and motivating employees.
- **Marketing communication** is aimed at supporting the sale of services. It includes media relations and events.
- **Community relations** is aimed at communicating with local community, elected representatives, etc. it includes exhibitions, presentations, letters, meetings, and other sponsorship.

- **Internal communication** aimed at communication with employees. It includes in-house newsletters, suggestion boxes and etc.
- **Financial public relations** include annual reports, press releases, presentations and etc.
- **Public affairs** are aimed at communicating with opinion formers. It includes presentations, briefings, private meetings, public speeches.
- **Media relations** are aimed at communicating with journalists, specialists, editors. It includes press releases, photo calls, video news releases, press events and etc.

Several pressure groups and some scholars view IPR in negative context, mainly because it helps multinational organizations maintain their dominance or justify their actions. These voices accuse PR of 'greenwashing' corporate images to make them appear more environmentally friendly or socially conscious (Balanya et al. 2003). However, according to Kunczik (1997), for public relations to be successful, target groups do not notice that they have become the "victims" of public relations efforts'. In the following sections there will be explored classical and modern models to practice IPR for banking internationalization.

2.2. Classic Models of International Public Relations

Practitioners and scholars alike have been researching whether PR theories and concepts are universal and what factors can influence the practice of PR in an international context. Since the theoretical foundations of PR evolved in the USA and UK, the question is whether these theories are applicable in other parts of the world and if they are, to what extent.

One of the fundamental strategic questions in the multinational organizations is whether to centralize or localize strategies and operations, and to what extent (Dilenschneider, 1992). Anderson (1989) distinguished two poles of public relations for internationalization:

1. **Global PR** emphasizes the concept that programs can and should be created at a central headquarters and, with only minor adaptations, be implemented in all local markets.
2. **International PR** emphasizes the placement of resources and decision-making authority in the local markets, where local PR practitioners best understand the needs of their audiences.

Multinationals often choose one of the two poles, and Americans, in particular, tend to view their global/local structures as an either/or proposition, centralizing everything or allowing complete local autonomy (Hampden-Turner and Trompenaars, 1993).

In practice, however, polarization can be harmful (Botan, 1992). Centralization often results in slow responses to issues and creates activities that are inappropriate for host country conditions (Botan 1992: 51). Moreover, handing over operations entirely to the locals fosters a “not invented here” mentality that undermines the mission of the organization (Hill, 1992). Meanwhile complete autonomy indicates that the multinational perceives little risk of crisis. Coordination remains low and the "plans and programs are often not brought into question" (Botan, 1992: 51). According to Kinzer and Bohn lack of global coordination within the corporation follows to the public relations disaster (1985:5).

It seemed that a few experts were right – that to be effective, international public relations programs must recognize and respond to both global and local needs (Ovaitt, 1988). According to Traverse-Healy (1991), IPR should have a centralization of policies and messages, combined with local strategies and adaptations to language, customs and politics. For effective internationalization there should be comprehensively explored, which combination of global and local variables is most effective (Traverse-Healy, 1991).

To determine the best combination of global and local structuring in public relations for banking internationalization, there should be examined challenges and benefits of both strategies. **Centralization** (or control) means that the parent bank's PR team is responsible for planning campaigns and for developing communication policies, procedures and strategies and that the PR departments in the host country are to follow these policies (Tench, Yeomans, 2006).

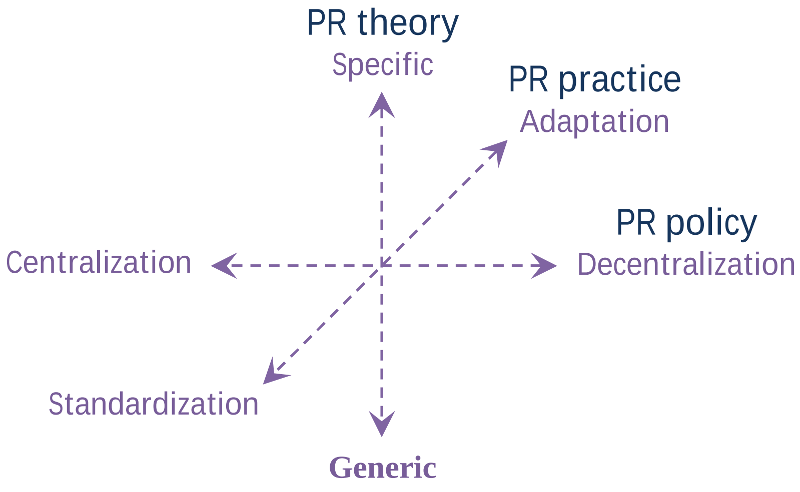

Figure 1. Multidimensional features of international public relations theory and practice (Tench, Yeomans, 2006: 122)

In the case of **decentralization**, policy making and planning lie with the bank's PR departments in the host countries with partial or full autonomy (Tench, Yeomans, 2006). In reality, centralization and decentralization can vary to different degrees and there should be maintained a balance between the two approaches (Figure 1.).

Whether or not bank follows a centralized or a decentralized approach, what is crucial is the coordination of the communication efforts. According to Tench and Yeomans (2006), this is a point where many multinational companies fall short and only when a crisis hits do they pay more attention to coordination. According to Jeffrey Lenn (1996), centralization or decentralization of public relations depends on the following factors:

- Corporate strategy and structure
- Corporate size - smaller MNCs are more likely to centralize their decision making
- Scope of the PR function
- Quality and availability of the PR staff
- Types of program and issues.

Tench and Yeomans (2006) suggest that the first question to ask when developing public relations strategy for firm’s internationalization is what should be standardized in PR throughout the different countries involved or adapted to the local culture. Objectives of a campaign, messages, channels of communication, tactics and evaluation can be placed on a continuum, full standardization (the same objective, messages in each country) and full adaptation (the environmental factors determine them) being two extremes (Tench, Yeomans, 2006).

However scholars note that centralization and standardization should not result in the dominance of organization’s organizational or societal culture; the diversity of the culture and sensitivity to special features of the host culture must be borne in mind at the very beginning of the planning process (Tench, Yeomans, 2006; Sriramesh and Verčič, 2003). This can be achieved by thorough research into the host culture as well as by involving practitioners or communication experts from the targeted countries at an early stage of planning.

The analysis of scientific literature revealed that standardization versus adaptation debate is continuing to develop. However, most of scholars agree that activities internationalizing organization should choose the best combination of standardization-adaptation mix for its particular needs and issues. In order to choose the optimal combination, organizations should engage in thorough and systematic research; it is considered to be the cornerstone of any IPR campaign.

2.3. Theory of Contingency and the Excellence Study for International Public Relations

The theory of contingency is concerned to be especially relevant to international organizations, which face particularly uncertain environments. L. Gruning characterized publics in the global environment as “increasingly more unfamiliar and more hostile, as well as more organized and more powerful” (1992: 130). Negandhi (1983) claimed that contingency theory is the best approach for international management, because it accounts for the more complex and dynamic environment of a multinational organization. The Excellence theory, however, is often used as a benchmark against which the practice of PR is tested in other nations.

One **contingency model** was of Brinkerhoff and Ingle (1989); scholars developed the theory of structured flexibility, which aims to explain a combination of functions that are "generic to good performance" – that could be universally applied – or are "specific" to local markets. The generic variable in their theory included short- and long-term objectives, consensus on policies, and establishment of responsibilities, overall strategic plans and budgets. The specific variables allowed for local flexibility to modify and implement programs as needed. According to Epley (1992) local practitioners should be responsible for creating and maintaining local strategies and programs; developing the machinery for implementing these programs, including the appointment of necessary staff or retaining an outside agency; and establishing a training and evaluation system that corresponds with the central program.

Following findings of the **Excellence Study** conducted by L.A. Gruning (1992) predicted that successful programs practiced around the world will have certain characteristics. These are described as follows:

1. Public relations are involved in strategic management.
2. Public relations are empowered by the dominant coalition or by direct reporting relationship to senior management.
3. The public relations function is an integrated one.
4. Public relations are a managerial function separate from other functions.
5. The public relations unit is headed by a manager rather than a technician.
6. The two-way symmetrical model of public relations is used.
7. A symmetrical system of internal communication is used.
8. Knowledge potential for managerial role and symmetrical public relations.
9. Diversity is embodied in all roles.
10. An organizational context exists for excellence.

The Excellence Study also identified positive effects of outstanding PR programs. For organizations that practice excellent PR, positive results will be (L.A. Gruning, 1992):

1. Achievement of communication objectives;
2. The ability to manage conflict and reduce the associated costs, and
3. Greater job satisfaction for employees.

The excellence theory has significantly influenced the development of public relations theory and research on IPR, although the number of its critics is on the increase. The main reason behind that is because excellence and effectiveness are culture-bound concepts which mean that both concepts can be defined in different ways in different cultures (Tench and Yeomans, 2006). Several studies have focused on the practice of two-way symmetrical communication in a country-specific context, trying to demonstrate the universal use and adaptability of Grunig's models. In a study among South African practitioners, Holtzhausen et al. (2003) found no evidence that participants grouped PR practices according to the principles of symmetry and asymmetry and challenged the application of general principles, based on the excellence project, and Grunig's models to international research settings. However, research conducted in Greece, India and Taiwan identified two additional models (Tench, Yeomans, 2006):

- The **'personal influence' model**, when PR practitioners are expected to develop relations with important and influential people;
- The **'cultural interpreter model'**, when practitioners interpret local cultures and practices for a multinational organization.

Rapidly changing environment of practicing public relations in international context requires for these changes rapidly responding theoretical IPR models and empirical researches on the relevant issues. The theory of contingency and Grunig's Excellence study still significantly influences the development of IPR practice around the world. However, the newest scientific literature, exploring international public relations, more deeply analyze cultural and economical issues, significantly influencing the success of public relations for firm's internationalization.

2.4. The Cultural-Economic Model for International Public Relations

The newest scientific literature, exploring international public relations, like those of Patricia E. Curtin and T. Kenn Gaither (2007), approaches to IPR as a synergistic, holistic process, building a broad theoretical framework that informs the wide variety of global practice while supporting a flexible practice matrix that takes into account situational particulars. The cultural-economic model emphasizes communication as the currency of this information age. The matrix forces practitioners to examine countries according to the range of meanings they hold, as found in their respective histories, cultures, and political and economic systems. In broader terms, the matrix addresses the limitations of many Western public relations theories by suggesting global views of public relations.

Patricia E. Curtin and T. Kenn Gaither explored how the strategy of public relations circuits in the model of culture. According to authors this circuit work in concert to provide a shared cultural space in which meaning is created, shaped, modified, and recreated. The model of culture consists of five moments in a process—regulation, production, consumption, representation, and identity (Figure 2.). There's no beginning or end on the circuit; the moments work synergistically to create meaning. However, each moment contributes a particular piece to the whole (pp. 37).

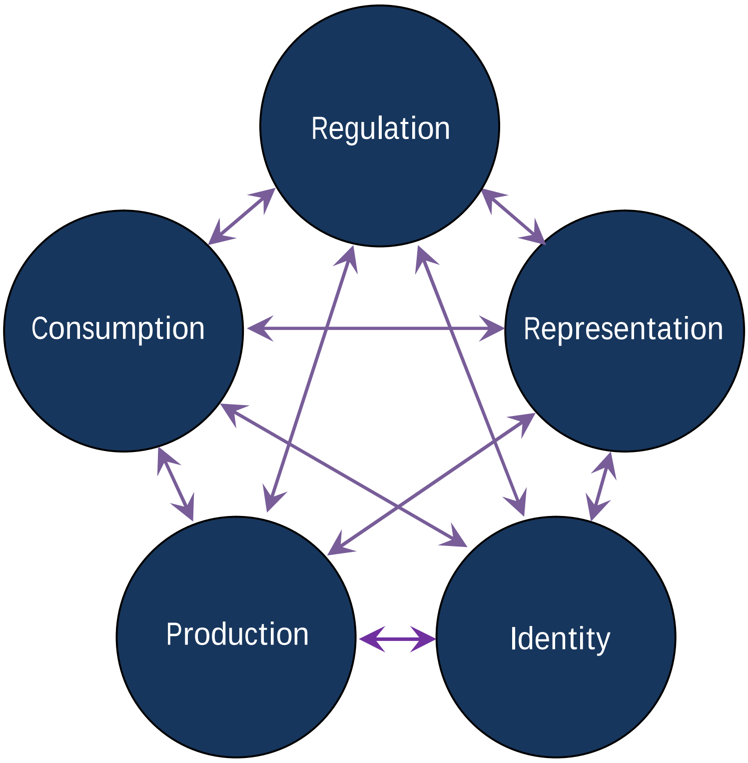

Figure 2. The cultural-economic model for international public relations (Curtin, Gaither, 2007: 37)

The moment of **regulation** comprises controls on cultural activity, ranging from formal and legal control, such as regulations, laws, and institutionalized systems, to the informal and local controls of cultural norms and expectations that form culture in the more commonly used sense of the term. It's in the moment of regulation that meanings arise governing what's acceptable, what's correct. In simplistic terms, it helps form the context in which public relations activities take place.

The moment of **production** outlines the process by which creators of cultural products imbue them with meaning, a process often called encoding (Hall, 1993). In the field of public relations this is the process of planning and executing a campaign. Technological constraints play a role in the process because what's produced is partially dependent on available technology. Organizational culture provides the environment in which production takes place, such as departmental organization, management strategies, and expectations of employees or members (Curtin, Gaither, 2007: 39).

Representation is the form an object takes and the meanings encoded in that form (Curtin, Gaither, 2007: 40). The meaning is not inherent in the object itself but is socially constructed. Producers encode meaning into a cultural artifact, often with a specific target audience in mind. They hope to convey a certain meaning through all aspects of how they present the artifact. The content, the format, and even the method of distribution communicate an intended meaning. The practitioners of public relations encode meaning into campaign materials by delineating certain target publics, scripting key messages, picking certain channels of communication, and so on.

Not all production efforts are successful. Failures often are attributable to meanings that arise during the moment of **consumption**, when messages are decoded by audiences. Consumers, more commonly spoken of as target publics in public relations, bring their own semantic networks of meaning to any communicative exchange. They are active creators of meaning, putting issues and products to use in their everyday lives in their own ways.

The final part - **identities** are meanings that accrue to all social networks, from nations to organizations to publics. A common role of a public relations practitioner within an organization is to establish and maintain an organizational identity (Curtin, Gaither, 2007: 41). During production, practitioners encode organizational texts with the dominant identity they want to convey, around which they attempt to structure subsequent discourse.

The theory of Patricia E Curtin and T. Kenn Gaither (2007) is more descriptive than prescriptive, and is applicable to any public relations practice, not just an international one. Moreover, it's flexible enough to keep up with the changes and remain viable as the field continues to grow and evolve. Also, the theory encompasses ethical practice of public relations and aims at strengthening practitioners' ability to practice public relations in a manner respectful to those with whom they are communicating. However, the author of this paper argue, that this model is to abstract and is difficult to apply in everyday business life. Rapidly changing global environment requires for easy applicable, flexible and adaptable public relations matrixes. Even scholars Patricia E Curtin and T. Kenn Gaither (2003) highlight the need to develop and formulate new models developed by host nationals and scholars who embrace the principles of the cultural-economic model.

2.5. Priorities of Research on Public Relations for Internationalization of Banking

The idea of using a matrix to organize theoretical perspectives and ideas about international public relations is new and takes different forms. Botan (1992) suggested that a matrix was a useful schema to organize information through an exhaustive comparative analysis of international public relations theories. Most of proposed matrixes comprise the same basic element – culture. However, the matrixes significantly differ by included environmental variables that should be analyzed framing public relations strategy in host country. Despite the significance of these variables, few studies have empirically linked environmental variables with public relations yet. The only exception is culture, which has been linked to public relations, either conceptually or based on empirical evidence, by a few studies (e.g. Huang, 2001; Rhee, 2002; Sriramesh, 1992; Sriramesh & White, 1992).

Botan's public relations matrix (1992) encompassed four factors: **level of international development, primary clients, legal and political context, and history of the practice.** Botan believed his matrix would differ by country or culture based on these factors. This matrix was part of a larger comparative international theory project that recognized the inherent differences of U.S. public relations theory and cultural norms vis-a-vis other nations and systems (Botan, 1992: 158).

Krishnamurthy Sriramesh and Dejan Verčič (2003:2) proposed a similar theoretical framework consisting of three primary factors: **infrastructure and international public relations, culture and international public relations, and media relations.** Moreover, the authors Sriramesh and Verčič (2003) suggested to research five environmental variables: **political ideology**, **economic system** (including the level of development of the country's economy), **degree of activism** (the extent of pressure organizations face from activists), **culture**, and **media system** (the nature of the media environment in a country). Each of these variables influences the nature of public relations practiced in a country and each is very closely interrelated (Annex 2.).

Scholars Patricia E Curtin and T. Kenn Gaither (2007) suggested that five environmental variables **–** **regulation**, **production**, **representation**, **consumption**, and **identities** **–** should be used by public relations practitioners to design public relations strategies specific to a given country (Annex 3). We had more deeply explored this matrix in the section 2.4.

Zaharna (2001) developed an "in-awareness" approach to international public relations to steer practitioners around common public relations pitfalls and provide guidance. Her matrix comprises three main topical areas: **a country profile, a cultural profile, and communication components.** Hill and Dixon (2006) developed information processing worldview model with a matrix for public relations practitioners that takes into account **intercultural** and **international** considerations.

Referring to scholars cited above the author of this paper suggests the following initial model for further analysis of Baltic countries aiming at the development of public relations strategies for banking internationalization (Figure 3.).

Figure 3. Priorities of research on public relations for internationalization of banking

The author of this paper suggests analyzing Baltic countries following two public relations aspects: infrastructure for public relations in the country, covering country profile and media, as well as the cultural environment for public relations (Figure 3.). However, the public relations research aspects above need more detailed analysis, how they could be practiced in public relations for banking practice. In the following sections we analyze main researches methods for cultural and environmental contexts of public relations.

2.5.1. Methods to Analyze Cultural Context in International Public Relations

Despite the logical linkage between culture and public relations it is only the last decades that public relations scholars have attempted to study the impact of culture on organizational processes (Huang, 2001; Rhee, 2002; Sriramesh, 1992; 2000). These studies have empirically tested the relationship between this important variable and public relations. But culture is so fundamental to communication that it fosters scholars of international public relations to study how different cultures affect the choice of public relations strategies and tactics in different regions of the world.

There is no universally accepted definition of the term culture. Kroeber and Kluckhohn (1952) listed 164 definitions of the term and found 300 other variations of these definitions. Tylor (1871) provided the first comprehensive definition of culture as “the complex whole which includes knowledge, belief, art, morals, custom, and any other capabilities and habits acquired by man as a member of society”. For Kroeber and Kluckhohn, the culture concept encompasses a “Set of attributes and products of human societies, and therewith of mankind, which are extra somatic and transmissible by mechanisms other than biological heredity” (pp.145).

One of the most widely quoted definitions of *culture* is the following: “Culture the property of a group. It is a group's shared collective meaning system through which the group's collective values, attitudes, beliefs, customs and thoughts are understood. It is an emergent property of the members' social interaction and a determinant of how group members communicate'” (Barnett and Lee, 2002).

However, culture is the context of public relations activities. Culture is also at the nucleus of the term international public relations (Curtin and Gaither, 2007: 19). Culture influences communication and communication influences culture. The culture is central to the practice of public relations aiming at establishing and maintaining mutual understanding between organization and its stakeholders. To build trust with a variety of stakeholders and create 'shared understanding of meaning' among different cultures require deeper understanding and appreciation of other cultures by cooperation and dialogue (ibid.).

James Carey (1989) identifies communication with culture through the observation that a primary goal of communication is to understand another person or culture: ‘you look at practices people engage in, the conceptual world embedded in and presupposed by those practices, and the social relations and forms of life that they manifest’ (85-6). In public relations it could be interpreted as the mean that the cultural context in which a public is embedded need to be grasped for communication with the public to have the possibility of maximizing effectiveness (Moss, Verčič and Warnaby, 2000).

In order to research societal culture, Kaplan and Manners (1972) identified four determinants for consideration:

1. *Technoeconomics*: refers to the level of economic development of a society;
2. *Social structure*: is indicative of the social institutions that define relationships among different member groups of a society;
3. *Ideology*: refers to the values, norms, worldviews, knowledge, philosophies, and religious principles that the members of a society espouse;
4. *Personality*: refers to the traits of individuals of a society.

According to K. Sriramesh and D. Verčič (2003), these four determinants continue to play vital role in determining the formation of culture in modern societies. That is why understanding of these factors is very important for public relations practitioners, developing public relations strategies in international markets. Tench and Yeomans (2006) provided basic directions for public relations practitioners to research when planning and implementing international campaigns and adapting campaign elements to the local culture:

- To research environmental factors that influence the practice of PR;
- To research cultural profile of the country;
- To analyze, how it effects on communication;
- To research 'public relations culture', including the way PR is practiced in the country.

American communication scholar Zaharna (2001) summarized the basic components of IPR based on intercultural communication. Using HaIl's concepts of 'in-awareness', which refers to the explicit and observable of a culture, Zaharna excluded the research of ‘the country profile’ and ‘the cultural profile’ in order to expose the potential cultural and national differences between the parent and the host country. Both profiles identify variables that must be borne in mind when practicing public relations on an international scale.

Referring to scholars cited above the author of this paper suggests the following additions to the proposed initial model for further analysis of Baltic countries aiming at the development of public relations strategies for banking internationalization.

Figure 4. Methods to analyze cultural context in international public relations

The author of this paper suggests analyzing Baltic countries following two public relations aspects: infrastructure for public relations in the country, covering country profile and media, as well as communication components for public relations, involving such social cultural aspects as national structure, identity, literacy, cultural symbols, and cultural profile (Figure 4.). In the following section we analyze the research methods for country and cultural profiles.

2.5.2. Main Directions to Analyze Country Profile and Culture of Public Relations

The country profile includes the host country's **political**, **economic**, **legal** and **social structures** as well as the level of development of its **infrastructure** and the structure and characteristics of **mass media** (Sriramesh, 2000). These variables can be researched as follows.

According to Krishnamurthy Sriramesh and Dejan Verčič (2003) country's **political system** influences its social structure and inevitably determines the nature of public relations one can practice there. One of the most comprehensive classifications of political systems was proposed by the Freedom House in a project titled: “Democracy's Century: A survey of Global Political Change in the 20th Century“: Democracies, restricted democratic practices, monarchies consisting of constitutional monarchies, traditional monarchies and absolute monarchies, authoritarian regimes, totalitarian regimes, colonian and imperial dependencies, protectorates. The impact that each of these political systems has on public relations is yet to be fully explored. There is little doubt, however, that strategic public relations flourishes in pluralistic societies.

Country’s **economic development** directly affects variables such as poverty and illiteracy, which have a direct impact on the strategies and techniques that public relations professionals may use in a country (Sriramesh and Verčič, 2003). The lack of an adequate communication infrastructure also severely challenges the IPR professionals.

The third variable - **activism** is directly influenced by country’s political system. There is no doubt that only pluralistic societies tolerate activism of any sort. Furthermore, the level and nature of activism is also directly influenced by country’s level of economic development in that country. However, theocratic activism significant influence on the political and social structures of many nations and continues to be a potent factor today in many regions of the world. That is why IPR professional cannot ignore activism on a global level. **The legal system** is about the ways to regulate and enforce behavior among citizens and organizations, which significantly impact IPR as well.

Sriramesh (2000) conceptualized the **media** environment by proposing a framework that should facilitate effective media relations practice in the host country:

- **Media control** refers to ownership and control of media organizations and control over editorial content.
- **Media outreach** means the ability of the media to diffuse messages, the extent of media saturation. Illiteracy and poverty can hinder outreach of the media to a wider audience.
- **Media access** refers to the extent to which organizations or any segments of society can access the media to disseminate messages.

Sriramesh and Verčič (2003), as well as Patricia A. Curtin and T. Kenn Gaither (2007) provided detailed questionnaire for researching IPR environment and different variables. They are provided in Annex 3.

Another factor that can influence public relations in an international context is **the public relations culture** in the host country. According to Tench and Yeomans (2006) this is closely related to the practice and state of the art of the profession and is concerned with:

- The functions of public relations in the given country;
- The images of public relations and public relations practitioners among journalists or the general public;
- The ethical standards of public relations and the level of development of the practice;
- The status public relations practitioners hold;
- The extent to which public relations has become professionalized.

However, the practice of public relations in different countries is at different stages of 'PR's life cycles' (Tench, Yeomans, 2006). Central and eastern European as well as Central

Asian countries can provide good opportunities to observe the evolution of PR practice, since in most of these formerly communist countries public relations was not practiced during the centrally planned communist system and modern public relations practice is a recent arrival.

Referring to scholars cited above the author of this paper suggests the following additions to the proposed model for further analysis of Baltic countries aiming at the development of public relations strategies for banking internationalization:

Figure 5. Main directions to analyze country profile and culture of public relations

The author of this paper suggests analyzing Baltic countries in complex following the cultural, political, and economical development of these countries because of very similar historically interrelated political and economical progression, as well as related cultural roots (Figure 5.). The media landscapes will be researched according to media market, insights about the computerization, and the main media organizations. In the following section we will analyze the research methods for cultural profile.

2.5.3. Methods to Research the Cultural Profile

As Zaharna (2001) notes, culture profile is about what may be effective in that country. In order to research the cultural profile of a particular country, scholars suggest identifying cultural dimensions that are generic across cultures (e.g., the ones Hofstede in 2001 identified) and dimensions that are unique to a particular culture.

The anthropologist Edward Hall (1990) used language to differentiate between cultures and examining the relationship between language and its context, 'the information that surrounds an event' (1990: 6). He noted that the degree to which a message contained explicit or implicit communication depended on whether the speaker operates in a high- or low-context culture, where different cultural rules would apply (165):

- In **high-context cultures** such as China, Japan or South Korea, communication relies on the physical context: information is provided through gestures, the use of space and most of the relevant in-formation or meaning is already known by the receiver.
- In **low-context cultures** such as Germany, Switzer-land, Sweden or Canada, more meaning is placed in the language code since the population is less homogeneous. A low-context message therefore requires clear description and unambiguous communication.

These contexts are important researching what people pay attention to and what they ignore. Hall (1990) proposed that cultures organize time in either a **monochronic** or **polychronic** way. According to the monochronic approach, time should be strictly manageable and not be wasted. Germany, Austria, Switzerland or the USA are examples of this approach while Asian or Latin American cultures represent the polychronic approach. In these countries time is less tangible, resulting in a more unstructured and spontaneous lifestyle. These concepts have implications for keeping and observing deadlines or timing events or public relations tactics.

Hall's work is valuable because of providing a framework for identifying relative levels of potential sensitivity in inter-cultural public relations. What it cannot do, however, is provide the public relations practitioner with the cultural skills needed for successful communication (De Mooij, 2010: 166).

Hall's theory of context has also been used in a comparison of media effects in economically underdeveloped and advanced countries by Gozzi (1992). He reasoned that the influence of mass media in high-context countries will be generally to subtract context, and in low-context countries to add context. These effects are illustrated by television reducing street life and community interaction in high-context communities where each household owns a television (Gozzi, 1992). According to Gozzi, in low-context cultures there is relatively less shared communication, and mass media often provide background of shared stories, symbols and characters that people will have in common, thus increasing context (Gozzi 1992: 62).

However, Hall's framework of high/low cultural context and his complementary concept of polychromic and monochromic perceptions of time (1983) did not receive much attention in public relations research (De Mooij, 2010: 168). There is known for better and applied more often the work of Geert Hofstede which investigated the differences in collective behavior. Hofstede found five dimensions of societal culture (2001):

1. *Power distance* describes the vertical stratification of a society wherein members of different strata are accorded different levels of importance and status. There are high power-distance countries, like India, Brazil, Greece, and low power distance countries, like Finland, Norway, or the UK. People in high-power distance countries accept power and authority as facts of life. In organizations it means greater centralization of power. In low power - distance countries inequality is often minimized.
2. The conception of *individualism* emphasizes individual freedom and independence from others. Meanwhile a *collective* society people remain attached to tight groups, like family, community or organization. In collectivist societies, organizational employees tend to have greater loyalty to the organization and think in terms of group goals rather than individual accomplishment.
3. *Masculinity-feminity* refers to the gender-based assignment of roles in society. The extent to which gender plays a role in determining one's status in the organization clearly affects all facets of organizational behavior.
4. The extent to which members of a culture can tolerate and cope with ambiguity is described by the conception of *Uncertainty avoidance*. The cultures with high uncertainty avoidance strive to avoid ambiguity, risk and uncertainty, and fear by establishing formal rules and seeking consensus. Such countries are Greece, Portugal, and Japan. Opposite countries are Scandinavian countries, the USA.
5. The fifth dimension, initially labeled Confucian dynamism but later renamed long-term orientation refers to the time perspective in a society for the gratification of people's needs. Long term orientation stresses virtuous living in this world, short-term orientation focuses on gratifying present needs.

While there are notable limitations in the methodology of Hofstede's study summarized by Sondergard (1994), it is nonetheless a valuable tool for the inter-cultural analysis of public relations. But a more powerful methodology might be obtained by applying both Hall's context and Hofstede's dimensions (De Mooij, 2010).

Sriramesh and White (1992), in their analysis of public relations and culture, have proposed that ‘excellent’ public relations are more likely in cultures with ‘low power distance’, ‘low individualism’, ‘low masculinity’ and ‘low uncertainty avoidance’.

However Kluckhohn's classification of cultures (cited in Zaharna, 2001) includes time and activity orientation and social relationships:

1. **Past-oriented cultures** emphasize history and tradition (e.g. China, Great Britain, eastern European countries).
2. **Present-oriented** cultures value the moment (e.g. Mexico, Latin America).
3. **Future-oriented** cultures emphasis change, innovation and envision the future (e.g. the USA).
4. Activity orientation is the way culture views activity:
5. **Being orientation** refers to spontaneous, activity, and spiritual rather material values are important (e.g. Asian cultures).
6. **Doing orientation** emphasizes achievements, visible accomplishments and thrives on action (e.g. the USA).

Whereas the contributions of scholars such as Hofstede are significant and useful, one must also not discount the importance of cultural dimensions that are unique to a particular country.

Relational orientation was not mentioned by Zaharna but the concept of relationship is important in public relations. Relational orientation is concerned with the ways in which people perceive their relationships with others. Many Arab cultures believe in *authoritarian relationships,* while *collective* cultures (China, Mexico, Latin America) see groups as the most important social entity. *Individualistic relationship* is based on equal rights for all people (USA) (De Mooij, 2010).

A *linear culture* stresses the beginnings and ends of events, has unitary themes and relies on empirical evidences. A *non-linear* culture would deal with multiple themes and relies on oral communication. These dimensions are important in planning and coordinating PR activities.

Zaharna's (2001) final profile is *communication components:* how cultural differences affect specific, individual PR practices. Verbal and non-verbal communication, visual communication and rhetorical style (the construction of logical arguments and persuasive messages) belong to this profile. The communication matrix consists of the various components of communication and how they relate to each other.

While it is true that knowledge about the host country and it’s culture can result in more success, it is also crucial to understand and appreciate the publics' attitudes and opinions in the host country about the parent country in which the multinational bank is situated or its services are provided. An often cited aim of PR is trust building both nationally and internationally. The main tools for public relations are to explore, understand and split the national cultures to applicable components, like those researched above.

The further analysis of Baltic countries will be implemented according to Hofstede's five dimensions of societal culture: p*ower distance, individualism, masculinity-feminity, uncertainty avoidance*, and *long-term orientation*. While there are notable limitations in the methodology of Hofstede's study, it is nonetheless a valuable tool for the inter-cultural analysis of public relations.

2.6. Methodologies to Research Public Relations for Internationalization of Banking in the Baltic Countries

In order to research effective methods for public relations in banking internationalization processes in this study there were applied qualitative, as well as quantitative research methods. The research process implemented in this paper could be described in the following graphics (Figure 6).

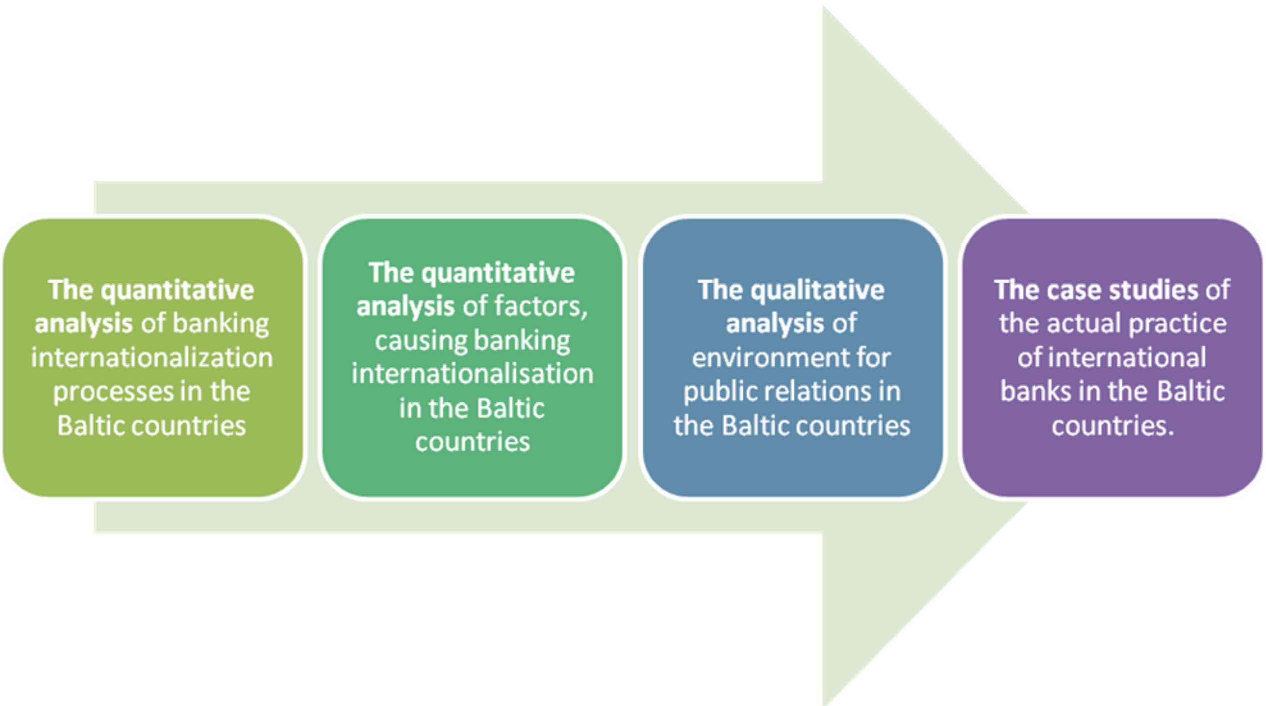

Figure 6. The process to research public relations for internationalization of banking in the Baltic countries

Qualitative research is well suited and is widely applied for studying public relations in an international context. Lelsly (1986) contended that public relations should use qualitative research because it deals with complex human processes that are always changing. Adler and Doktor (1986) argued that human interactions become more complex and communication is increasingly difficult as cultural and national boundaries are crossed, it means that the subject needs for qualitative researches and conceptualizations. R. Wakefield (2003) suggests that any research is fraught with inherent problems of cultural biases of the researcher. Rather than apologizing for these biases, qualitative methods allow the researcher to distance personal perceptions and let the data emerge from the subject's own cultural perspectives. This improves the validity of the data (Wakefield, 2003).

However, **quantitative** research is needed for analytical expression of the researched subject. Quantitative researched is expressed in numbers (quantities) (Kardelis, K., 2002), it is the system of procedures, methods, as well as description techniques, that make it possible to get new sociological knowledge (R. Tidikis, 2003).

The First Stage of Research

There was performed **quantitative analysis** of international banks, already operating in Lithuania. *The goal of this research* was to analyze actual banking internationalization status in the Baltic countries. In order to complete this analysis there were chosen 3 to 5 largest banks by assets with substantial international activities in Estonia, Latvia, and Lithuania between the year of 2000 and 2009. A database was developed, collecting internationalization data for different indicators.

The tasks for this research were to calculate for each bank **the degree of internationalization** (Transnationality Indexes) and to analyze **Internationalization Indexes** for each country. *The hypothesis of this research* – the banking internationalization is growing consistency in the Baltic countries; however, banking internationalization processes are developing differently in different Baltic countries.

The research showed that the internationalization of banking in Estonia significantly differs from the internationalization of banking in Latvia and Lithuania. Banks that internationalize their activities in Estonia, not necessary goes to other Baltic countries. So, there could be concluded, that Estonia in the process of banking internationalization is concerned separately from other Baltic countries.

The analysis also showed that banking internationalization in the Baltic countries can be characterized as the development of main indicators – foreign/total assets, foreign/total gross income, and foreign/total number of employees. In order to examine, if the internationalization is related to more profitability in foreign countries, we further investigated the relationship between the main indicators of performance and banking profitability in the Baltic countries.

The Second Stage of Research

In order to determine, whether international banks' profitability is influenced by the results of performance in the Baltic countries it is necessary to find out whether there is a stochastic relationship between bank profitability (y) and random factors like assets held in the Baltic countries (x1), the profit earned in the Baltic countries (x2), and the number of employees working in the Baltic countries (x3). In particular, the s*tochastic relationship* - it is such a connection, when changing the independent variable x, there varies the probability distribution of the variable y (S. A. Martišius, 2002). In order to prove the stochastic relationship, there were performed the following tasks for **quantitative analysis:**

1. **There were performed correlation analysis based on the determination of correlation coefficient and the assessment of its significance.**

The correlation coefficient is a direct relationship between variables and gains a measure of values between -1 and 1. The statistical correlation is defined as the following equation: $r = \frac{n\sum x\cdot y - \sum x \cdot \sum y}{\sqrt{n\cdot \sum x^2 - (\sum x)^2}\cdot\sqrt{n\cdot \sum y^2 - (\sum y)^2}}$. When the correlation coefficient is close to the module unit, then the connection is stronger $-1 \leq r \leq 1$: the run-up to a correlation coefficient of 1, describes the directly proportional relationship, the run-up to a correlation coefficient of -1, characterizes the inversely proportional relationship, the correlation coefficient equal to 0, defines situation where there is no correlation (connection) between the variables.

For the calculation of correlation coefficient there must be performed calculations of dispersion and averages. In order to assess the scattering of the variables around the average, there was calculated the dispersion (a measure of dispersion around the average). Dispersion formula is following: $\sigma^2 = \overline{x^2} - (\bar{x})^2$. Dispersion requires calculating the average - the average value of all variables. Average formula: $\bar{x} = \frac{\sum x_i}{n}$.

It must be remembered that each parameter, calculated according to the statistical sample is random. Therefore, there is a need to calculate t statistics:

- T-statistical formula, where n - the sample number
- *T limit* ($t^r_{\alpha;k}$), where α - significance level, showing what is possible margin of error, k - degree of freedom equals n-2.

Calculated t statistics is compared with blank t (limit) as determined by the significance of each factor. If $|t| \geq t^{r}_{\alpha;k}$, it means that r stochastic and significant relationship exists. If $|t| < t^{r}_{\alpha;k}$, it does not show that there is no link between stochastic; it recommended to investigate the causes and other opportunities. Identified significant variables, having stochastic relationship with the banks' profitability, will be used for the following analysis.

2. **There was performed simple linear regression analysis in order to determine the stochastic form of dependency and an analytical expression of dependent variable and one independent variable.**

Simple linear regression analysis seeks to determine the stochastic form of dependency and an analytical expression of dependent variable and one independent variable. This is done by finding the curve that describes the statistical point of checking the integrity of the adequacy of the actual situation of the curve the best. Regression analysis was made for significant independent variables, identified after the correlation analysis.

Regression equation is expressed by formula: $y_i = a_0 + a_1 \cdot x_i$. To determine the adequacy of the actual situation of the equation, at first there must be found the following equation. It can be done in excel calculating coefficients of a_0 and a_1. The coefficients of a_0 and a_1 are calculated according to following formulas: $a_1 = \frac{n \cdot \sum xy - \sum x \cdot \sum y}{n \cdot \sum x^2 - \left(\sum x\right)^2}$; $a_0 = \frac{\sum y}{n} - \frac{a_1 \cdot \sum x}{n}$. Performed calculations are verified by the formulas of Excel : **SLOPE (a_1)** and **INTERCEPT (a_0)**. If calculated values match, the calculations are performed correct.

In order to prove that equations are adequate to actual situation, there should were calculated relationships of two dispersions: regression and residual. They are found with the following formulas: $S^2_{regr.} = \frac{\sum\left(\hat{y}_i - \bar{y}\right)^2}{m}$; $S^2_{resid} = \frac{\sum(\hat{y}_i - y_i)^2}{n-2}$ .The ratio of these variances is described as a Fisher ratio factor: $F = \frac{S^2_{regr.}}{S^2_{resid}}$. Fisher ratio coefficient is compared with the tabulate Fisher's criterion. If $F \geq F^{kr}_{\alpha;1;n-2}$, then the equation is adequate to the real situation.

3. **There were performed multiple correlation and regression analysis involving two significant regressor variables.**

Multiple correlation and regression analysis was conducted to involve more than one regressor variable and determine whether the equation is adequate to actual situation. The common expression of multiple regression equation is: $\mathbf{\hat{y} = a_0+a_1x_1+a_2x_2+a_3x_3+...+a_nx_n}$. Coefficients a_0, a_2, a_3 of multiple regression equation was found with the excel function LINEST.

To check the adequacy of the equation to the reality there were calculated dispersions $S_{\hat{Y}}^2$ and S_{resid}^2 and their ratio F. Linear and residual variances are different by degrees of freedom: $S_{reg.}^2 = \frac{\sum(\hat{y}_i - \bar{y})^2}{m}$; $S_{resid.}^2 = \frac{\sum(\hat{y}_i - y_i)^2}{n-m-1}$; $F = \frac{S_{reg.}^2}{S_{resid.}^2}$. In order to evaluate, if the equation was really adequate for the situation, there was compared Fisher's aspect ratio with tabular Fisher criterion. If $F \geq F_{\alpha;1;n-2}^{blank}$, then the equation is adequate to the real situation. F_{blank} is found with the function FINV (0,05; k, n-k-1), where the number of independent variables are two (k=2, n=10) .

Also there were calculated the variance D. The coefficient of multiple correlation R, which is expressed by the formula $R = \sqrt{\frac{S_Y^2 - S_{resid}^2}{S_y^2}}$, shows the connection‘s strength between the dependent factor y and set of independent factors. The coefficient of determination, which is expresses as the following equation $D = R^2$, shows the adequacy of the regression line to the actual situation. The coefficient of determination is a measure of quality (more is better).

4. **In order to test if the findings were adequate to real situation, there was performed exponential multiple regression analysis.**

The common expression of exponential multiple regression equation is the following: $\mathbf{\hat{y}=b_0 b_1^{x1} \cdot b_2^{x2} \cdot b_3^{x3} \cdot \ldots \cdot b_n^{xn}}$ **.** Coefficients of exponential multiple regression equation b0, b1, b2 were be found with the excel function LOGEST.

Equation‘s adequacy to the actual situation is expressed by the Fisher's variances‘ ratio, tabular value of Fisher‘s criterion, the regression and the residual values of variance, the coefficient of multiple correlation, and by the coefficient of determination.

The hypothesis of this research – that banking internationalization in the Baltic countries is driven by higher returns and profits. However, the research showed that the banking internationalization in the Baltic countries is encouraged by other factors than profitability. Moreover, there is not enough to analyze such indicators like the number of employees in the Baltic countries, nor the sum of total assets hold in the Baltics, to explain the growth of banks’ total profit. So, there may be predicted, that there are vital such intangible factors as image and reputation that drive banking internationalization to the Baltic countries.

The Third Stage of Research

There was performed the **qualitative analysis** of environment for practicing public relations in the Baltic countries. *The goal* of this research was to analyze cultural factors influencing public relations in particular country, as well as to identify environmental similarities / differences, enabling the development of standard public relations strategy in all three Baltic countries. The model for the research is presented in the Figure 7.

The main tasks for this research are to analyze countries' and cultural profiles of Estonia, Latvia, and Lithuania, as well as the media environment for the implementation of public relations strategies. The cultural profiles of the Baltic countries will be researched **according to five Hofstede's dimensions** (referring to the section 2.5.3.).

Figure 7. The model to research public relations for internationalization of banking in the Baltic countries

The hypothesis of this research was that all three Baltic countries are different enough to localize and decentralize public relations strategy for banking internationalization in the Baltic countries. The analysis showed that the Baltic countries have more similarities than cultural differences. These similarities are enough to implement joint public relations projects in all three Baltic countries. On the other hand there are significant inner cultural attributes, different in Estonia, Latvia, and Lithuania, which could be very important for the effective public relations practice in the particular country.

The Fourth Stage of Research

The aim of the fourth stage of the research was to research actual public relations methods for banking internationalization in the Baltic countries. There for we have **analyzed case studies** of **the actual practice of international banks already acting in the Baltic countries**. We have researched three different public relations activities for different banking internationalization processes:

(1) **public relations activities for introducing Swedbank** brand in the Baltic countries

(2) **public relations activities to promote DnB NORD** brand in the Baltic countries, and

(3) **The SWOT analysis of Nordea Branding Strategy** in the Baltic Countries.

The information for the research was gathered collecting press releases, annual reports of the banks, also analyzing internet sites, advertisements, separate public relations activities.

The research of case studies showed that analyzed international banks are implementing decentralized – standardized public relations strategies as well as the standard strategies for visual image. However, the implementation of public relations is localized and decentralized. Swedbank has the basic structure for press releases, but different countries has a freedom to write those press releases in their own communication style and to add supplementary information, which is common for particular country. DnB NORD bank has **centralized and standardized** strategy for corporate communication, but public relations activities are decentralized and localized, following the local values, cultural pursuits, and regional issues. However, the SWOT analysis of Nordea branding strategy revealed not only the strengths and opportunities of centralized-standardized public relations strategies, also the threats and even weaknesses for international brand of banking.

The findings of the research were used for developing public relation strategy for banking internationalization in the Baltic countries.

3. RESEARCH ON PUBLIC RELATIONS FOR INTERNATIONALIZATION OF BANKING IN THE BALTIC COUNTRIES

3.1. Quantitative Research on Banking Internationalization in the Baltic Countries

From the 2000s banks internationalized their activities to the Baltic countries on the constantly emerging bases. In 2009 the 5 largest banks held more than EUR 58.307m or 4% of their total assets in the Baltic countries. In order to understand the process and the scale of international expansion of the major banks to the Baltic countries, this study analyzes financial performance of the largest international banks operating in the Baltic countries between 2000 and 2009.

Several research stages were adopted when analyzing the internationalization of banks to the Baltic countries. First, a representative sample of banks was selected. The 3 to 5 largest banks by assets with substantial international activities were chosen for Estonia, Latvia, and Lithuania. In 2000 this sample amounted to 6 banks; mergers and acquisitions increased the sample to 14 banks in 2009. As a group, these banks commanded from 34 to 98% of total Baltic countries' assets of banks between 2000 and 2009.

The internationalization of banks was investigated between 2000 and 2009. This period was chosen because of possibility to analyze the first steps of the international banks performance in the Baltic countries. Also, 2000 can be called a starting year or natural demarcation point in the internationalization strategies of banks in Latvia, Estonia, and Lithuania.

A database was developed, collecting internationalization data for different indicators. There were used trustful financial data from banks' press releases, annual reports, national banks' overviews and etc. For each bank the degree of internationalization was calculated which yielded an internationalization index.

Finally, there were analyzed the relationship between the internationalization of banks, profitability and the number of employees in the Baltic countries. To examine the relationship between internationalization and performance in the Baltic countries, there were determined whether there is a stochastic relationship between bank profitability and asset groups held in the Baltic countries, the profit earned in the Baltic countries, and the number of employees in the Baltic countries. In order to ascertain whether this relationship exists, there were determined the size of linkages, the strength of peer perform regression analysis.

3.1.1. International Banks Determined for the Research

The sample consists of the five largest banks measured by total assets in Estonia, Latvia and Lithuania. The only Bank DnB NORD A/S Estonian branch has not provide basic figures for it's performance, that is why it is not in the sample.

The banks in the sample have several characteristics in common. First, most banks have been among the largest banks in the Baltic countries between 2000 and 2009. Asset growth and distribution on a country level are presented in table 2.

Table 2. Distribution of assets in sample

	2000					2001				
	Sum of Total Assets in Sector	% Assets of Sample	Sum of Total Assets in Sample	% Assets	N	Sum of Total Assets in Sector	% Assets of Sample	Sum of Total Assets in Sample	% Assets	N
Estonia	3.696	97%	3.590	54%	3	4.372	89%	3.896	51%	3
Latvia	3.805	37%	1.421	21%	2	4.876	38%	1.861	24%	2
Lithuania	3.793	42%	1.606	24%	1	4.445	41%	1.843	24%	1
Total	11.293		6.618	100%	6	13.694		7.600	100%	6

	2007					2009				
	Sum of Total Assets in Sector	% Assets of Sample	Sum of Total Assets in Sample	% Assets	N	Sum of Total Assets in Sector	% Assets of Sample	Sum of Total Assets in Sample	% Assets	N
Estonia	20.750	99%	20.528	33%	4	20.596	96%	19.836	34%	4
Latvia	30.900	62%	19.145	31%	5	30.565	55%	16.802	29%	5
Lithuania	23.456	94%	22.064	36%	5	24.397	89%	21.668	37%	5
Total	75.106	3	61.737	100%	14	75.558		58.307	100%	14

Source of figures: Association of Latvian Commercial Banks, Estonian Banking Association, The Bank of Estonia, The Bank of Lithuania

The number of banks is relatively small but represents a large portion of the country's assets, profits and capital. Table 2. shows that the sample consists of the largest banks in terms of total assets, averaging between 34 and 98% for the reported periods, compared to the total banks' assets in the countries.

Total assets of the sample as a share of the total assets in the countries increased by 18% and by 57% from 37% and 42 % in 2000 to 55% and 89% in 2009 respectively in Latvia and Lithuania, while in Estonia the same figure decreased by 1% from 97% in 2000 and 96% in 2009. This suggests that in Estonia's financial market there are more strong banks, actively competing and lowering the banking assets concentration.

Table 3. Key indicators of banks in benchmark year 2009

Country	Bank	Total assets	Capital and reserves, % total assets	Profit before tax	Profit before tax, % capital and reserves	Costs, % total income	Staff
Estonia	Sampo Pank (branch of Danske Bank in Estonia)	1.852	2%	-122	-329%	40%	551
	Bank DnB NORD A/S Estonian branch	-	-	-	-		-
	AS SEB Pank	4.170	9%	-93	-25%	74%	1700
	AS SWEDBANK	11.134	11%	-985	-79%	42%	2619
Latvia	AS Swedbank	6.573	11%	-505	-68%	40%	1796
	SEB banka	4.077	8%	-215	-70%	45%	1610
	Nordea Bank Finland Latvia branch	3.097	-	-45	-	45%	512
	Danske Bank Latvia branch	376	4%	-53	-347%	45%	116
	DnB NORD Banka	2.679	7%	-133	-75%	47%	843
Lithuania	SEB bankas	7.806	6%	-496	-112%	65%	2029
	Swedbank	6.350	9%	-403	-73%	51%	2887
	DnB Nord bankas	3.565	7%	-126	-54%	43%	1263
	Nordea (Finland Branch)	2.369	-	-12	-	32%	363
	Danske bankas, Lietuvos filialas	1.578	-	-133	-	72%	397

Source. Annual reports, press releases

Total reported assets increased about 7 times from EUR 11.293m in 2000 to EUR 75.558m in 2009, generating an annual average asset growth of 22% over the total period.

Between the year of 2000 and 2009, all banks in the sample have been actively engaged in international banking activities. Furthermore, all banks in the sample are universal banks, providing a broad range of commercial banking services.

Description of Banks for the Research

SEB was founded in 1856 and is now one of Northern Europe's leading financial Groups. SEB has over 20,000 employees in 21 countries and has more than 600 branch offices of which one quarter are located in Sweden, another one quarter in Germany and the rest in Estonia, Latvia, Lithuania, Russia and Ukraine. The brand, SEB, was established in 1998. The bank bought ABB Investment Management and became a part-owner of the Baltic banks Eesti Ühispank in Estonia, Latvijas Unibank in Latvia and Vilniaus Bankas in Lithuania. The bank's investments in the Baltic countries were brought together within SEB Baltic Holding. During the year 2000 SEB put in a bid for the outstanding shares in the partly-owned Eesti Ühispank (Estonia), Latvijas Unibanka (Latvia) and Vilniaus Bankas (Lithuania). At the end of the year SEB's ownership of each of the three banks was close to 100 per cent (now wholly owned by SEB).

Swedbank is a full-service bank for both private individuals and companies in the home markets Sweden, Estonia, Latvia and Lithuania. Swedbank has 9.5 million private customers and 669 000 corporate customers with 356 branches in Sweden and 222 branches in the Baltic countries. Swedbank's history extends back as far as 1820 with the establishment of Swedens' first savings bank. Over the years, there have been many mergers and acquisitions that have resulted in the bank's current structure.

In the Baltic countries the performance **of Swedbank** starts with the Hansabank presence. In 1996, Hansabank established its presence in the largest market in the Baltic countries: Hansabank Estonia, Hansabank Latvia and Hansa Leasing in Lithuania were set up. In 1998, Hansabank merged with Eesti Hoiupank and since then the new legal name of the bank has been AS Hansabank. The same year Swedish FöreningSparbanken (Swedbank) obtained over 50 per cent of Hansabank's shares through a share issue. The negotiations between Hansabank and the Lithuanian State Property Fund that had started in 2000 were finalized in the second half of 2001 and on 23 April 2001 an agreement on purchasing 90.7 per cent of Lietuvos Taupomasis Bankas was concluded between Hansabank and the fund. In 2005 Swedbank made a buy-out offer to the minority shareholders and as of today Hansabank is a fully-owned subsidiary of Swedbank Group. In autumn 2008, Hansabank changed its name in the Baltic countries to Swedbank.

DnB NORD is a strong and recognized name across the Scandinavian and Baltic region, with over 3,100 employees, 158 offices, more than 950,000 customers and operations spanning Estonia, Latvia, Lithuania and Poland. Established in 2005 as a joint venture by NORD/LB Norddeutsche Landesbank Girozentrale of Germany and Norway’s largest bank, DnB NOR, the DnB NORD Group began operations early in 2006. Bank DnB NORD took over NORD/LB’s operations in Latvia, Lithuania and Poland, rebranding them to DnB NORD in May 2006. Since then the DnB NORD Group’s operations focus has been on the countries around the Baltic Sea.

Nordea is admittedly one of Nordic more recent bank names but the bank traces its roots as far back as to 1820. Nordea originate from four Nordic banks: Merita Bank (Finland), Nordbanken (Sweden), Unibank (Denmark), Christiania Bank og Kreditkasse (Norway). In 2001 the Finnish-Swedish MeritaNordbanken merged with Danish Unibank and Norwegian Christiania Kreditkasse and formed Nordea. Nordea today is the largest financial services group in the Nordic and Baltic Sea region. Nordea has around 10 million customers, approximately 1,400 branch offices and a leading netbanking position with 6.1 million e-customers. Retail Banking was launched in Estonia in 1997, but the branch was opened only in 2005. In 2000s Nordea starts to operate into retail segments in Latvia and Lithuania.

Measured by total assets, the **Danske Bank** Group is the largest financial enterprise in Denmark and one of the largest in the Nordic region. The Group serves personal and business customers through banks with nationwide branch networks in Denmark, Sweden, Norway, Northern Ireland, the Republic of Ireland, Finland, Lithuania, Latvia, Estonia. In total, the Group serves more than 5 million retail customers, some 2.3 million customers use the Bank's online services. The history of the Danske Bank Group is closely linked to the history of Danske Bank, whose roots go back to the founding of the "Den Danske Landmandsbank" in 1871. The Group's activities in Finland and the Baltic countries started with the acquisition of Sampo Bank in 2006. Sampo Bank expanded its operations to cover Finland, Estonia (AS Sampo Pank), Latvia (Sampo Banka AS) and Lithuania (UAB Sampo bankas). Banking operations in Estonia began after the acquisition of Optiva Bank in 2000. In Lithuania, operations started with the purchase of the entire share capital of Lietuvos Vystomo Bankas. In Latvia, Sampo acquired Maras Banka in 2004. Today, Sampo Banka and Sampo bankas have changed their names to Danske Banka and Danske bankas, respectively.

The year of 2000 can be described as the starting point for banking internationalization in the Baltic countries. The pioneer for internationalization in the Baltics was Hansabank Group which started operations in the Baltics in 1996. After 9 years of successful performance in the Baltic countries in 2005 Hansabank was purchased by Swedbank Group. The year of 2000 was the year when internationalization in the Baltic countries started SEB and Nordea Group, later on Sampo bank, which in 2006 was acquired by Danske bank, and Nord/LB, now operating as DnB Nord. There is notable that these banks have one important feature in common: they all are from Scandinavian countries. In order to understand the process and the scale of international expansion of the major banks to the Baltic countries, the following study analyzes financial performance of the largest international banks operating in the Baltic countries between 2000 and 2009.

3.1.2. Analysis of Transnationality Indexes

The aim of this study is to measure and to analyze the level of internationalization of the banks in the sample. This study applies three single item indicators, which are combined in a composite index to analyze the degree of internationalization of a bank, the Transnationality Index (TNI). The TNI is one of the most cited indicators for internationalization (Van Tulder, van den Berghe, & Muller, 2001). The index is expressed as a percentage and calculated as an unweighted average of 1) foreign assets to total assets ratio, 2) foreign gross income to total gross income ratio and 3) foreign employment to total employment ratio (A. Slager, 2005).

The TNI is the degree of internationalization and is presented in one scale, which by definition moves between 0 and 100. An internationalization index incorporates income, staff and assets captures for a richer picture of the bank's foreign activities (D. Sullivan, 1994). The TNI is calculated as arithmetic average, i.e. the sum divided by the number of cases. Table 4. presents the key internationalization indicators for selected years between 2000 and 2009.

Table 4. Key statistics of internationalization indicators of total sample

Statistic	Year	Foreign/total assets	Foreign/total gross income	Foreign/total employees	TNI
Average	2000	1,10%	2,62%	9,57%	4,43%
	2001	1,09%	2,61%	6,89%	3,53%
	2002	1,33%	3,10%	8,74%	4,39%
	2003	1,31%	3,03%	8,75%	4,37%
	2004	1,52%	2,67%	9,39%	4,65%
	2005	1,89%	2,67%	9,39%	4,65%
	2006	7,34%	7,61%	12,08%	9,01%
	2007	6,58%	8,28%	9,71%	8,19%
	2008	5,54%	6,98%	9,37%	7,60%
	2009	5,48%	8,98%	9,57%	8,36%
Weighted	2000	0,43%	0,82%	3,47%	1,57%
Average	2001	0,42%	0,80%	2,58%	1,27%
	2002	0,28%	0,93%	2,67%	1,29%
	2003	0,29%	0,77%	2,46%	1,17%
	2004	0,34%	0,68%	2,34%	1,12%
	2005	0,44%	0,58%	2,51%	1,17%
	2006	0,42%	0,47%	1,48%	0,79%
	2007	0,35%	0,65%	1,34%	0,78%
	2008	0,31%	0,58%	1,29%	0,73%
	2009	0,58%	0,58%	1,19%	0,79%
Median	2000	0,84%	6,31%	6,31%	3,19%
	2001	0,99%	2,62%	6,33%	3,51%
	2002	1,27%	3,02%	7,58%	4,00%
	2003	1,26%	3,09%	8,24%	4,29%
	2004	1,53%	3,20%	8,05%	4,56%
	2005	2,08%	2,72%	7,95%	3,87%
	2006	2,85%	2,89%	7,74%	4,22%
	2007	2,07%	4,09%	7,42%	4,53%
	2008	1,74%	3,65%	7,97%	4,61%
	2009	0,61%	2,89%	3,95%	3,95%

The average bank in the sample has operated roughly one-fifth of its banking activities in the Baltic countries between 2000 and 2009. The average TNI was 4,43% in 2000, remaining quite similar through the year of 2001-2005, and rising to 9,1% in 2006. Figure 8. shows the trend in more detail, displaying average and median values for TNI.

However, there are several disadvantages when using an internationalization indicator like the TNI. A disadvantage of the TNI might be that the construction of such an index cannot take account of the effects of technological change. Furthermore, sometimes there can be difficult to determine, what region is home or foreign. Finally, not all banks have consistently reported detailed information on foreign assets, staff, income or profitability. For example, the Bank DnB NORD A/S Estonian branch did not give the information even asking by email.

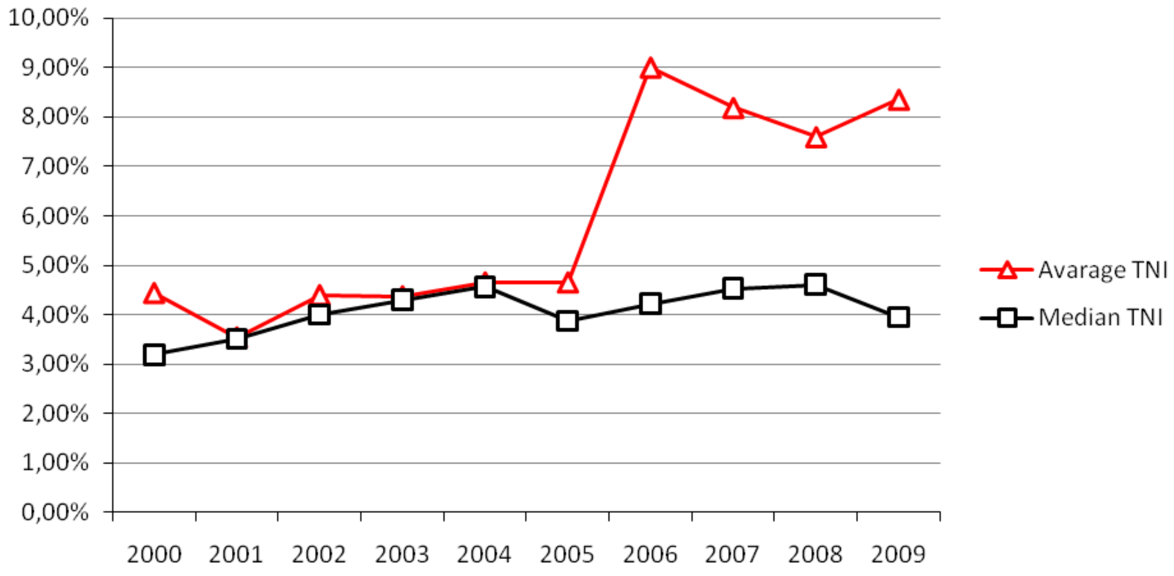

Figure 8. Average TNI development between 1980 and 2000 (in %)

Initially in 2006, TNI was at its highest, declining until 2008. From that period, TNI increased again, however, not reaching the levels of 2006. Between 2000 and 2005, median TNI and average TNI were quite similar, however from the year 2006 average TNI was higher than median TNI, indicating a concentration of banks with relatively high TNIs.

The country averages for TNI can also provide useful information; it shows if the banks from the sample differentiate Lithuania, Latvia and Estonia, and where the internationalization is most intensive (Table 5.).

Banking internationalization through the analyzed period most significantly increased in Lithuania from 4,22% in 2000, to 11,46% in 2009. The later TNI is the highest among all three countries. However, it is not the highest TNI of Lithuania through the accounting period. In 2006 the TNI of Lithuania reached its highest value – 12,31%, then in 2007 it dramatically dropped to 10,6%, and then started slightly to grow. In the table 6. we can also notice, that the banking internationalization most intensive at the beginning of period was in Estonia (5,52%), and the most weakest – in Latvia (2,90%, in Lithuania – 4,22%). Ant the year of 2006 was a year of increased internationalization in Lithuania, as well as in Latvia (from 4,36% to 12,31%) and could be explained by the starting performance of DnB Nord and Danske Bank in the Baltics.

Table 5. Average TNI values per country

	2000		2002		2004		2006		2008		2009	
	TNI	N	TNI	N	TNI	N	TNI	N	TNI	N	TNI	N
Estonia	5,52%	3	5,28%	3	5,17%	3	4,66%	4	4,05%	4	4,66%	4
Latvia	2,90%	2	3,39%	2	3,62%	3	9,19%	5	7,96%	5	8,21%	5
Lithuania	4,22%	1	4,17%	3	4,36%	4	12,31%	5	10,07%	5	11,46%	5
Average	4,43%	6	4,39%	8	4,65%	10	9,01%	14	7,60%	14	8,36%	14

However, the internationalization of banking in Estonia significantly differs from the internationalization of banking in Latvia and Lithuania. From the table 5 there could be noticed, that the five largest banks operating in Latvia and Lithuania are not the largest in Estonia. In Estonian banking market there are more competing banks, than in Latvia and Lithuania. It means that in Estonia developed different banking internationalization patterns than in the neighbor countries; banks that internationalize their activities in Estonia, not necessary goes to other Baltic countries. So, there could be concluded, that Estonia in the process of banking internationalization is concerned separately from other Baltic countries.

The individual components of TNI (foreign assets ratio, foreign income ratio, foreign staff ratio) provide additional information for banking internationalization analysis; they are presented in figure 9.

In the picture there can be noted the highest jumps of internationalization indicators from the year of 2006. While through the time period of 2000-2005 the internationalization of Banks to the Baltic countries was developing on the constant basis.

Foreign assets were relatively small, increasing in 2006 and a little bit decreasing after that year. Foreign income showed a similar pattern, but with more growth than foreign assets, especially in the 2009. The ratio of foreign employees was relatively stable in 2002-2005, but steadily increased in the 2006, what makes us predict that it is related with the growing income and total assets of banks.

Figure 9. graphically represents the changing value of key internationalization indicators in the Baltic countries.

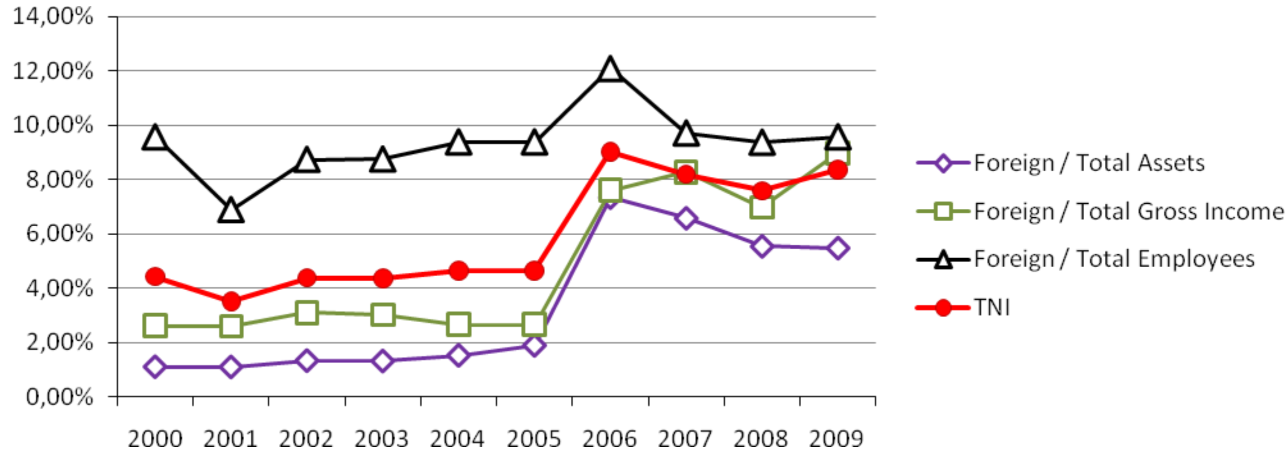

Figure 9. Average development of key internationalization indicators

The different trends of the underlying indicators illustrate that the combination of income, staff and assets captures a richer picture of the bank's foreign activities (Sullivan, 1994). There is also the average value of TNI to show its dependence on different indicators. The figure 4 indicates that internationalization on the accounted period was mainly driven by employees and income (the highest values), what can be described as the growth in retailing (Figure 9.).

There could be concluded that banking internationalization in the Baltic countries can be characterized as the development of main indicators – foreign/total assets, foreign/total gross income, and foreign/total number of employees. In order to examine, if the internationalization is related to more profitability in foreign countries, we will investigate the relationship between the main indicators of performance and banking profitability in the Baltic countries.

3.1.3. Analysis of Factors Causing Internationalization of Banking in the Baltic Countries

Through internationalization, a bank might aim to improve its profitability, or realize more stable profitability through geographical diversification (A. Slager, 2005). The goal of this chapter is to determine if international activities have delivered a better performance than home country activities, and what relationships exist between performance measures of banks.

The main objective of the quantitative analyses is to determine whether there is a stochastic relationship between bank profitability (y) and assets held in the Baltic countries (X_1), the profit earned in the Baltic countries (X_2), and the number of employees working in the Baltic countries (X_3). In order to ascertain whether this relationship exists, will determine the size of linkages, the strength of peer perform regression analysis, i.e. the stochastic form of dependency and an analytical expression to evaluate the adequacy of the actual situation of the curve.

Performed correlation analysis showed, that **the strongest link** is between the total profit before taxes of banks in the sample and the total number of employees in the Baltic countries (r = 0.71). Slightly weaker relationship is between the total profit before taxes of banks in the sample and the total assets of the banking groups in the Baltic countries (r = 0.66). The weakest stochastic relationship is the total profit before taxes of banks in the sample and the total profit before taxes, earned in the Baltic countries (r = 0.55). Dispersion - a measure of dispersion of the variables. We see that **the maximum dispersal** is about the assets held by banks in the Baltic countries (= 510,910,551.54). Calculated t statistics is equal to 10, and is exceeds blank t (limit) with the value of 8. So, $|t| \geq t^{r}_{\alpha;k}$, it means that r **stochastic and significant relationship exists**.

After these calculations it can be concluded that the total profit before taxes of international banks in the sample significantly depends on total assets of the banking groups hold in the Baltic countries and the overall number of employees working in the Baltic countries. Thus, the selected factors will be: 2,31 < 2,47 (X_1); 2,31 < 2,88 (X_3). Further analysis will be conducted only with these significant variables.

Simple linear regression analysis enabled us to express the relations between significant independent variables X_1 (the total assets of the banks in the Baltic countries), X_2 (the total number of employees in the Baltic countries), and Y (the total profit before taxes of banks) in the form of regression equations. The **coefficients a_0 and a_1** in these regression equations indicate positions of equations in coordinate system. When the coefficient a1 is greater, then the equation with the X axis has a greater angle and there is a bigger contrast ratio, and vice versus. This means that the coefficient a1 shows the degree of equation's tilt. Calculated coefficients a_0 and a_1 were verified with Excel formulas **SLOPE for a_1** and **INTERCEPT for a_0**. Calculated values match.

Table 6. Values of coefficients a_0 and a_1 for simple linear regression analysis

		Y(1)	**Y(2)**
a(1)	a1 =(n*S(X*Y)-S(X)*S(Y))/(n*S(X^2)-(S(X)) ^2)	0,07	0,48
SLOPE		0,07	0,48
a(0)	a0 = (S(Y)/n)-(a1*S(X)/n)	2449,33	-1906,2
INTERCEPT		2449,33	-1906,2

The relationship between independent variables and banks' profitability could be expressed by the following regression equations:

y(1)=2449,33+0,07*x(1) (dependence of banks' in the sample profit before taxes in mil. from the asset hold in the Baltic countries in mil.); the regressive equation can be represented graphically (Figure 10.).

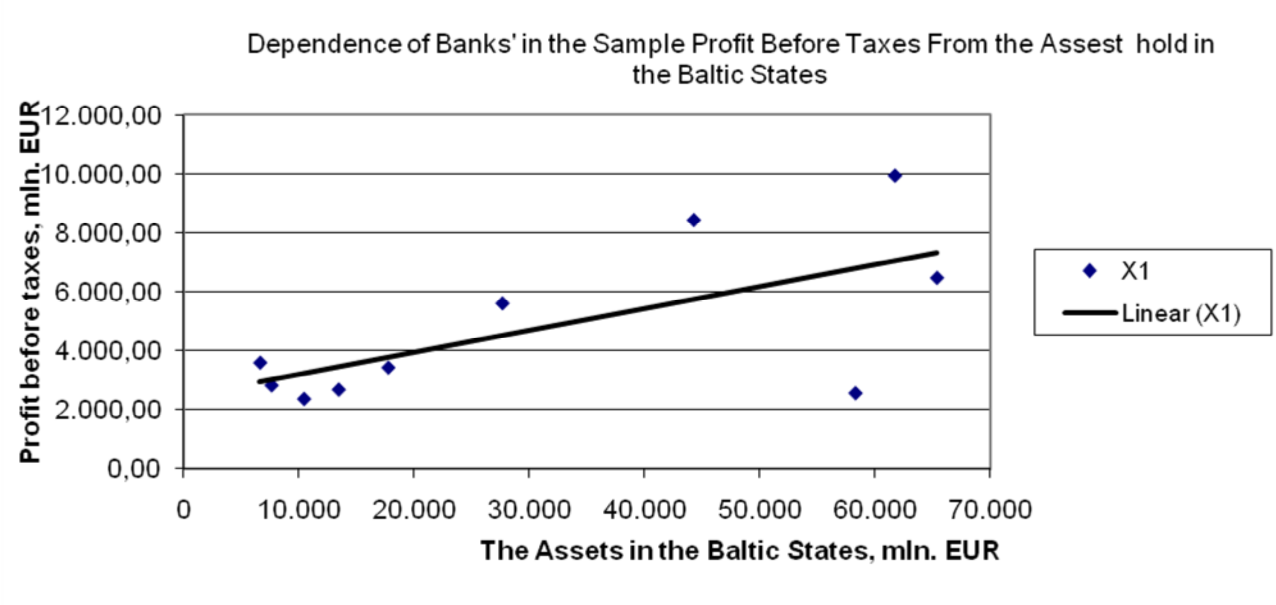

Figure 10. Dependence of bank's profit from the asset, hold in the Baltic countries

There was used the computed regression line over the actual data points to evaluate the results. The plot expresses the value of the banks' asset in the Baltic countries (the explanatory variable) on the x-axis and value of profit before taxes (the dependent variable) on the y-axis. While most of the data points are clustered towards the lower left corner of the plot (indicating relatively few assets in the Baltic countries per profit before taxes), there are a few points which lie far away from the main cluster of the data. These points are known as ***outliers***, and depending on their location may have a major impact on the regression line.

y(2)=-1906,2+0,48*x(2) (dependence of banks' in the sample profit before taxes in mil. from the number of employees in the Baltic countries). The regressive equation can be represented graphically (Figure 11.).

The plot expresses the number of employees in the banks in the Baltic countries (the explanatory variable) on the x-axis and value of profit before taxes (the dependent variable) on the y-axis.

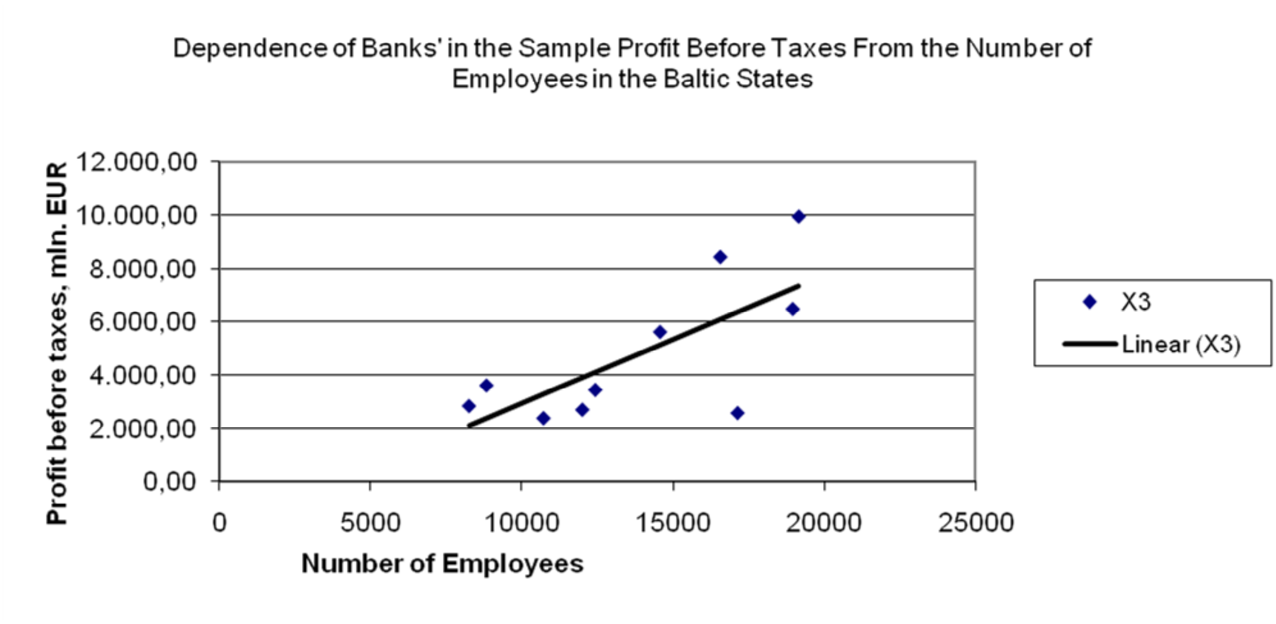

Figure 11. Dependence of bank's profit from the number of employees in the Baltic countries

While most of the data points are clustered towards the lower left corner of the plot (indicating relatively few number of employees in the Baltic countries per profit before taxes), there are some points which lie far from the main cluster of the data. These points may have a major impact on the regression line.

In order to prove that equations are adequate to actual situation, there were calculated relationships - a Fisher ratio - of two dispersions: regression and residual. Fisher ratio coefficient was compared with the tabulate Fisher's criterion. Counted Fisher's variance ratio, as well as Fisher's Blank ratio are settled in the following table.

Table 7. Values of Fisher's ratio to test equations' adequacy to real situation

		Y(1)	**Y(3)**
f_statistics	F=S((y(1)-EY)sq.)/(S((y(1))-Y)sq.)/(n-2)	8,000167113	7,999718099
f_blank	FINV(O,O5;2;n-2)	5,317655	

In order to calculate F_{blank} in excel, there was used formula FINV. We calculated with the significance level of 0.05, when the number of factors are two (k = 1) and n = 10. Since the Fisher's dispersions' ratio of all four variables are greater than the Fisher's blank criterion ($F \geq F^{kr}_{\alpha;1;n-2}$), it can be assumed that these two equations are adequate to real situation.

For the multiple correlation and regression analysis we continued the same two important factors, significantly influencing internationals' banks in the sample profitability. The common expression of multiple regression equation is:

$\hat{y} = a_0+a_1x_1+a_2x_2+a_3x_3+...+a_nx_n$. Coefficients a_0, a_2, a_3 of multiple regression equation can be found with the excel function LINEST.

Table 8. Values of coefficients a_0, a_1, and a_2 for multiple regression analysis

a(2)	0,80	a(1)	-0,06	a(0)	-4580,49
Sa(2)	0,69	Sa(1)	0,12	Sa(0)	6170,36
D=R^2	0,52				
F	3,85	n-m-1	7,00	F(blank)	4,737414128
Q(regr.)	34519499,96	Q(resid.)	31373435,51		

There are investigated ten values (n=10), two independent variables (m=k=2), and the degree of freedom is seven (n-m-1=7). So, the equation of analyzed linear multiple regression can be described in the following formula: Y^=-4580,49-0,06x(1)+0,8x(2) .The following calculations are made in order to evaluate equation's adequacy to the actual situation.

Table 9. Significant ratios for correlation and regression analysis

S^2(resid.)=(S((Y(i)^-Y(i))^2))/(n-m-1)	4481919,36
S^2(Y^)=(S(Y(i)^-EY)^2)/m	17259750
F=(Q(reg.)/Q(resid.))*((n-m-1)/m)	3,85
R=SQRT((S^2(Y^)-S^2(resid.))/S^2(Y^)	0,7237904
D=(S((Y(i)^-EY)^2))/(S((Y(i)-EY)^2))	0,52
Q(resid.)=S((Y(i)^-Y(i))^2)	31373435,51
Q(reg.)=S((Y(i)^-EY)^2)	34519499,96

The coefficient of multiple correlation R shows the connection's strength between the dependent factor y and set of independent factors. The coefficient of determination, which is expresses as the following equation $D = R^2$, shows the adequacy of the regression line to the actual situation. The coefficient of determination is a measure of quality (the more the better). In our analysis R = 0.724, D = 0.524. It means that this equation explains 52% of its average dispersion (of his curve).

Following these calculations and according to given coefficients of the polynomial regression equation there can be written a multi-linear regression equation. It would look like this: Y^=-4580,49-0,06x(1)+0,8x(2).

F_{blank} is found with the function FINV (0,05; k, n-k-1), where the number of independent variables are two (k=2, n=10) . The F_{blank} is equal to 4,74. However, the value of F_{blank} overheaded the value of equation‘s F, which is equal to 3,85. It means that analyzing equation of multiple regression is not adequate to actual situation.

Coefficient of multiple correlation allows to evaluate the evidence, that factor (Y) communicates with all dependent variables (X1, X3, X4, X5) as a whole. In the current analysis it shows that there is no stochastic relationship between banks‘ profitability and assets and the number of employees in the Baltic countries.

The coefficient of determination of analyzed relationships is equal to 0,52. It means that the equation explains 52% of dispersion around the average. The coefficient of determination is a measure of quality of regression equation. In analyzed situation the coefficient of determination is less than the tabular value of 0,6, and it means that the equation does not encompass all significant variables.

The common expression of exponential multiple regression equation is the following: $\mathbf{\hat{y}=b_0 b_1^{x1} \cdot b_2^{x2} \cdot b_3^{x3} \cdot \ldots \cdot b_n^{xn}}$ **.** Coefficients of exponential multiple regression equation b0, b1, b2 will be found with the function LOGEST.

Table 10. Values of coefficients b_0, m_1, and m_2 for exponential multiple regression analysis

m(2)	1,00	m(1)	1,00	b(0)	647,42
Sb(2)	0,00	Sb(1)	0,00	Sb(0)	1,23
D=R^2	0,50				
F	3,52	n-m-1	7,00	F(blank)	4,737414128
Q(reg.)	1,26	Q(resid.)	1,25		

There are investigated ten values (n=10), two independent variables (m=k=2), and the degree of freedom is seven (n-m-1=7). So, the equation of analyzed exponential multiple regression can be described in the following formula: Y^=647,42*1^x(1)*1^x(2). The following calculations are made in order to correctly evaluate the adequacy of equation.

Equation‘s adequacy to the actual situation is expressed by the Fisher's variances‘ ratio, tabular value of Fisher‘s criterion, the regression and the residual values of variance, the coefficient of multiple correlation, and by the coefficient of determination.

Table 11. Significant ratios for exponential multiple regression analysis

S^2(resid.)=(S((Y(i)^-Y(i))^2))/(n-m-1)	-475,341122
S^2(Y^)=(S(Y(i)^-EY)^2)/m	-1663,69393
F=(Q(reg.)/Q(resid.))*((n-m-1)/m)	3,52
R=SQRT((S^2(Y^)-S^2(resid.))/S^2(Y^)	0,70796177
D=(S((Y(i)^-EY)^2))/(S((Y(i)-EY)^2))=R^2	0,50
Q(resid.)=S((Y(i)^-Y(i))^2)	1,25
Q(reg.)=S((Y(i)^-EY)^2)	1,26

F_{blank} as previously is counted with the function FINV (0,05; k, n-k-1), and is equal to 4,74. It means that once again we have proved that the analyzed equation of multiple regression is not adequate to the actual situation, because F_{blank} (4,74) overheads the counted F (3,52).

The coefficient of determination, which is equal to 0,50, once again does not reach the value of tabular value and shows that sample is not representative or that there exists other factors, that influences the profitability of international banks more significantly than the asset and the number of employees in the Baltic countries.

3.1.4. Directions for Further Research

The year of 2000 can be described as the starting point for banking internationalization in the Baltic countries. The aim of conducted study was to measure and to analyze the internationalization level of the biggest and for all three countries common banks.

The strongest internationalization to the Baltic countries was from the Scandinavian countries and is significantly developed in Lithuania: banks in the sample comprise more than 89% of all banking asset. **In Latvian market there is more dispersed concentration of banks**, including their home bank Parex bank. However, in Estonia there are more actively competing small banks, but **the Swedbank is the strongest bank in Estonian market**.

This study applied three single item indicators, which were combined in a composite index to analyze the degree of internationalization of a bank - the Transnationality Index (TNI). The findings were as follows:

- The average bank in the sample has operated roughly one-fifth of its banking activities in the Baltic countries between 2000 and 2009.
- The average TNI was 4,43% in 2000, remaining quite similar through the year of 2001-2005, and rising to 9,1% in 2006.
- In 2006 TNI was at its highest, declining until 2008. From that period, TNI increased again, however, not reaching the levels of 2006.

There were also analyzed the development of TNI separately in different Baltic countries, in order to evaluate, if the banks' strategies for internationalization were the same. The analyses showed that **banking internationalization of banks in the sample through the analyzed period most significantly increased in Lithuania and reach the highest TNI among all three countries**. Moreover, the internationalization of banking in Estonia significantly differs from the internationalization of banking in Latvia and Lithuania. It means that in **Estonia developed different banking internationalization patterns than in the neighbor countries and that Estonia in the process of banking internationalization is concerned separately from other Baltic countries.**

Through TNI analyses we have also found that banking internationalization on the accounted period was mainly driven by employees and income in the Baltic countries. In order to determine if international activities have delivered a better performance than home country activities, we examined, what relationships exist between performance measures of banks and profitability in foreign countries.

First of all, there were calculated the correlation coefficient and the assessment of its significance, which showed that the strongest link is between the total profit before taxes of banks in the sample and the total number of employees in the Baltic countries ($r = 0.71$) and the total assets of the banking groups in the Baltic countries ($r = 0.66$). The indicator of the total profit before taxes was eliminated ($r = 0.55$), showing that foreign profitability tends to be lower than domestic, and a **negative relationship exists between profitability in foreign countries and internationalization**.

However, multiple correlation and regression analysis showed that there is no stochastic relationship between banks' profitability and assets and the number of employees in the Baltic countries, and it means that **the equation do not encompass all significant variables**. Exponential Multiple Regression Analysis Justified the Findings.

The quantitative analysis demonstrated that the banking internationalization in the Baltic countries is encouraged by other factors than profitability. Moreover, there is not enough to analyze such indicators like the number of employees in the Baltic countries, nor the sum of total assets hold in the Baltics, to explain the growth of banks' total profit. So, there may be predicted, that there are vital such intangible factors as image and reputation that drive banking internationalization to the Baltic countries.

3.2. Qualitative Research on Public Relations for Internationalization of Banking in the Baltic Countries

3.2.1. Cultural, Historical, Political, and Economical Development of the Baltic Countries

The Baltic countries are called three countries rested in northeastern Europe along the southern shore of the Baltic Sea. From north to south they are Estonia (Eeesti), Latvia (Latvija), and Lithuania (Lietuva). Because of their location and their shared history, observers tend to lump these three countries as the “Baltic States” (O'Connor, K., 2006). Although, Estonians, Latvians, and Lithuanians share some cultural, historical and economical similarities, their survival and development has depended on the development of distinctive national identities. Our goal is to conceptualize those similarities as well as differences, significant for the practice of public relations in these countries.

Language becomes a more salient primary constituent of Identity in the Baltic countries, where linguistic, national, and cultural boundaries coincide than where they do not (Victor C. De Munck, 2005). Language and culture have played a key role in the reconstruction and consolidation of national identity in the Baltic Republics during the restoration of sovereignty and its aftermath (G. Hogan-Brun, 2005). Estonians are closely related to the Finns and speak a Finno Ugric language. Latvians and Lithuanians, however, speak related Baltic languages of Indo European origin. Talking of it language is the most cherished beliefs shared by Estonians, Latvians, and Lithuanians.

All three nations keep the source of their identities in a folk culture that predates the arrival of Christianity (K. O'Connor, 2006). However, in these countries remain vital traditions from pagan times (K. O'Connor, 2006; V. Liubiniene, 2003). They influence Estonian, Latvian, and Lithuanian cultural life and artifacts, and they remain integral to the cultural identities of the Baltic peoples.

The Baltic countries are characterized by the diversity and tolerance of religious life (K. O'Connor, 2006). Attaining their full independence in 1991, each of the Baltic governments has upheld the principle of full freedom of religion for its citizens.

All three countries shared the experience of Russian and Soviet rule, however, Latvia and Estonia were heavily influenced by the Germans, and Lithuania, on the other hand, has closer cultural and historical ties to Poland (O'Connor, K., 2006). The Baltic countries became sovereign nations in the aftermath of World War I for the first time since the 13th century (Estonia and Latvia) and the 18th century (Lithuania). They declared independence in 1918 and were recognized as independent countries in 1920. Independence was relatively short-lived, however. Leading up to

World War II (WWII) the Soviet Union forcibly incorporated Estonia, Latvia and Lithuania as a result of the Molotov-Ribbentrop Pact of 1939, in which Nazi Germany gave control of these countries to the Soviet Union in return for control of much of Poland. The annexation of the Baltic countries lasted from 1944 till 1990 (based on information from the official sites of Estonia, Latvia, and Lithuania).

The three Baltic nations re-declared their independence in 1990. Each of the three countries has declared itself to be restoration of the sovereign nations which existed already in 1918-1940. After the Baltic countries have restored independence, integration with Western Europe was chosen as the main strategic goal. Membership of NATO was achieved on March 29, 2004, and accession to the EU took place on May 1, 2004. Furthermore, on December 21, 2007, Estonia, Latvia and Lithuania entered the Schengen zone.

All three Baltic countries are parliamentary democracies, which have unicameral parliaments elected by popular vote. In Latvia and Estonia, President is elected by parliament, while Lithuania has a semi-presidential system and the president is elected by popular vote.

The Baltic countries are the most accessible countries amongst the new EU members from the Eastern Europe to start or do business. The Baltic countries - Estonia, Lithuania and Latvia were ranked top by the World Bank's report for the Ease of Doing Business 2006, over the other new EU members from Eastern Europe. The Ease of Doing Business index 2006 ranked Lithuania, Estonia and Latvia amongst the top 30 countries at 15th, 16th and 26th place respectively out of the 155 world economies ranked. Conducting business in the Baltic countries was most straightforward in Lithuania, which ranked the highest for enforcing contracts and registering property at 7th and 2nd place respectively. Estonia was ranked the highest for the ease of dealing with licenses and contract enforcement at 9th and 19th place. Latvia ranked lower than its Baltic neighbors Estonia and Lithuania, though the country performed better in the area for starting new business at 26th place, which was the highest amongst the EU-8.

Domestic demand in Eastern Europe, including the Baltic countries, is awakening, thanks to the resumption of real wage growth, stabilizing labor markets and a gradual thaw in still-inhospitable credit conditions. Eastern Europe was the region of the world that was hardest hit by the global credit crisis, mainly due to its relatively large foreign loans. As „SEB“ bank forecasts, GDP growth will continue to increase in most of the region during 2011-2012 but in the Baltic countries growth will not return to its previous high rates but instead will barely reach its potential level.

Estonia’s GDP will climb by 2.3 per cent this year and after that by 4.0 per cent annually, but its euro zone accession in 2011 may lead to higher growth via more foreign direct investments. Lithuania’s economic growth will end up at 1.0 per cent in 2010, accelerating to 4.0 percent in 2011 and 4.5 per cent in 2012. Latvia, which is lagging behind Estonia and Lithuania in its recovery and will post a further average GDP decline of 1.5 per cent in 2010, will return to positive year-on-year growth this autumn. GDP will rise 4 per cent in 2011 and 5 per cent in 2012 (SEB report). SEB predicts, that that of the three Baltic countries, Latvia and Lithuania will adopt the common currency first in 2014.

As SEB constitutes, the tough cost adjustment of the past two years in the Baltics, after earlier economic overheating, is coming to an end. Private sector pay bottomed out in all three countries in the first half of 2010, according to official statistics. Pay has also begun to climb, quarter-on-quarter but it is still falling year-on-year, and the situation varies from one sector to another. SEB predicts, that modest overall wage and salary growth in 2011, driven by the private sector.

3.2.2. Development of Public Relations Practice in the Baltic Countries

The PR function has historically developed through various cultures and societies. Public relations by itself have been considered a phenomenon of a democratic society for years (Harrison, 1995: 103). However, totalitarian regimes in Europe at the beginning of the twentieth century strongly influenced the development of communication management in Europe. Several studies have demonstrated that although political regimes changed, communist propaganda continues to influence the ways contemporary public relations is practiced in East Europe (Karadjov et al., 2000; Tampere, 2001; Guth, 2000). Moreover, Ławniczak (2001:14) suggested that contemporary public relations have helped transformational societies “to adopt the mechanisms and institutions of the market economy and democracy”.

Public relations and communication management in post-communist countries in the beginning of the 1990s was often led by propaganda (Van Ruler, Verčič, 2004:95). Inkeles (1950:3), who studied the formation of public opinion in the Soviet Union, defined communist propaganda as "organized, systematic, concerted campaigns to change the attitudes and influence the actions of large social groups". Public communication in Soviet society was ideological, managed by the Communist Party (Van Ruler, Verčič, 2004:96). Communism based on Lenin’s doctrine looked upon journalism as a major part of the political system. There was no free press in communist society and public relations as a term did not exist in this society (Lawniczak, Ryszard, 2001).

Over time, this communication style was ingrained in the whole society because people understood that it was safer and more beneficial to use the same style as the leaders did (Lawniczak, Ryszard, 2001). This style was characterized but a “lie syndrome”(Tampere 2003:94), which meant that in order to understand the actual content of information one had to read between the lines and have a critical attitude towards texts. Organizations in communist society used “deep language” style mixed with the specific technocratic language typical of specialists in different areas (ibid.). In totalitarian societies technical and specialist communication was the only way to say things because all other aspects were guided by the Communist Party.

Harrison (1995:7) says, that public relations history in the democratic world took on new dimension in 1989, and we can call this period the opening period (Tampere, 2003), which would become the cradle for the systematic public relations function in post-communist states and the beginning of new developments in European public relations. This is the period when transition societies were formed and developed, and the period when public relations and communication management were established in post-communist transition societies (ibid.). Since 2000, communication management and public relations processes have taken place in the global networking and net communication period, because both in post-communist and in old democracies, there has been a very rapid development of internet and information technology (Lawniczak, Ryszard, 2001, 104).

According to Ławniczak et al. (2003) East European public relations has its transformational nature. Bridger and Pine (1998:3) defined the term "transition" as "a temporary state between two fixed positions, a movement between the point of departure and that of arrival". Ławniczak et al. (2003: 259) considered public relations "an important and useful instrument that facilitated and accelerated the political and economic transition". The following scholar proposed (2001) the term "transition public relations" or "public relations performed in the transition economies" (p. 8). According to Ławniczak, the goal of transition public relations is "to help to introduce and adopt the mechanisms and institutions of the market economy and democracy in former command economies" (p. 14).

Furthermore, Ławniczak (2001:15) identified six main activities of public relations during the transition. First, the goal of public relations activities in state-run enterprises is "to secure the acceptance among workers and society at large for necessary restructuring and possible privatization". Second, the goal of public relations in privately owned businesses is "to secure publics acceptance for the concept of private property" (p. 16). Third, the goal of public relations is to encourage the public to use such "new" market economy institutions as the stock exchange, banks, and national investment funds. Fourth, public relations must help foreign companies to gain public acceptance for their investments. Fifth, public relations must be employed to attract potential foreign investors. The sixth, the goal of public relations is to promote the country abroad, that is to "secure the support of international financial institutions, attract foreign capital, and achieve acceptance for attempts to integrate with the West within existing supranational structures" (p. 16).

There is a shortage of scientific literature about the present state of public relations in Estonia, Latvia, and Lithuania. Nevertheless, successful development of banks internationalization processes (Section 3.1.), as well as dynamic and western patterns following economical and social structures

(Section 3.2.) in the Baltic countries indicate that the six main activities for public relations identified by Ławniczak (2001) are too narrow to explain the complexity of nowadays public relations in the Baltics. There is need for modern public relations theories as well as more comprehensive research on influential environmental factors in order to develop public relations strategy for internationalization of banking in the Baltic countries.

3.2.2.1. Media Landscape and Public Relations Culture in Estonia

In Estonian, **the term "public relations"** is translated as "avalikkussuhted ja teabekorraldus" in academia. Literally, this term means "public relations and communication organizing". However, a more common term, widely used outside academia, is "suhtekorraldus", meaning "organizing relations".

The year 1993 can be considered **the birth year for public relations** in Estonian business organizations, when bug enterprises started to hire press representatives and to produce press releases and in-house newsletters. Public relations and communication management in Estonian companies were usually initiated by foreign consultants and partners. In 1994 there were established the first public relations company in Estonia. In 1995 the round table of public relations companies was established, which was the first organization to unite public relations practitioners in Estonia. It was transformed into the Association of Public Relations Companies in 1997; today it's activities are rather modest.

Public relations practitioners in Estonia are collaborating under the **Estonian Public Relations Association (EPRA)**; it was founded in 1996. The mission of the Association is to promote the public relations in Estonia and to improve professionalism of its members. The Association has a Code of Ethics based on the International Public Relations Association Code of Conduct adopted in Venice. The Association has currently 60 active members employed in public and private companies, public sector organizations, non-profit organizations and PR agencies. The highest body is a general meeting that elects a five-member board to co-ordinate the work of the Association. The term of office of the board is two years. EPRA is member of Global Alliance for Public Relations and Communication Management.

The smallest country of the Baltic countries has one of the most vibrant media scenes to practice local as well as international public relations– it has fewer than seven daily papers and four terrestrial television channels, plus numerous other available by cable and satellite, and over 20 radio stations. Traditionally, Estonians have been avid readers, listeners and viewers.

The press is an independently run sector, however, is characterized by heavy concentration. The national market is being dominated by two major publishing groups: Postimees Group and Ekspress Group. The top-selling daily is the tabloid *SL Ohtulet*, with the circulation of 65,000. A close number two is the quality daily *Postimees*, with sales of 62,000. For Russian speakers the top-selling daily is *Estoniya*. For the business community, there is daily title called *Aripaev* and a weekly *Eesti Ekspress*. The cultural elite of the country reads a weekly paper called *Sir*p and a weekly supplement of *Postimees* called *Arter*.

Journalists maintain freedom of expression; the most common style for reporting – investigative in substance and more tabloid in presentation. Newspaper editors maintain they are completely independent from the influence of political parties and the government.

The television in Estonia consists of state and private sector. The public channel Eesti Televisioon (ETV), where the bulk of the programming is in Estonian, also includes a daily newscast and some feature programs in Russian. Besides ETV, Estonian viewers can watch three private TV channels: Kanal 2, TV3, and Muz TV. Channels from the Russian Federation, as well as other pan-European satellite channels, can be watched on cable TV. According to law amendments of 2001 there is no advertising in public broadcasting and the number of nation-wide terrestrial channels is limited to two.

The radio market in Estonia also consists of public service and privately owned radio stations. The public service radio organization Eesti Raadio broadcasts on four different channels. In Estonia there are more than 20 other private radio stations, most of which are local. However, the privately owned KUKU radio station is an important source of news and information for the country's key decision makers. Besides, Russian-speakers inhabitants prefer radio stations broadcasted from Russia. Digital television is in the stage of testing. The government has renewed the deadline for final transition from analogue to digital, which is December 2012. Digital radio has not been implemented.

There is now only one **news agency** operating in Estonia. *The Baltic News Service (BNS)* covers all three Baltic republics. BNS is fully owned by Finnish Alma Media. The domestic Estonian News Agency was privatized to a Latvian news agency in 2000 and went into bankruptcy three years later.

The rate of **computerization** and Internet usage in Estonia is comparatively high. Internet connection in 2009 has 63 percent of households and 99 percent of offices. Around 60 percent of the total population has used the Internet during the last week. Most of newspapers have their online versions; most of the terrestrial radio programs can be listened to online. Moreover, television is developing on-line broadcasting services.

The main **media organizations** are the Newspaper Association, defining itself as a multi-task organization for the newspaper publishers, editors and journalists, and the Association of Broadcasters, representing the interests of commercial broadcasters. The Journalists' Union executes the role of a trade union as well as that of a professional guild. Media educators have formed the Society Media Educators. Independent producers in the audiovisual sector have also a representation body as well as the advertising agencies do have theirs. Media research is carried out by TNS EMOR, as well as by some other Gallup-organizations.

The managerial field of public relations in Estonia is following Western patterns and is developing rapidly. One of the major stimulus behind that is EPRA's (Estonian public relations practitioners' association) participation in Global Alliance for Public Relations and Communication Management. Moreover, the media market in Estonia is highly developed and modern, enabling effective local as well as international communication. Journalists maintain freedom of expression, and media claims to be independent. However, there should be keeping in mind that because of significant societal stratification to Estonian and Russian speaking inhabitants, in the country developed different media consumption patterns of those nation's parts.

3.2.2.2. Media Landscape and Public Relations Culture in Latvia

In Latvian, **the term "public relations"** is translated as "sabiedrisko attiecību" in academia; literally, it means "relations with publics". However, very often it is generally used the term PR. The year 1995 can be considered **the birth year** for public relations in Latvian business, when the first public relations companies in Latvia were established.

Latvian Association for Public Relations Professionals (LASAP) was founded in 2001 and currently has more than 70 associates from educational institutions, public relations agencies, businesses and organizations. The aim of association is to raise the professionalism and standards in the industry. LASAP offers its members regularly participate in various training programs, as well as inform the people looking for work and businesses who need workers in the field of public relations. LASAP has an agreement with the International Public Relations Association.

The Latvian **media system** is divided into two subsystems: the Latvian and Russian language media. The Russian language media in Latvia represents minority citizens with specific interests and needs, as well as non-citizens, who see newspapers as a resource in accessing the public sphere and as a bastion during times of change. However, the division of the small media market influences the advertising revenue, following by more complicated development of qualitative journalism.

In 2009, there were around 244 **newspapers** in Latvia, divided in two languages, Latvian and Russian. However, Latvian and Russian audiences have different reading habits: non-Latvians prefer weekly newspapers, Latvians – weekly magazines, regional press and monthly magazines. Among national daily newspapers there are three Latvian language dailies issued six days a week. Of the national dailies, the market leaders are Lauku Avize, particularly strong on economic, agricultural and rural issues, and Diena, both with more than 60,000 copies. The nearest rivals are

Neatkariga Rita Avize with the issue of 40,000. For business people there are several options – the market leader is Dienas Bizness. In the Russian language there is Komersant Baltii and Bizness & Baltiya.

There are only a few areas in which Russian publications lack an analogue to Latvian language publications. At the same time, readership levels of Russian language newspapers are far lower than those of their Latvian counterparts. The best selling Russian dailies are Vesti Segodnja (Today's News), and Telegraf.

The appearance of 5 min (5 minutes) in 2005, a free daily newspaper in Latvian and Russian has been successful and has caused the increase of the readership of daily newspapers. It is viewed by media experts as an integrating factor of Latvian and Russophone audiences.

The television market consists of public services and privately owned channels. The most popular channels are the commercial Latvian Independent Television (LNT) and Swedish-owned TV3. The state broadcaster Latvian Television (LTV) has two channels (LTV1 and LTV7), both covering the whole country. LTV1 is a Latvian language channel, and LTV7 produces sports programs, educational shows, entertainment and programs for various social groups and minorities, including a daily news program in Russian. The public TV is state funded, and additional revenue is gained from advertising and sponsored programs. Though during the last few years public TV has improved the quality of self-advertising, it has lost a part of its audience, and the market leaders are two commercial channels.

Quite popular, especially for the Russian speaking audiences is PBK (Pervij Baltijskij kanal - The first Baltic Channel). It mostly retransmits programs from Russia; however, it also airs local evening news in Russian. However, commercial TV channels are more successful in competing for Russophone audiences.

There are 7 national, 9 Riga and 20 local/regional **radio stations**. The most popular national radio channels are Radio Latvia, which provides news, current affairs and documentaries, as well as most kinds of music. The national commercial networks are radio SWH, Star FM and Latvian Christian Radio. There are also 21 local radio stations in Latvia, all of them commercial.

In 2009 the percentage of household having a computer was 61,4 percent, while having internet access was 60,9 percent. Almost 87 percent of families with Internet access now use a broadband connection. The penetration of technologies developed especially extensively in the last five years. The most active online users are young people, in the 16-24 age group. Approximately 96 percent of young people in that age group use the Internet at least once a week. There is a diversity of audience of Internet portals (by language) in comparison with press audience and their role is growing in creating a common information space. In 2009 93.5 per cent of offices had computers and 86.8 % had internet access.

There are two **news agencies –** LETA, which is privately owned, and the Baltic News Service (BNS), operating in all three Baltic countries.

There are strong **media organizations** for employers. Latvia Journalist Union is a weak and non-prestigious professional organization for journalists. It acts neither as a trade union, nor as an authoritative, self-regulating professional association and its membership is decreasing.

The practice of public relations is still in the stage of development in Latvia, as well as in other Baltic countries, since it's short time of existing in a society. However, there is in the country the organization for public relations practitioners - Latvian Association for Public Relations Professionals, which has an agreement with the International Public Relations Association. Meanwhile the media market in Latvia is quite diverse, splitting into two parts (two languages). It challenges public relations because of difficulty get one and the same information product to both target groups simultaneously. Overall, media consumption is at a high level in Latvia. However, internet usage is falling behind Lithuania and Estonia.

3.2.2.3. Media Landscape and Public Relations Culture in Lithuania

In Lithuanian **the term "public relations"** is translated as "ryšiai su visuomene" or "viešieji ryšiai" in academia. Literally, this term means "relations with publics" and "open relations". However, a more common term, widely used outside academia, is PR.

The public relations industry in Lithuania, as well as in other post-soviet countries, is still relatively young. That is why there are no rules or regulation for public relations practitioners to follow. The field of public relations is regulated indirectly, though laws that regulate advertising and public information. However, Lithuania does have an **association of public relations professionals** (LRVS). Unfortunately, the organization does not have a representative membership base and develops quite slowly. These may be the reasons why many companies in Lithuania still work without any real model or internationally known communication strategy.

The Lithuanian mass media is market oriented system, where advertising has become the main source of income. Lithuanian **press market** developed in a highly competitive environment at local, national and international levels. All newspapers are private. Newspapers and magazines are mainly published in Lithuanian language; however there are newspapers and magazines published in Russian, in English, and other languages. The most readable among weeklies are TV guides, and among monthlies - women magazines. However, the percentage of newspaper readers is remarkably lower than TV viewers.

The press market leader is *Lietuvos rytas*, with the circulation of about 65,000 on weekdays and more than 200,000 for its weekend editions. The paper also produces a free online version which is popular with Lithuanians living abroad and with the rapidly growing number of internet users in the country itself. The national daily *Respublika*, with about a third of the circulation of its bigger rival Lietuvos rytas, is well known for its focus on crime stories and social issues. The free newspaper *15 Minutes* (15 minučių) takes the third position in the readership ranking. *Vakaro žinios* is a daily with a clear orientation towards tabloid sensationalism. The paper aimed at the business community is *Verslo Žinios*. Important regional newspapers include *Kauno Diena*, *Vakarų Ekspresas* and *Klaipėda*. Other influential publications are *Veidas*, a quality weekly magazine specializing in social and political issues, and *Atgimimas*, a weekly analytical paper with loyal following among politicians and academics.

The television market is increasingly fragmented. There are 31 television stations in Lithuania, 30 commercial and 1 public. The Lithuanian Television is broadcasting two national television programs, LTV1 and LTV2. The national broadcaster Lithuanian radio and television are financed from the state budget and advertising. The most popular channel in Lithuania is privately owned TV3 and LNK.

There are 47 commercial and 1 public **radio stations** in Lithuania. Among them there are 11 national, 7 regional and 30 local radio broadcasters. The public radio, Lithuanian radio is broadcasting three nation-wide radio programs: LR1, LR2 and LR3. However, public radio LR1 ranks as the most popular in Lithuania.

The number of **Internet users** is gradually increasing. In 2009 56 percent of all households have access to computer and 60 percent to internet. In 2009 95% of offices had access to internet. In the first half of 2010, about 61 percent of citizens had computers at home, while in countryside computers at home had only 39 percent of all households. Young people are the one of the most active groups of internet users.

There are two **news agencies** in Lithuania: ELTA and BNS (Baltic News Service). The leadership belongs to BNS, the first private news agency in Lithuania.

There are two **journalists' organizations** in Lithuania: the Journalists' Union of Lithuania, and the Journalists' Society of Lithuania. Both organizations function as professional organizations but are not trade unions. There are two more **organizations dealing with media**: The Lithuanian Newspaper Publishers Association that represents the publishers of national newspapers and National Regional and City Newspapers Publishers Association that represents regional press publishers.

The public relations industry in Lithuania, as well as in other post-soviet countries, is still relatively young. However, there is in the country the organization for public relations practitioners; unfortunately still lacking the authority and activity in the market. The Lithuanian mass media is market oriented system, where advertising has become the main source of income. The percentage of newspaper readers, which all are privately owned, is remarkably lower than TV viewers. The most popular TV channels are privately owned, while the most popular radio station is state owned. So there could be concluded, that listening of national radio is more popular between older people. Internet usage in the country is growing steadily; the most active groups of internet users are young people, which gain computer knowledge at school.

3.2.3. Communication Components of Public Relations for Internationalization of Banking in the Baltic Countries

3.2.3.1. Social Cultural Aspects Influencing Public Relations in Estonia

Estonia is the smallest of the Baltic countries with a population in 2010 of 1,340,021. The country is bordered to the north by the Gulf of Finland, to the west by the Baltic Sea, to the south by Latvia, and to the east by the Russian Federation. The territory of Estonia covers 45,227 square kilometers. The capital of Estonia is Talinn. The official language is Estonian, which is closely related to Finnish. The largest religious confession today among ethnic Estonians is the Estonian Evangelical Lutheran Church, which claims 175,000 members.

Estonian **national structure** consists of two relatively detached communities – ethnic Estonians (927,000) and Russian-speaking community, which predominantly developed through the Soviet occupation. At that time the immigrants were seen as occupiers and colonists, and relations between Estonians and Russians are still strained. At present one third of Estonian population comprises Russians, Ukrainians, Byelorussians and other ethnicities whose mother tongue or everyday language is predominantly Russian.

Over time, processes of sociopolitical change brought about successive language shifts (from Russian to Estonian and back again) amongst a section of the population and led to the emergence of a group of bilingual speakers (Verschik, 2005). Another emerging area is that of Estonian-Finish language contacts (ibid.). The closeness of the two languages means that various strategies of accommodation/compromise are likely to be employed, along with a continuum of varieties between Estonian and Finish (Hogan-Brun, G., 2005).

The name "Eesti" is originated from a German word referring to the east. So, it is not surprising that **national identity** is often linked with the historical settlement of territory (Berg & Oras, 2000). This relatively steady and permanent settlement dates back some 5000 years, which makes Estonians one of the oldest nations in Europe (Hogan-Brun, G., 2005). However, national identity of Estonians till the nineteenth century was associated with the peasantry (Vihalemm, 2007). That was because upper classes were predominantly Baltic Germans, requiring Estonians to adopt the German language and German customs in order to be in ‘higher class’ (ibid.). However, through the Estonian history that "peasant" culture, fostering folk traditions and art, helped to develop nationalism and helped to survive country identity (K. Brüggemann, 2003).

The thinking patterns shaping collective identities have crystallized during the second decade of post-communist transition in Estonian society and have shaped the formation of specific transition culture (Vihalemm, 2007; Lohmus, Lauristin and Siirman, 2009). In this cultural context the self identification patterns of the ethnic minority and majority have homogenized. However, the transitional culture in Estonia can be characterized by three specific mental patterns, called "cultural templates": nostalgic resignation, a striving for success, and an escapist Western orientation (Kalmus, Vihalemm, 2006). Highly educated Estonians can be divided into two sub-groups on the basis of the value and identity patterns they carry. These are the new elite or "winners of transition" on the one hand, and the cultural or intellectual elite on the other (ibid.). Moreover, the mental patterns of Estonian youth are characterized by an orientation to self-establishment, success, network identity, and the search for personal and social harmony and recognition (Kalmus, Vihalemm, 2006; Lohmus, Lauristin and Siirman, 2009).

Very important to the growth of cultural awareness was the **development of a written language and education**. For a long time in Estonia there was a peasant tradition of teaching children to read at home. An elementary education system was organized in the 1680s, after the first Estonian book was printed in 1535. By 1850 approximately 90 percent of the population was literate. Now Estonian literacy rate is 99,8 percent. The present education system in Estonia is modern and well developed. The levels of education are as follows: pre-school education, basic education (first level of education), secondary education (second level of education) and higher education (third level of education) (104).

In Estonian culture the most significant **cultural values** are the mother tongue and the fatherland. These values are fostered sharing common understanding of history and rural, peasant traditions (Talts, 2007; Brüggemann, 2003, Berg, 2002). The latter, connect Estonians culture with the nature; from here arrives common **national symbols** - the cornflower and the barn swallow; however symbols of stone and wood symbolize the national struggle and survival against foreign occupation (Brüggemann, 2003, Berg, 2002). The most important **political symbols** are the horizontally striped blue, black, and white flag, symbolizing sky, earth, and virtue and hope, and the coat of arms featuring three lions (O'Connor, 2006). The flag represents the nation, and its presence atop the Tall Hermann tower in Tallinn, the capital, represents national and cultural independence.

For public relations there should be bearing in mind that Estonian cultural background is closely related with folk culture, where lies the peasant roots of Estonians relation with the nature and society. The collective fostering of main Estonian values – mother tongue and fatherland - helped Estonian culture survive through exhausting occupation periods, and is still patriotically valued and appreciated. Estonians are highly literate and educated, that posses a professional corporate communication and attentive reputation management in the country. The main challenge for effective communication in Estonia is caused by continuing discussions between two relatively detached communities – Estonians and Russians. This concern could be managed deliberately selecting communication channels and thoughtfully choosing the content of message.

3.2.3.2. Social Cultural Aspects Influencing Public Relations in Latvia

Latvia, one of the three Baltic countries, has a territory of 64,600 square kilometers. The country is bordered by four countries: to the north by Republic of Estonia, in east by Russian Federation, in southeast by the Republic of Byelorussia and in south by the Republic of Lithuania. The capital of Latvia is Riga. The official language is Latvian, belonging to the Baltic group of the Indo-European family of languages. Its closest and only living relative is Lithuanian. Like Lithuanian, Latvian is a non-Slavic and non-Germanic language.

Latvian **national structure** is diverse – 59 percent Latvians, 29 percent Russians, 3,8 percent Belo Russians and several other ethnic groups. Latvia has the biggest Russian minority of all the Baltic countries. The language situation in Latvia at present is by and large that the country is bilingual in Latvian and Russian, especially in the larger cities (Metuzale-Kangere, 2005). Latgale in eastern Latvia is trilingual in Latvian, Russian and Latgalian (ibid.).

According to Katrina Z.S. Schwartz (2006), Latvians has two kinds of stories **about themselves and their homeland**: an outward-looking one, internationalism, and inward-looking one, agrarian. Latvians claim a special closeness to nature as a key defining element of national identity, and the nation of farmers remains the dominant image of Latvian nation (Schwartz, 2007). On the other hand, some imagine Latvia as cosmopolitan middlemen whose fortunes lay in exploiting their homeland's littoral geography of transit. This discourse of liberal internationalism constructed the homeland as a crossroad or bridge between East and West. However, agrarians as well as internationalists have the main desire in common - the desire of "Latvian Latvia". Latvians are committed to preserving a Latvian state in which the sole official language and dominant culture are Latvian and in which Latvians are the primary political shapers of their own destiny.

Rapid **development of a written language and education** started in the 19th century when a stratum of Latvian intellectuals emerged and established itself (105). Till then the education in the country was implemented mainly by informal ways, and written language was mainly German. From November 18, 1918, with the foundation of an independent Latvian state, the titular nation gained the guaranteed right to obtain all forms of education in Latvian. In parallel, the state also promoted the establishment of schools for ethnic minorities, with teaching in the native language of the particular group. Present Latvian education structure is characterized as a modern, unified system of education, consisting of primary education, secondary education, special secondary education, vocational education and higher education. Literacy Rate of total population in Latvia is surprisingly high - 99,8 percent.

The most potent **symbol** of Latvian national identity is folk songs, constructing a vision of intertwined natural, human, and supernatural worlds (O'Connor, 2006). In the Latvian folk songs common symbols are of oak and lime trees, symbolizing men and women. Moreover, the apple tree has a hidden meaning of orphanhood, a state that symbolically represents the Latvian nation (ibid.). Another symbol of natural national identity is continued celebration of the midsummer solstice Jāņi. The celebration reminds the power of earlier beliefs and practices (Schwartz, 2007).

Latvia has **no official religion**. Most of the population is Lutheran, although Catholicism prevails in the east. Russian Orthodox and Old Believer communities in Latvia are rather large. In general Latvian society is tolerant of different religions and open to new religious ideas. Although most people do not attend church, spirituality does influence the mood of society (Krumins, 2005).

For public relations it is important to grasp two directions for the development of Latvian national identity - the agrarian conception, linking Latvian identity with the folk culture and fostering close relationship with the nature, and internationalism, assessing the country's future with the development of intermediate position between East and West. However, effective communication in Latvia is challenged by the necessary to justify the expectations of good educated and literate publics, as well as the diversified national structure, making it harder to attract the targets.

3.2.3.3. Social Cultural Aspects Influencing Public Relations in Lithuania

Lithuania is the largest of the three Baltic countries in terms of the population, territory and economy. Lithuania is the geographical centre of Europe, as the national Institute of France confirmed in 1989, and its territory is 65,300 square kilometers. Lithuania shares borders with Poland and Kaliningrad in the southwest, Belarus in the east, and Latvia in the north. The capital of Lithuania is Vilnius, with a population of 541,300 inhabitants. The country in 2009 had a predominantly urban population of 3,339 million. The official language is Lithuanian, which is closely related to the old Sanskrit, belongs to the Baltic family of Indo-European languages and is the oldest language in Europe. The major religion is Roman Catholicism in contrast with the Lutheran and Orthodox traditions of Estonia and Latvia and there are small communities of Lutherans and Russian Orthodox believers.

Differently from the other Baltic countries, Lithuania **national structure** is quite solid. The biggest part of Lithuania society takes the natives, while Russians take just a minority part. However, Lithuania has a bigger community of Polish. Over 83 percent of population is of

Lithuanian origin, 6,14 percent Polish, 4,94 percent Russian, 2,61 percent no nation and 2 percent of other nationalities. Lithuanian now occupies the dominant position within state, and a majority of the resident population considers it to be their first language (Hogan-Brun, Gabrielle and etc., 2005). Being the largest country of the three Baltic countries Lithuania has also the most solid society in terms of nationality and religious. The biggest part of society takes Lithuanians, and the major religion is **Roman Catholicism**.

Lithuanians have a strong feeling of a shared **national culture** that begins as early as primary school, where folk music, national traditions, and holidays help to spread the national values among children (Lilijana, 2008, 2010; Grigas, 2008). Lithuanian national traditions combine pagan customs, as well as Christianity culture (Lilijana, 2008; Nekrašas, 2003). However, in the centre of all national customs and traditions lies the perception of Lithuanian common with the nature, and live followed by the natural cycle of nature (Lilijana, 2008, 2010; Grigas, 2008). On the other hand, in the society persists a strong sense of pride among those who struggled under the Soviet regime, as well as among their children, grandchildren and etc. (O'Connor, 2006). Different generations are proud of surviving a period of repression and difficulty, and this is a focal point of their perceived national culture. The proud of victory could be described as one of the main images of national identity, historically followed from the medieval times, when Lithuania was the largest country in Europe, stretching from the Baltic Sea to the Black Sea (Grigas, 2008).

As a primary constituent, Lithuanian becomes a synecdoche for Lithuanian culture. The Lithuanian language serves as a powerful ethnic/national boundary mechanism, keeping foreigners out and Lithuanians in (Munck, 2005). Lithuanians routinely inform foreigners, as a sort of catechism that Lithuanian is the oldest of the Indo-European languages (ibid.). English is the language of globalization and modern marketplace, while Lithuanian (and Russian also) is the language of the traditional market and the home; hence Lithuanian is the language of intimate and local spaces (ibid.). The Lithuanian language is a primary constituent of **Lithuanian identity** because it connects Lithuanians to each other and to their past, but English is what connects them to Western Europe and their future (Hogan-Brun, and etc., 2005).

The country has a **well-developed system of education**. The system of education in Lithuania is based on European cultural values. The history of higher education in Lithuania goes back to the times when Vilnius Academy-University was opened up in 1579 and became the first higher education establishment in the Grand Duchy of Lithuania and Eastern Europe to that matter. In Lithuania is found Baltic Management Institute, which is the only business school in Baltic region, having international accreditation of EPAS. The rate of literacy in Lithuania is 99,7 percent, and is a little bit smaller than in Estonia and Latvia.

The **national symbol** is the white knight called **Vytis**, sitting astride his horse and brandishing a sword. Vytis symbolizes the nation's proud of victory struggling for the fatherland (O'Connor, 2006). This image developed through countries militant history and dates back when Lithuania was the largest country in Europe. The national plant is rue, and the national bird is the stork. These symbols are intertwined in the folk art, poetry (ibid.). The flag consists of horizontal stripes in yellow, green, and red; the colors symbolize nature (sun and trees), and the red one symbolize the blood shed in defense of their homeland (106).

According to Victor C. Munck (2005), there are countless ordinary behaviors, gestures, styles of clothes, bits of knowledge, cultural factoids, practices, that constitute the „nuts-and-bolts“ of everyday life that Lithuanians just know and know that other Lithaunians know. This cultural infrastructure, which is largely unarticulated as culture is, I believe, what knits Lithuanians together into a common identity that is, at the same time not expressed as identity and, indeed, cannot be expressed as such. Being a Lithuanian means knowing a whole slew of social-cultural factoids that do not have any significance except that all Lithuanians are expected to know them.

3.2.4. Dimensions of Societal Cultures in the Baltic Countries

Scientific literature rarely analyzes Baltic countries separately when concerning cultural profile of Baltic people. The aim of this section is to research, if it is correct to treat Estonians, Latvians, and Lithuanians alike. Our research will be based on Hofstedes cultural dimensions. Table 12. provides an overview how Latvia, Lithuania and Estonia score compared to the Scandinavian countries according to Hofstedes indexes. The data are taken from the official Hofstede database, which has been continually extended.

Table 12. Hofstedes indexes for Baltic countries compared with Scandinavian countries

Country	PDI	UAI	IDV	MAS	LTO
Northern Group	28	40	69	14	41
Sweden	31	29	71	5	33
Denmark	18	23	74	16	46
Norway	31	50	69	8	44
Baltic group	42	63	63	19	
Estonia	40	60	60	30	
Latvia	44	63	70	9	25
Lithuania	42	65	60	19	30
Russia	93	95	39	37	
Poland	68	93	60	64	32
Germany	35	65	67	66	31

All three Baltic countries are very similar according to the **power distance** indexes (Estonia 40, Latvia 44, Lithuania 42). The research conducted by Maik Huettinger (2008) showed that Latvian and Lithuanian respondents score low-moderate in power distance and both countries score\ relatively similar to Sweden. The similar results were obtained by Mockaitis (2002) and Bajoriene (1996).

All three Baltic republics score moderately for **uncertainty avoidance** (Estonia 60, Latvia 63, Lithuania 65). Similar results for Lithuania were obtained by Mockaitis (2002; 67) and Bajoriene (1996). Latvia scores therefore on Hofstedes country list in the midrange area on place 46. Lithuania scores very similar and shares its place with Germany (Place 43-44).

Latvia scores a little bit more **individualistic** than Lithuania and Estonia (Latvia 70, Lithuania 60, Estonia 60). Maik Huettinger (2008) concerned that it is because Riga is in many ways more of a big city than Vilnius and by far more international and therefore individualistic. Moreover, Lewis compared Latvian and Lithuanian cultural lives and perceived Latvians to be more individualistic and entrepreneurial (Lewis, 2000). In contrast to Russia, the Baltics have most probably remained more individualistic during the soviet occupation (Vadi and Buono, 1995). Realo and Allik (1999) found, that Estonians were considerably less collectivist than Estonian Russians. However Bajoriene (1996) researched that Lithuania shortly after the transformation was collectivistic. Hofstede (2001) noted that an increase in national wealth is positively related to an increase in individualism. On the 76 countries list Latvia shares place 15-16 with Ireland and Lithuania places 23-26 together with Poland, Luxembourg and Estonia.

Lithuania and Latvia score together very low in **Masculinity** (Latvia 21, Lithuania 9). Moreover, the two republics score similar to Estonia (30), all Scandinavian countries and Russia. In Hofstede’s country list, both countries place at the last place in ranking. Lithuania shares rank 70-71 with Slovenia and Latvia ranks 74. However, Mockaitis (2002) concluded that the three Baltic countries are not as similar as the existing literature assumes. Her comparative study between American, Russian and Lithuanian Students at the Lithuanian Leadership Colleague in Klaipeda showed that the Lithuanian group to appear feminine – even compared with the Russian students (Straight, 2004). In her “one country study” performed in 1996 Bajoriene proved Lithuanian managers to be moderately feminine (Bajoriene, 1996). This dimension is undoubtedly the one that has provoked most criticism and caused misunderstandings (Smith, 2002).

Latvia and Lithuania score very similar by **long-term orientation** and are at the lower end of the country list (Latvia 25, Lithuania 30). In the Hofstede IBM database LTO was calculated only 42 for countries. Lithuania shares rank 29-32 with Portugal, Canada (Quebec) and New Zealand. Latvia ranks 34-36 with Great Britain and Zimbabwe. Estonia is considered being short orientation (Liubiniene, V., 2003).

It is remarkable that among all dimensions the three Baltic countries score very similar. Contrary, it is not misleading or politically incorrect to state that the Republics are cultural very similar (Mole, 2003). The dimensions also show very similar values for the United States and the UK, nevertheless nobody would thus doubt their political independence (Hofstede and Hofstede, 2005).

The two dimensions, which in particular affect the thinking concerning organizations, are demonstrating that Lithuania, Latvia and Estonia with a “power distance” of 40-44 and an “uncertainty avoidance” of 60-65 score very similar to the Germanic cluster (Hofstede and Hofstede, 2005). The two other dimensions, “individualism” and “masculinity” show how people behave in organizations (ibid.). Again the three Baltic countries score very similar, but in this case they are located in the Scandinavian cluster.

Remarkable is how closely related are Latvian, Lithuanian and Estonian values. For corporations and multinational companies it makes therefore sense to treat the Baltic countries as one market. However, one should keep in mind that differences may occur when it comes to consumer behavior or advertising (Siraliova and Angelis, 2006). Furthermore, the influence of the minorities on daily work life has to be taken into consideration. The Russians who dominate Latvian business life differ to a considerable extent in their cultural values (Huettinger, 2006a, b). According to the Huettinger (2008) study, three Baltic countries are closer to the Nordic countries rather than to Eastern Europe or Post Socialist countries.

In the following section we will analyze how Hofstedes dimensional indexes can be used as independent variables for the implementation of public relations among different countries.

3.2.5. Public Relations for Internationalization of Banking Based on the Cultural Dimensions of the Baltic Countries

Following by the analysis of cultural profile of the Baltic countries (Section 3.2.2.), as well as referring to the study of Baltic countries’ cultural, historical, political, and economical development (Section 3.2.1.) and theoretical justifications, researched in the section 2.5.3., there were developed the following perceptions to develop public relations in the Baltic countries.

All three Baltic countries are low-moderate in **power distance**. In public relation this index means that authority can have a negative connotation, as focus is on equality in rights and opportunity, and independence is highly valued. It also implies that in the Baltic countries challenges are favored with a “we try harder” approach that is why being number one brand is not very important. Also, in cultures of small power distance, powerful people try to look less powerful;

older people try to look younger, this aspect can be successfully used in advertising and public relations.

All three countries are characterized by more than average **individualism**. That means that the information flows are quite complicated between societies and there is a need for explicit verbal communication (De Mooij, 2010). Members of individualistic cultures belong to many specific in-groups that they join willingly. This aspect should be considered for developing communication channels for target publics. In individualistic cultures people entertain their friends in the home or private garden, moreover people more often prefer to access internet privately. It means that more people has access to internet at home and can be effectively reached by internet. Moreover, individualistic cultures tend to see brands as unique human personalities; it means that organizations are expected to have significant identities and well reputation; moreover, there is less loyalty for brands in these societies (De Mooij, 2010).

Lithuania, Latvia and Estonia score together very low in **Masculinity.** However, this dimension is undoubtedly the one that has provoked most criticism and caused misunderstandings. Feminine societies are more people oriented (De Mooij, 2010). A core value of feminine cultures is modesty. Quality of life is more important than winning that is much used in advertising appeals. It is therefore an important dimension to understand differences in marketing-communication styles.

All three Baltic countries score moderately for **uncertainty avoidance**. People in the Baltic countries are somewhere in the middle between those who hate uncertainty or ambiguity, and those who do not mind unpredictability or uncertainty. Communication in the Baltics is practiced just like in formal, also in informal ways. People are more likely not to show their emotions and are more tolerant.

Latvia and Lithuania score very similar by **long-term orientation** and are at the lower end of the country list. Estonia is considered being short orientation. It indicates personal steadiness and stability, respect for tradition and reciprocation of greetings, and favors and gifts. Focus is on pursuit of happiness rather than on pursuit of peace of mind. However, long term orientation implies investment in the future that is closely related with banking services. For public relations for banking internationalization this index should be considered more precise when completing communication campaigns and, especially messages for communication.

Identified cultural features of Estonia, Latvia, and Lithuania will be used developing public relations strategy for internationalization of banking in the Baltic countries. Wise research and management of cultural dimensions may help to assure fluent and effective communication between bank and it’s publics.

3.2.6. The Public Relations Matrix for Internationalization of Banking in the Baltic Countries

Following the research proceeded in the section 3.2. there was developed the matrix for developing public relations strategy in the Baltic countries (Table 13.). The matrix comprises infrastructure as well as communication components for public relations.

Table 13. The Matrix for Public Relations in the Baltic Countries

<table>
<tr><th colspan="4">1. Infrastructure for public relations</th></tr>
<tr><td>Geography</td><td colspan="3">Rested in north-eastern Europe along the southern shore of the Baltic Sea</td></tr>
<tr><td rowspan="2">Language</td><td colspan="3">Talking of it language is the most cherished beliefs</td></tr>
<tr><td>Finno Ugric language</td><td colspan="2">Related Baltic languages of Indo European origin</td></tr>
<tr><td rowspan="2">Historical Development</td><td colspan="3">All three countries shared the experience of Russian and Soviet ocupation</td></tr>
<tr><td colspan="2">Historically were heavily influenced by the Germans</td><td>Closer cultural and historical ties to Poland</td></tr>
<tr><td rowspan="2">Religion</td><td colspan="3">Full freedom of religion</td></tr>
<tr><td>The largest religious confession today is the Estonian Evangelical Lutheran Church</td><td>No official religion. Most of the population is Lutheran, although Catholicism prevails in the east. Russian Orthodox and Old Believer communities in Latvia are rather large</td><td>The most solid society in terms of nationality and religious. The major religion is Roman Catholicism</td></tr>
<tr><td>Political structure</td><td colspan="3">Parliamentary democracies</td></tr>
<tr><td>Economical situation</td><td colspan="3">Economy is awakening after the global credit crisis</td></tr>
<tr><td>Forecasts for GDP</td><td>2.3 % rise in 2010 and after that by 4.0 % rise annually</td><td>Decline of 1.5 % in 2010, 4 % rise in 2011 and 5 % rise in 2012</td><td>1.0 % rise in 2010, accelerating to 4.0 % in 2011 and 4.5 % in 2012</td></tr>
<tr><td>PR culture</td><td colspan="3">Transitional PR; emerging field for practicing</td></tr>
<tr><td>PR term</td><td>“Public relations and communication organizing”; a more common term is “organizing relations”</td><td colspan="2">“Relations with publics”; very often it is generally used the term PR.</td></tr>
</table>

1. Infrastructure for public relations			
PR associations	The Estonian Public Relations Association (EPRA) is member of Global Alliance for Public Relations and Communication Management.	The Latvian Association for Public Relations Professionals (LASAP) has an agreement with the International Public Relations Association.	The Lithuanian Association of Public Relations Professionals (LRVS) does not have a representative membership base and develops quite slowly.
Media system	Variety of newspaper, magazines, television channels, radio stations, and Internet portals, those are able to meet most of their citizens' needs for information and entertainment		
Media system		Latvian **media system** is divided into two subsystems: the Latvian and Russian language media.	
Media market	(See Annex X)		
Internet access (2009)	63 % of households and 99 % of offices	60.9 % of households and 86.9% of offices	60 % of households and 95% of offices

The structure of matrix is based on the proposed model for research of Baltic countries in the section 2.6. of this paper (Figure 7.). The matrix comprises such environmental and cultural factors, influencing public relations practice in particular country like national structure, perception of national identity, system of education and the level of literacy in the country, basic cultural values and the most common national symbols, as well as the main features of cultural profile, religion (Table 13-2.). Moreover, the most common conception of public relations in the country, the state of public relations associations in the country, as well as the basic structure of the media system (Table 13-1.).

Table 14. The Matrix for Public Relations in the Baltic Countries

	ESTONIA	LATVIA	LITHUANIA
2. Communication components for public relations			
National structure	Diverse	Diverse	Quite solid
	Russian-speaking community, comprising one third of population	The biggest Russian minority of all the Baltic countries. Russian speaking community comprise more than 35% of population	The biggest part of Lithuania society takes the natives. The Russians take just a minority part. However, Lithuania has a bigger community of Polish

	ESTONIA	LATVIA	LITHUANIA
2. Communication components for public relations			
National identity	National identity is closely related with peasantry, common/close with the nature		
	National traditions combine pagan customs, as well as Christianity culture		
	The language is in the centre of The Baltic countries' conception of national identity		
National identity	National identity is linked with the historical settlement of territory	Two kinds of stories about themselves: an outward-looking one, internationalism, and inward-looking one, agrarian	Strong feeling of a shared national culture. As a primary constituent, Lithuanian becomes a synecdoche for Lithuanian culture
	Three specific mental patterns/ "cultural templates": nostalgic resignation, a striving for success, and an escapist Western orientation	Internationalistic aspect of national identity: homeland as a crossroad or bridge between East and West	The proud of victory could be described as one of the main images of national identity
	Highly educated Estonians can be divided into two sub-groups on the basis of the value and identity patterns they carry. These are the new elite or "winners of transition" on the one hand, and the cultural or intellectual elite on the other	The common desire of "Latvian Latvia": commitment to preserve a Latvian state with official language and dominant culture	Being a Lithuanian means knowing a whole slew of social-cultural factoids that do not have any significance except that all Lithuanians are expected to know them
Education and literacy	For a long time there was a peasant tradition of teaching children to read at home		
	The present education system is modern and well developed, based on European patterns		
	The literacy rate is more than 99,7 percent		
Cultural values and national symbols	Values - the **mother tongue** and the **fatherland**.		
	Symbols -the cornflower and the barn swallow; stone and wood symbolize the national struggle and survival against foreign occupation.	Symbols - oak and lime trees, symbolizing men and women; the apple tree has a hidden meaning of orphanhood, a state that symbolically represents the Latvian nation.	The national symbol is the white knight called Vytis, symbolizing the nation's struggle to defend itself from intruders. The national plant is rue, and the national bird is the stork.

	ESTONIA	LATVIA	LITHUANIA
2. Communication components for public relations			
	The most important political symbols are the horizontally striped blue, black, and white flag, symbolizing sky, earth, and virtue and hope, and the coat of arms featuring three lions.	The flag consists of red and white stripes. Red is described as blood, of the Latvians fighting for freedom and their willingness to defend their liberty.	The flag consists of horizontal stripes in yellow, green, and red; the colors symbolize nature, and the red one symbolize the blood shed in defense of their homeland.
Dimensions of societal culture	Low-moderate in power distance		
	More than average individualism		
	Very low in masculinity		
	Moderately for uncertainty avoidance		
	Long-term orientation is at the lower end of the country list		

The research showed that there are more similarities than cultural differences between the Baltic countries (Table 13.). The cultural profiles of Estonia, Latvia, and Lithuania following the Hofstede's dimensions are very similar; moreover, the media and education systems are developed very similarly as well. National identities of all three countries are closely related with peasantry, folk culture, having the roots from pagan times and customs. Moreover, the language is in the centre of all three Baltic countries' conception of national identity. The main national values are also common - the mother tongue and the fatherland. These similarities are enough to implement joint public relations projects in all three Baltic countries.

On the other hand there are significant inner cultural attributes, different in Estonia, Latvia, and Lithuania, which could be very important for the effective public relations practice in the particular country. It is important to note different interpretations of national identity, as well as different cultural symbols. There should be drawn attention to different national structures, different religious systems, while the Russians who dominate in Latvia have different cultural values and the different habits for media usage.

3.3. Methods for Case Studies on Public Relations for Banking in the Baltic Countries

In order to prepare public relations strategy for banking internationalization in the Baltic countries there have been researched the actual practice of international banks already acting in the Baltic countries. The complexity and diversity of the public relations field (Section 2.1.) requires for broad and comprehensive analysis of different banks, as well as different tools used by public relations practitioners for banking internationalization strategies. For this reason there have been analyzed three different public relations activities for different banking internationalization processes. We have analyzed public relations activities for introducing Swedbank brand in the Baltic countries, public relations activities to promote DnB NORD brand in the Baltic countries, and Nordea Branding Strategy in the Baltic Countries.

The aim of case study of public relations activities for introducing Swedbank brand in the Baltic countries was to identify, whether differs communication tools for the same communicating purpose in different Baltic countries, and how public relations in different countries are developed. Following our analysis of classical public relations theories (Section 2.2.) we have analyzed public relations aspects for centralization/decentralization, standardization/and adaptation. There have been investigated press releases issued in all three countries at the same time for introducing Swedbank brand for community. We have looked for similarities and differences in formulating and spreading the message in Estonia, Latvia, and Lithuania.

The aim of case study of public relations activities to promote DnB NORD brand in the Baltic countries in 2007 was to research the diversity of public relations tools used by bank in different Baltic countries, as well as to analyze how cultural factors influenced (Sections 2.4. and 2.5.) the content of communication with different nations. For that reason we have researched annual reports, press releases, and advertisements of DnB NORD through the year 2007-2008.

The aim of case study of Nordea Branding Strategy in the Baltic Countries was to research the process of bank identity management in international area. Following our analysis of classical public relations theories (Section 2.2.) and modern public relations matrixes (Section 2.3.) we have researched, how public relations strategy is developed in Nordea bank. For this purpose we investigated advertisements, press releases, brand attributes, annual reports, as well as Nordea internet site.

The research of different aspects of public relations for banking internationalization enabled us to perceive the diversity of public relations tools used in this particularly specific sector, as well as to identify directions for further analysis of each of those tools separately.

3.3.1. Case Study No1: Public Relations Activities for Introducing Swedbank Brand to the Baltic Countries

The initial brand changing process of Swedbank (previously known as Hansabank) started in the May of 2008. The full migration to the new brand took about one year and was completed by autumn 2009. Through the period of brand changing process there were issued three press releases. The first one was issued on the 21st of May, 2008, and was about the plans to start brand changing process. The second one was issued on the 15th of September, 2008, when officially started the brand changing process. The last press release was issued on the 5th of March, 2009, when the name of Hansabank officially changed to Swedbank.

On the 21st of May, 2008, in all three Baltic countries - Lithuania, Latvia and Estonia- there were issued the press releases about the plan to start brand changing process in the autumn of the same year. In Lithuania and Estonia the release was called "Swedbank brand to be launched in the Baltics this autumn", in Latvia – "A single Swedbank brand to enable us to become Europe's service leaders".

Press releases in Estonia, Latvia, and Lithuania had the same basic structural elements, and the half of information was identically formulated. It means that the main direction for public relations was centralized and standardized (Table 14.). However, the other half of information differs, because is adapted to local environment.

Table 15. Comparing Press Releases in Three Baltic Countries

The basic elements of press release	EE	LV	LT	
Name of press release	+	+	+	Decentr./Adapt.
Basic information in short.	+	+	+	Centr./Stand.
The statement of the CEO of Swedbank about the long term vision of the financial Group in the Baltic countries, the objective to become market's service leader and therefore joining Swedbank and Hansabank Baltic groups under a single brand.	+	+	+	Centr./Stand.
Prospects about the sharing useful knowledge between Hansagroup and Swedbank, that would be very useful for employees and would help to strengthen Groups position in Northern Europe.	+	+	+	Centr./Stand.
The purpose of united brand and information in short about successfully implemented brand changing processes in Sweden, Ukraine, Russia and elsewhere.	+	+	+	Centr./Stand.
Positively inspiring thoughts of local head officer about the brand changing process	+	+	+	Decentr./Adapt.
The assurance, that the bank's values, so important for customers, will remain the same.	+	+	+	Decentr./Adapt.

The basic elements of press release	EE	LV	LT	
The assurance, that with the implementation of the new brand, Hansabank will keep all the good practice and supplement it with the experience and knowledge of a large international organization, as well as the new opportunities.	–	+	–	Decentr./Adapt.
Benefits of a single brand to the customers.	–	+	–	Decentr./Adapt.
Benefits of a single brand to employees.	–	+	–	Decentr./Adapt.
About the benefits of integration processes to both parts: Hansabank and Swedbank.	–	+	–	Decentr./Adapt.
About the integration process: date, term, formal changes.	+	+	+	Centr./Stand.
General information about Swedbank.	+	+	+	Centr./Stand.

As we can see from the different structures of press releases, in the Latvian announcement there was more widely explained brand changing process, there were also more highlighted the benefits to customers and employees.

The second press release, concerning the initial start of brand changing process was issued on the 15th of September, 2008. Press releases were issued at the same time in Latvia, Lithuania and Estonia. This was the day, when officially started the brand changing process. Latvian and Estonian press releases called “As of today Swedbank – the new name of Hansabanka”, Lithuanian – “Swedbank Group has long term commitment to Baltic countries”. Once again, press releases in different countries were very similar, but not identical; they differed by the complexity of structures (Table 15.).

Table 16. Comparing Press Releases in Three Baltic Countries (Part II)

The basic elements of press release	EE	LV	LT	
Name of press release	+	+	+	Decentr./Adapt.
General information about the starting brand changing process	+	+	+	Decentr./Standart.
The statement of local CEO about the importance of this process in the financial Group’s history, about the benefits of this change to the	+	+	+	Decentr./Adapt.

The basic elements of press release	EE	LV	LT	
clients, the long term goals of the Group.				
The local Head of Retail Banking Division about the opportunities and benefits to Latvian customers from single international brand and increased bank's competitive strength at European scale.	-	+	-	Decentr./Adapt.
Statement of the leader of Swedbank Group, about the Swedbank's long term orientation towards Baltic countries.	+	-	+	Decentr./Standart.
Promising results of Hansabank performance in country	-	+	-	Decentr./Adapt.
General information about the brand changing process.	+	+	+	Centr./Stand.
General information about Swedbank.	+	+	+	Centr./Stand.

The second press release had only the small part of information, which was centralized and standardized. However, most of information was localized by taking statements of local officers, also including additional, for local market common/useful information.

On the 5th of March, 2009, there were issued final press releases about the official change of bank's name. Latvian and Estonian press releases called "AS Hansabank changes into Swedbank AS on 17th of March", Lithuanian press release called "From now on the legal name of AB bankas Hansabankas will be „Swedbank", AB".

Table 17. Comparing Press Releases in Three Baltic Countries (Part III)

The basic elements of press release	EE	LV	LT	
Name of press release	+	+	+	Decentr./Adapt.
General information about the brand changing process	+	+	+	Centr./Stand.
Assurance, that the name change will not cause any additional actions.	+	+	+	Decentr./Adapt.
The general information concerning the payments after the name changes.	-	-	+	Decentr./Adapt.
Information about the changing names of the bank's subsidiaries.	-	-	+	Decentr./Adapt.

The basic elements of press release	EE	LV	LT	
The statement of the local officer about the brand changing process, it’s goals and opportunities.	+	+	-	Decentr./Adapt.
Briefly about the brand changing process, this took one year.	+	+	-	Decentr./Stand.
General information about Swedbank Group	+	+	+	Centr./Stand.
Additional information	-	+	-	Decentr./Adapt.

Swedbank in Latvia also issued the column on internet site with the answers to most common questions about the brand changing process. Such questions were as follows: what and when will change; what is the reason behind implementation of the single Swedbank name; what will change for the clients after the business name change; what will be the legal details of Swedbank AS; whom must I address my applications to; what will be the legal names of other Swedbank Group companies. Other countries however had not such detailed information.

As we can see from the press releases, simultaneously issued in Latvia, Lithuania and Estonia, the communication about the brand changing process, concerning all three Baltic countries, was managed through these countries in complexity. There were gathered the common schedule of planned press releases in the Baltic countries, there were also designed basic structures for planned announcements. However, banks in different countries got freedom to write these press releases in their own communication style and to add supplementary information. It was the most significantly seen in the press releases issued by Latvian bank, because Latvian press releases were more complex and comprehensive than it’s partners. However, in all press releases was stated the same basic information:

- The start of brand changing process
- The length of the brand changing process
- The goal of this change
- The benefits to customers
- Commitment to retain the same business values and philosophy
- General information about the Swedbank Group

The research of press releases showed the main goals of Swedbank Group’s public relations were to inform clients about the name changing process and to calm the concerns about the changes. For this purpose there were quoted the statements of Swedbank group’s CEO, as well as of local head officers. Moreover, in press releases there were highlighted positive opportunities for the customers because of brand changing process, as well long term commitment of Group to the Baltic countries.

3.3.2. Case Study No2: Public Relations Promoting DnB NORD Brand in the Baltic Countries

In the year of 2007, DnB NORD significantly increased brand visibility across the Baltic countries' markets. DnB NORD presence during 2007 was visible through corporate symbols, staging and sponsoring sporting events, organizing and attending economic debates and conferences, sponsoring and supporting various cultural events and festivals.

The corporate symbol communicated around the Baltic countries

In 2006 the Bank used a **red hot air balloon** as the visual symbol for the banks performance. As there is explained in DnB NORD annual report: „Red is a color that we associate with joyfulness, while ballooning is an activity that sets the imagination soaring free, something that we strive to do for our customers everyday“. The red hot air balloon first took place on DnB NORD website, then in bank‘s brochures and advertising, it also appeared in a TV clip as part of DnB NORD rebranding campaign in Lithuania. The first fly of the red balloon with the DnB NORD logo proceeded on May 14, 2007, in Vilnius, Lithuania. It was the largest hot air balloon found in the Baltic region. Now the DnB NORD balloon is regularly seen floating through the sky of each country of operation.

Sponsorship as the communication tool to express bank‘s values

The overall DnB NORD Group's sponsorship strategy is to emphasize the bank's values and promote priority focus areas of the bank. As there is said in the Annual Report of the Group, "sponsorship marketing is aimed to generate networking opportunities and ultimately revenue generation through increased brand relevance and awareness to targeted consumer and business segments".

From 2006 bank DnB NORD has been primary event sponsor for **the Baltic Sprint Cup**. The Baltic Sprint Cup is a significant annual international offshore sailing event for racing yachts/cruisers in the Baltic region. Public relations practitioners of DnB NORD explain that sailing is an activity that is closely aligned with the values of DnB NORD - simplicity, dynamics, teamwork and reliability. „Furthermore, sailing is one of the many common elements that unite the Baltic and Northern European countries. It is an activity that has no borders, and one that is characterized by close cooperation and excellent team spirit“- says Annual Report of DnB NORD 2007. These reasons approves, why the Bank supports the Baltic Sprint Cup each year. The port stops usually includes Denmark, Estonia, Latvia, Lithuania and Poland, the primary markets of Bank DnB NORD.

AB DnB NORD Bankas sponsored **the Lithuania‘s National Men‘s Basketball team**. The bank admits, that given basketball is analogous to a second religion in Lithuania; this was seen as an incredible sponsorship opportunity perfected aligned with the bank’s core values of team spirit and dynamics.

Table 18. Public Relations Promoting DnB NORD Brand in the Baltic Countries in 2007

	ESTONIA	LATVIA	LITHUANIA
SPONSORSHIP			
Sports	The Baltic Sprint Cup	The Baltic Sprint Cup	The Baltic Sprint Cup
		The beach football championship	Lithuania‘s National Men‘s Basketball team
Social issues	Children’s charity relayrun	Tidying up the coast of the Baltic Sea	Charity project of Lithuania’s First Lady, Alma Adamkiene
Culture and Arts		The DnB NORD Banka Jazz Spring festival	Kaunas Musical Theatre
			National Philharmonics in Vilnius
			Thomas Mann Music and Poetry Festival in Nida
Education		The German Baltic Investors forum on ‘Green energy’ in Riga	Window to the Future alliance
CUSTOMER EVENTS	The Branch Opening Event in Kloostriait	Local golf tournament	Tennis tournament
		The regional ‘musical’ customers’ evening in three Latvian towns	
ADVERTISING CAMPAIGNS	Image campaign		Basketball Deposit campaign
	House lending campaign		
	Deposit campaign		
OTHER			Trip with journalists to Oslo
			Collaboration with ISM University of Business and Economics

The other direction for Banks interest for sponsorship was charity and participation in cultural life. In 2007, DnB NORD Pank in **Estonia** sponsored a **children's charity relayrun** to raise money for Haapsalu Neurological Rehabilitation Center. Furthermore, the bank helped organize a special Christmas charity campaign to raise more funds for the same rehabilitation center. During 2007 the bank in **Latvia** organized and sponsored several musical and **cultural events** and festivals, like the DnB NORD Banka Jazz Spring festival, concerts of international musicians, including Goran Bregovich and De Phazz. DnB NORD Bankas **in Lithuania** was the main sponsor of **Kaunas Musical Theatre**, partner of **the National Philharmonics in Vilnius**, and a sponsor of **the Thomas Mann Music and Poetry Festival** in Nida. Moreover, DnB NORD Bankas was a partner of the Window to the Future alliance, which implemented a project on enhancing the computer literacy among people in Lithuania. The Bank also participated in a charity project in partnership, with **the charity foundation of Lithuania's First Lady, Alma Adamiene**, supporting education and special programs for children in rural areas.

One of the most notable social sponsorship projects took place in **Latvia** in the autumn of 2007 when the bank made an open invitation to anyone and everyone to participate in **tidying up the coast of the Baltic Sea** in more than 20 places across Latvia. The initiative was successful because it received plenty of support from the residents of Riga and many different municipalities, as well as local officials.

Image and identity management to gain competitive Advantage

Introducing DnB NORD Pank **in Estonia** it became necessary to increase the general awareness about DnB NORD and create an image that would differentiate DnB NORD from other banks on the local market. So, in the beginning of 2007, DnB NORD Pank started with a large-scale **image campaign**. As there is stated in banks annual report, the main goals of this campaign was to enhance housing loan sales, as well as to increase term deposits.

In order to enhance **housing loan** sales there were **implemented** co-branded campaigns, advertising, and special offers for clients of real estate agencies. Campaign messages aimed to introduce the bank and its simple and personalized solutions and included slogans like "Everything starts from attitude" and "Lifesized solutions".

In order to increase term deposits there were developed a **deposit campaign** entitled "Do you think about it too much?". This campaign was designed to shift people's way of thinking about the manner in which they saved and invested their money, by offering them an alternative.

In 2007 in all three Baltic countries there were actively organized various events for customers. The two largest events in **Estonia** were **the Branch opening event** in Tallinn's old town, and the celebration of **the conclusion of the Baltic Sprint Cup 2007** in Pärnu. Meanwhile, DnB

NORD Banka **in Latvia** in 2007 arranged the **first regional 'musical' customers' evening** in three Latvian towns – Daugavpils, Liepāja and Valmiera. A special music program was created by popular Latvian musicians.

In **Lithuania** DnB NORD bank has implemented innovative public relations practice of assisting influential partners/customers/journalist to the country and office of parent company. This educational trip took place in November 2007, when six Lithuanian journalists accompanied Gediminas Jankauskas, who at that time headed four branches of DnB NORD Bustas, to parent bank DnB NOR in Oslo in order to learn more about how DnB NOR runs their bank-owned real estate agency and how to introduce Norwegian business practices in the Lithuanian real estate business. The subsequent journalist-accompanied **trip to Oslo** generated significant coverage in major Lithuanian publications.

To compliment national **Lithuanian Men's Basketball Team sponsorship**, during the European Basketball Championships, DnB NORD bankas launched innovative Basketball **Deposit campaign**, in which interest rates were tied to the number of victories the Lithuanian squad scored. In the advertising campaign featured three of the key Lithuanian basketball stars Šarūnas Jasikevičius, Ramūnas Šiškauskas and Rimantas Kaukėnas. The campaign scored huge media attention in Lithuania and around Europe.

Moreover, the bank in **Lithuania** hold and is still annually holding **tennis tournament** for customers – a trust-building event in which relationship managers, whether tennis players or not, have the chance to chat with existing and potential customers in an informal, non-business environment.

Another direction for banks image development is an **attention to education system**. In 2007 DnB NORD Bankas in **Lithuania** and ISM University of Business and Economics began a partnership aimed at sharing skills and experiences. This partnership model, new in Lithuania, was based upon intensive exchange of theoretical and practical skills rather than financial support. ISM students were able to carry out research at the bank. Scientists and experts introduced the newest developments within management science and supported their implementation at the bank and contributed new business ideas. The bank supported PhD students carrying research in management and economics, delivered lectures, and took part in the defense of doctoral and master's theses. The public relations activities aiming at promoting the brand of DnB NORD in the Baltic countries can be expressed in the following table (Table 17.).

Public relations activities of DnB NORD Bank in 2007 were concentrated on reinforcing the bank as a leading universal bank in the Baltic countries. **The main directions** for public relations were **centralized** and aimed at communicating that bank is a dynamic (introduced corporate symbol of red air balloon; sponsorship and organization of various sport events, sport teams), customer-friendly bank (sponsorship of cultural events, arts; projects of social responsibility) offering high quality service to private individuals as well as companies (events for customers), and to promote newly developed investment and deposit products (various advertising campaigns).

However, the **public relations activities were decentralized and localized**, responding to the local values, interests and urgent issues. For example, in Lithuania the basketball is “a second religion”, that is why the bank sponsored the National basketball team, moreover, launched with the basketball related advertising campaign, where featured the most famous Lithuanian basketball stars. As we have analyzed in the section 3.2.7.1., for Lithuanians it is very important to fight for fatherland and win, the basketball is one of the most important ways to express that national value. Sponsoring this sport in Lithuania can not only improve the brand’s visibility, also change the attitude to the brand, improve loyalty and etc. Meanwhile, in Latvia DnB NORD sponsored the beach football championship.

Common for all three countries was the public relations direction to **sponsor/participate in charity** for children projects, as well as engage in **cultural sponsorship**. However, projects were chosen from local ones, and implemented decentralized. Very actively in all three countries there were organized various events for customers; there organized local sport tournaments, cultural events, and conferences. **Advertising campaigns were decentralized and localized** as well. They were organized separately, and implemented with different visual images and with different advertising tools.

The corporate symbol of hot air balloon is very common for Baltic countries. In Lithuania, Latvia, as well as in Estonia, hot air ballooning is very popular activity in summer time. Flying air balloons get a lot of attention from people; very often hot air balloons accompany various summer holidays and attract a lot of audience. So, DnB NORD bank has chosen for the Baltic people culturally close corporate symbol; it responds to Baltic countries values and common activities.

DnB NORD bank has **centralized and standardized visual image**, as well as common strategy for corporate communication. However, activities of public relations are decentralized and localized, following the local values, cultural pursuits, and regional issues. One of the most actively exploited public relations tools’ were customer events; the main tool for attracting new customers – mass advertising campaigns. The main tool for increasing awareness to bank was the sponsorship of sports, culture and arts, and charity.

3.3.3. Case Study No3: SWOT analysis of Nordea Branding Strategy in the Baltic Countries

Recognizing, that the perception has an important impact on bank’s ability to conduct business, the Nordea group consistently communicates first of all for their employees that the contrast between how Nordea behave in reality and how Nordea wants to be perceived should not become too great: “If it does, then we lose credibility”- there is said in bank’s brand book. However, the contrast should not disappear altogether either, because then: “We stagnate and signal a lack of ambition, and any organization needs continuous improvement and something to aim for” (ibid.).

The main idea behind the vision to be rightly perceived by customers is **to act “as one bank”.** The overall success of the Group according to Nordea crucially depends on a common frame of reference - treating this entire organization as one company - 'one bank'. Only then the Group will we be able to reap the potential synergies and treat their customers as their common customers.

The main values that unites bank all over the world and distinguishes from competitors are expressed in the following adjectives:

- Nordic
- Informal
- Committed to people
- Straightforward
- Embraces change and challenge

As it is said in Nordea brand book, meaning of **‘Nordic’** means that Nordea shares and exchanges Nordic ideas, chooses best practice and decides what to leave behind as 'ex practice'. It is worth to mention, that in worldwide financial markets, and especially in the Baltic countries, the image of Nordic financial practice is in very high – desirable position. Baltic people usually imagine the good life quality in the Nordic countries and that unconsciously improves their respect and commitment to Nordic brands.

Even **the name Nordea** by itself communicates Nordic values. It is quite easy to see that Nordea derives from the words Nordic and idea. And the creation of Nordea as an institution in itself is indeed a Nordic idea.

Informal meaning of Nordea brand personality is about the communication manner with clients. Bank’s staff is encouraged to communicate with customers in such a manner that the customer can at any time choose the distribution channel he or she prefers. “This means that we always make a point of meeting the customer on an equal footing and of being accessible to anyone who needs a financial partner”, - there is said in bank’s brand book. Representatives of Nordea are fostered to listen and understand people's needs. Out of this understanding grows the will and capacity to provide customers with the very solutions that are right for them.

Nordea’s **commitment** to Corporate Social Responsibility (CSR) is stimulated and inspired by Nordic business traditions. As there is said in Nordea site: “Nordea is founded on the Nordic values of freedom, equality, care for the environment and good citizenship.” For the internal purposes Nordea has issued two main documents concerning bank’s CSR practice. That is “Corporate Citizenship Principles” and “Code of Conduct”.

Nordea communicate the value of **embracing change and challenge** in order to inspire staff to utilize overall expertise and to join common strength to satisfy the growing requirements of customers. Nordea’s employees are expected to be result orientated, have business knowledge, to be customer orientated, show commitment and be good at building relationships. Managers are expected to have a strategic orientation, be able to make decisions, have a drive to achieve, be good at coaching and energizing as well as be able to communicate.

The formal vision of Nordea sounds the following:

“We will be valued as the leading financial services group in the Nordic and Baltic financial markets with substantial growth potential. We will be in the top league or show superior and profitable growth in every market and product area in which we choose to be present. We will have the leading multichannel distribution with a top world ranking in e-based financial solutions and a high level of use of our e-services. We will be a good corporate citizen ensuring confidence and trust.”

Nordea's **primary task** is expressed as: “to make things possible, for ourselves and for our customers”. “Whenever people strive to reach their goals and realize their dreams, we must be there to provide the appropriate financial solution and try to remove any financial obstacles in their path”, - there is said in bank’s brand book.

A **corporate symbol** to express and communicate the vision of Nordea brand is **a sail**. In the brand book of Nordea, there is said, that the Nordea sail demonstrates Bank’s targeted commitment to constantly improve and raise performance on the journey towards the common future. However, there are quite controversial interpretations about this corporate symbol. For some people the sail brings associations of instability, uncertainty, weakness and etc. Different symbols’ interpretations are the most common issue in international communication because of different contexts of different cultures. That is why every possible meaning and association should be very carefully studied before making a final decision. After all, corporate symbol is a story without words. It tells you something without words. It gives people the freedom of opportunity to interpret and form their own associations.

Table 19. The SWOT matrix of the Nordea brand positioning strategy in the Baltic countries

STRENGTHS	WEAKNESSES
The Nordic image in the Baltic countries usually associates with expert knowledge, proved financial experience, international acceptance, good quality of life, stability and etc. These values are very important choosing bank to operate with. **Centralized standardized visual identity** is well recognized and easily remembered. There can be adopted universal public relations activities and solutions, resulting in **less expenditure** and less addition work resources.	With the standardized brand communication there is **easy and fast to expand business** across different countries. The standardized brand communication usually wins because of **greater mass economy**, greater savers on expenditure. There could be raised the **image of strong global brand**, recognized, desired and consumed all over the world.
OPPORTUNITIES	**THREATS**
In all operating countries **centralized communicated standard Nordic values and behavioral code** of conduct cannot be equally qualitatively implemented by the employees with different nationalities and cultural context. **Standardized** communicated **Nordic identity** will never be very close for people from distant countries. It is **hard to control** consistent communication in different countries; it is necessary constantly train and instruct employees from different countries in complex manner.	The **corporate symbol of sail** may be interpreted in controversial meanings: in one way it is a symbol of journey towards the common future, in other way – instability, threats, difficulties and etc. The **unconditional commitment to Nordic traditions**, values and principals can be misunderstood and even rejected in different countries. **Standardized communication** is decoded differently, according to different social, cultural, economical factors, and there is a threat to misleading. Bank's **Nordic image** will always be connected to Nordic countries and their images and reputation.

In the internet site of Nordea there is expressed a message that the home markets for Nordea is the Nordic countries. While the Baltic Sea region including Poland and the Baltic countries represent Nordea's emerging home market. After all, the financial group is the preferred partner of Nordic and international medium sized and large corporate and institutional customers operating in this region. Such message to Nordea's clients in the Baltic Sea region, where they were born and are committed to, does not sound very sincere, reliable or close. It may sound even hardily, because Nordea communicates its devotion to Nordic roots without any commitment to different countries and cultures. It is a serious threat to be misunderstood and rejected in international context.

According to the gathered information, there could be made the **SWOT matrix** of the Nordea brand positioning in the Baltic countries. The SWOT analysis showed that the centralized - standardized communication can be strength and opportunity, as well as weakness or threat for international brand. Centralized-standardized corporate communication ensures united brand image and consistency in public relations, as well as lower expenditures. However such communication can be misunderstood, and even rejected in local cultures or countries. These issues requires for deep analytical researches on local cultural values and natives' behavior patterns, as we have researched in the section 3.2.

However, the main strength and opportunity of Nordea Group - it's people. They represent the company; they reflect the values of brand and directly build communication with target audiences. That is why for such global brand it is necessary effectively, i.e. timely, comprehensively, suitably and etc, communicate it's uniqueness and the meaning of business to staff. Such communication requires a lot of efforts and recourses. That is why there should be evaluated and respected Nordea's achievements in brand positioning field.

The findings of the research proceeded in this section will be used for developing public relations strategy for banking internationalization in the Baltic countries.

4. PUBLIC RELATIONS STRATEGIES FOR INTERNATIONALIZATION OF BANKING IN THE BALTIC COUNTRIES

The public relations strategy is prepared in order to effectively introduce the bank to international markets. It would be implemented by helping manage bank's image and reputation on international scale. Also the strategy will manage bank's employees through cross-culture communication processes with target publics. Likewise, in the public relations strategy there are guidelines, how effectively reach target audiences in different Baltic countries' countries.

The quantitative research developed in the section 3.1. revealed that the year of 2000 can be described as the starting point for banking internationalization in the Baltic countries. The average international bank has operated roughly one-fifth of its banking activities in the Baltic countries between 2000 and 2009. The average Transnationality Index (TNI) was 4,43% in 2000, remaining quite similar through the year of 2001-2005, and rising up to 9,1% in 2006, then declining to 8,2 in 2009. The TNI analysis revealed that there is a fierce competition between international banks in the Baltic countries, suggesting for professional public relations to take the leading – exceptional position in the market.

Following by the study on banks' international public relations, performed in the section 1.2., we settled the following **goals** for public relations internationalizing banking in the Baltic countries:

- To manage bank's image and its reputation;
- To maintain strong relationship with the audience;
- To ensure fluent cross-cultural communication.

Referring to the study accomplished in the section 1.1. we have settled the following **tasks** for bank's public relations activities in the Baltic countries:

1. To increase the reputation of bank's brand, differentiating the brand from competitors'.
2. To raise an image of respected, stable bank.
3. To attract interest of target audiences.
4. To form clients' loyalty to the bank.
5. To increase satisfaction by being bank's customer.
6. To increase loyalty of employees.

Target publics for public relations activities could be classified by different criterions. The one we suggest is followed by (Tench, and Yeomans, 2006) and are based on the nature of linkages.

- Input linkages: employees, unions, partners;
- Functional linkages: users of services;
- Diffused linkages: students, media;
- Normative linkages: associations, political groups, professional societies;
- Enabling linkages: Stockholders, congress, state legislators, government regulators, boards of director, community leaders and etc.

Main directions for bank's international public relations we classify according to the subject of communication and communication targets, explored in the section 2.1.:

- *Preparative*, with the aim of creating and cultivating a favorable environment;
- *Situational*, when the communication is driven by single issue or situation, like international pressure group activities; and
- *Promotional*, when communication aims at the promotion of product or service and PR is supporting the global marketing function, or in an ideal case, integrates and drives the communication.

The public relations strategy for banking internationalization developed in this paper is based on **the classical model** of international public relations, expressed in the figure 12. The analysis of scientific literature revealed that classical international public relations model of standardization versus adaptation is continuing to be a matter of debate that is why the goal of our research was to find the optimal combination of standardization-adaptation mix for the public relations in the Baltic countries.

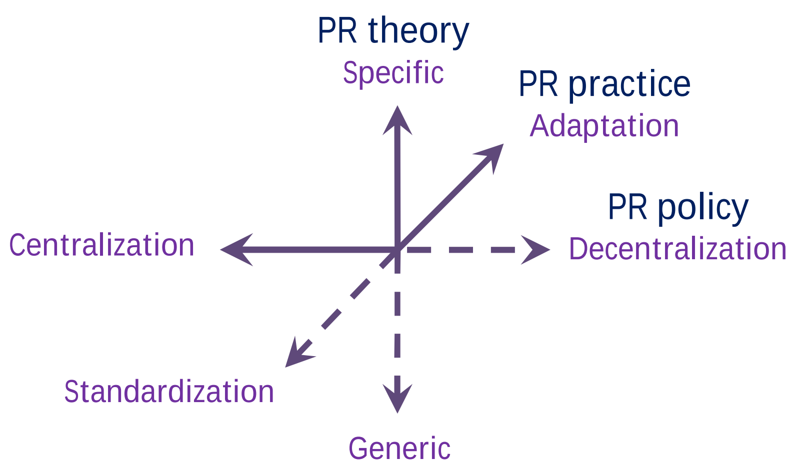

Figure 12. Public relations strategies for internationalization of banking in the Baltic countries

Systematic research of public relations environment in the Baltic countries revealed, that there are enough similarities between the Baltic countries in terms of cultural profile, the media and education systems, national identities and values, to implement joint public relations projects in all three Baltic countries. However, such significant inner cultural attributes, like different interpretations of national identity, as well as different cultural symbols, different national structures, different religious systems, requires for adaptation in developing tactics for public relations, implementing and organizing public relations activities, as well as managing recourses. The proposed public relations strategy for banking internationalization in the Baltic countries is expressed in the Table 19.

Table 20. Basic dimensions of public relations strategy for banking internationalisation in the Baltic countries

	Global PR	**Offered International PR**	**Offered International PR in the Baltic countries**	**Local PR**
Policies	Centralized	Centralized	Standardized	Decentralized
Objectives	Standardized	Standardized	Standardized	Adaptation
Messages	Standardized	Adaptation	Standardized	Adaptation
Channels of communication	Standardized	Adaptation	Standardized	Adaptation
Tactics	Standardized	Adaptation	Adaptation	Adaptation
Evaluation	Standardized	Adaptation	Standardized	Adaptation
Creation of programs/strategies	Centralized	Centralized and/or decentralized	Standardized	Decentralized
Resources	Centralized / minimal localization	Decentralized	Adaptation	Decentralized
Implementation	Standardized	Adaptation	Adaptation	Adaptation
Decision-making	Centralized	Decentralized	Adaptation	Decentralized

Following by the theoretical and empirical research, performed in the previous sections, we recommend fully centralize and standardize the corporate identity of a bank, in order to ensure global brand's reputation and international acceptance. According to that, central policy and concepts of bank's corporate social responsibility program should be also centralized, but interpretation and implementation should be localized.

The **main tools** for effective public relations, as discussed in the section 2.2., are:

- *Management communication*: sharing common vision, establishing and maintaining trust in the leadership, managing change and empowering and motivating employees.
- *Marketing communication*: activities, supporting sales, like media relations and events.
- *Community relations*: exhibitions, presentations, letters, meetings, and other sponsorship.
- *Internal communication*: in-house newsletters, suggestion boxes and etc.
- *Financial public relations*: annual reports, press releases, presentations and etc.
- *Public affairs*: presentations, briefings for opinion leaders, private meetings, public speeches.
- *Media relations*: press releases, photo calls, video news releases, press events and etc.

Figure 13. places different areas of PR in the scale of adaptation and standardization.

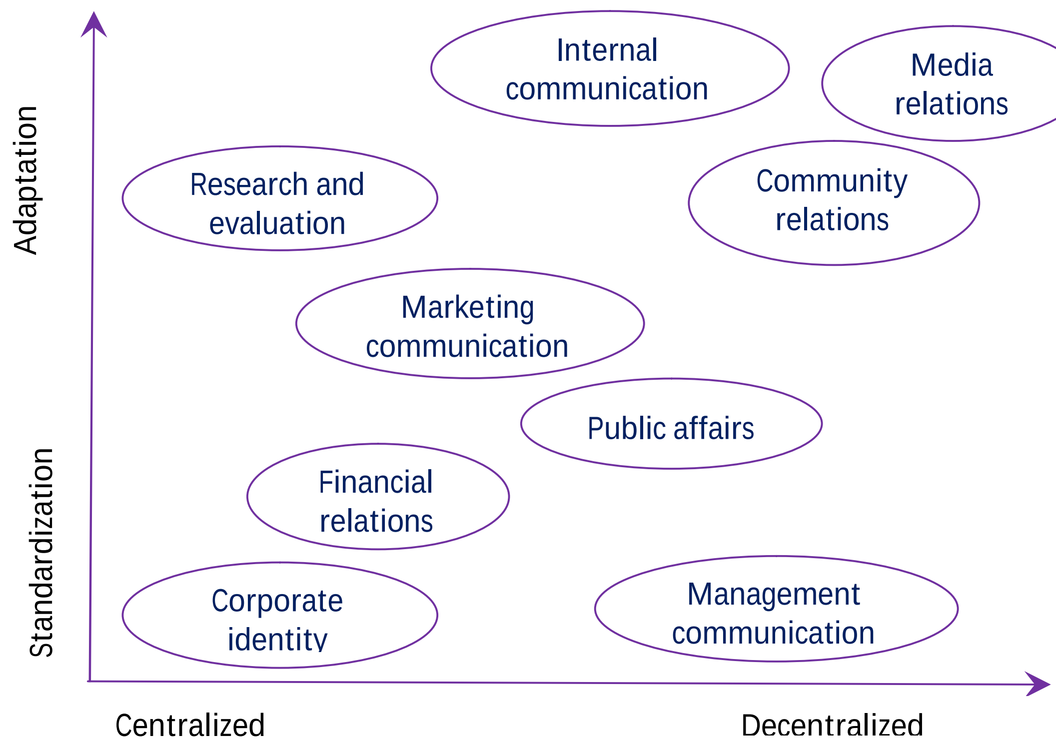

Figure 13. Dimensions of public relations specializations for internationalization of banking in the Baltic countries

We recommend fully decentralized media relations and adapted to the specific environment of the host country. Internal communication is recommended to follow by the head office's model, while interpersonal communication is culture bound and should be affected by the local norms and values (Figure 13.).

When **implementing international public relations campaigns** we recommend to consider standardized objectives as well as evaluation principles. However, the messages should be developed and channels should be chosen according to the local environment, because the communication must be culture relevant (Figure 14.).

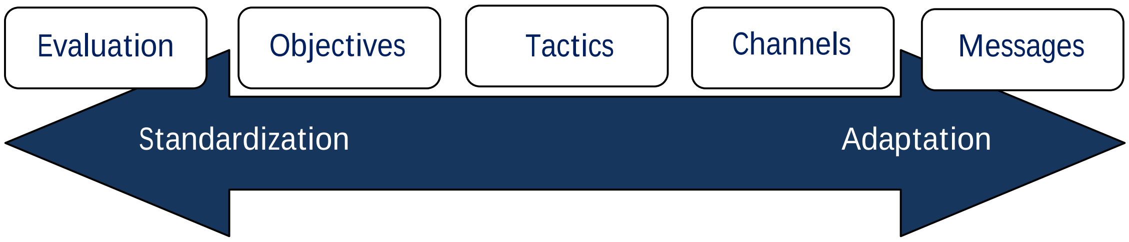

Figure 14. Dimensions of public relations tools for internationalization of banking in the Baltic countries

In order to complete culture relevant messages and choose for local environment appropriate communication channels there should be considered for each Baltic country specific infrastructure for public relations. The basic media channels in the Baltic countries are compared in the Annex 4.

When planning public relations campaigns for a particular country there should be considered various influential variables specific for the country. We recommend following the public relations practice matrix, explored in the section 3.2.4., in order to comprehensively research the cultural, political economical, legal and other factors inevitably influencing the practice of public relations.

The analysis of banking internationalization in the Baltic countries (Section 3.1.) revealed that the strongest internationalization in the Baltic countries is continued to be from the Scandinavian countries and is significantly developed in Lithuania: the five biggest international Scandinavian banks comprise more than 89% of all banking asset; moreover, the TNI of Lithuania is the highest among all three countries. In Latvian market there is more dispersed concentration of banks suggesting for easier entrance in the market. Meanwhile in Estonia there are more actively competing small banks, while the Swedbank is the strongest bank in Estonian market, taking more than 50% of banking asset in the country. Moreover, the TNI analysis revealed that banking internationalization in Estonia significantly differs from the banking internationalization in Latvia and Lithuania suggesting that Estonia in the process of banking internationalization is concerned separately from Latvia and Lithuania.

The **case analysis of Swedbank, DnB NORD, and Nordea** public relations in the Baltic countries (Section 3.3.) revealed that these banks are applying international PR strategies, combining centralized and localized public relations activities. However, the case of DnB NORD showed that centralized policy and localized development as well as the implementation of public relations can result in great successes both in sales and in brand awareness. The case study of Swedbank showed that managing such important global issues like brand changing process requires for centralized management as well as local adaptations. Meanwhile, the case study of Nordea branding strategy revealed that the centralized - standardized brand communication can be strength and opportunity, as well as weakness or threat for international brand. Centralized-standardized brand image ensures consistency in public relations, as well as lower expenditures. However such communication can be misunderstood, and even rejected in local cultures or countries. These issues require analytical research not only on cultural values and natives' behavior patterns, but also on the inner values/principals of bank.

Author of this paper suggests considering **extreme PR strategies of globalization or localization** if the bank has significant inner features, suggesting of those strategies being more effective. Global PR or Local PR strategy could be lead by the following bank specific factors (Section 2.):

- Corporate strategy and structure
- Corporate size - smaller MNCs are more likely to centralize their decision making
- Scope of the PR function
- Quality and availability of the PR staff
- Types of program and issues.

Whatever strategy the bank chooses to follow, what is crucial is the coordination of the communication efforts. However scholars note that centralization and standardization should not result in the dominance of organization's organizational or societal culture; the diversity of the culture and sensitivity to special features of the host culture must be borne in mind at the very beginning of the planning process. This can be achieved by thorough research into the host culture as well as by involving practitioners or communication experts from the targeted countries at an early stage of planning. The main cultural/national features of the Baltic countries were researched in the Table 13.

Following findings of the Excellence Study (Verčič, L. Gruning &J. Gruning (1995) the author of this paper suggests to consider the following **structural methods** for practicing public relations around the world:

1. Public relations are involved in strategic management.
2. Public relations are empowered by the dominant coalition or by direct reporting relationship to senior management.
3. The public relations function is an integrated one.
4. Public relations are a managerial function separate from other functions.
5. The public relations unit is headed by a manager rather than a technician.
6. The two-way symmetrical model of public relations is used.
7. A symmetrical system of internal communication is used.
8. Knowledge potential for managerial role and symmetrical public relations.
9. Diversity is embodied in all roles.
10. An organizational context exists for excellence.

Moreover, for effective implementation of public relations strategy we advice to follow the matrix, proposed by Patricia E Curtin and T. Kenn Gaither (2007), approaching to IPR as a synergistic, holistic process, and building a broad theoretical framework for international public relations (Section 2.4.).

Through the TNI analyses authors of this paper have also found that banking internationalization in the Baltic countries was mainly implemented by the growth of employees and income in the Baltic countries. However, these variables are not enough to explain the growth of international banks' profitability. Moreover, the quantitative analysis revealed that the profitability in the Baltic countries tends to be lower than domestic, and a negative relationship exists between profitability in foreign countries and internationalization (Section 3.1.). So, there may be predicted, that there are other factors, such as intangible factors (image and reputation) that motivate banking internationalization in the Baltic countries. This hypothesis challenges for progressive global public relations, since the public relations are considered to be the main tool for organizations' image and reputation management.

CONCLUSSIONS AND RECOMMENDATIONS

Following the theoretical and empirical researches presented in this paper, there were made the following conclusions:

1. The analysis of scientific literature revealed, that the main challenges for public relations in banking internationalization is to manage bank’s reputation, since it is very important factor for customers when choosing between different services providers in the market. Moreover it is crucial to build strong relationships with target publics and to secure the correct perception of services’ quality. In order to implement this task, public relations must be able to maintain cross-cultural communication, inevitably dependent on specific cultural, political, economical, and social environments in the country.

2. On the other hand, the research on banking internationalization processes showed that bank's identity and reputation may even be the strong trigger for banking internationalization, placing public relations among most significant fields in banks operation and requiring for insightful and professional public relations strategies. By the author of this paper implemented quantitative research on banking internationalization in the Baltic countries confirmed this hypothesis, since accelerating internationalization of banks in Estonia, Latvia, and Lithuania is not determined by the higher returns and profitability in these countries. Suggesting the existence of more important intangible features driving the banking internationalization in the Baltics.

3. The analysis of Transnationality indexes (TNI), presented in this paper, showed that the year of 2000 was the starting point of banking internationalization in the Baltic countries, and is emerging on constant basis. The strongest internationalization in the Baltic countries was from the Scandinavian countries and is the highest in Lithuania. In Latvian market there is more dispersed concentration of banks, while in Estonia there is more intensive competition among small banks, with the stable leading position of Swedbank. There were also found that the internationalization of banks in Estonia significantly differs comparing with internationalization of the same banks in Latvia and Lithuania, pointing to the hypothesis, that Estonia is concerned separately from Latvia and Lithuania when developing banking internationalization strategies.

4. One of the main reasons for banks to standardize public relations is admitted to be lower costs. However, contemporary theories of international public relations suggests concerning not only the costs, but rather the cultural, societal differences between home and host markets. Moreover, there are no universal communication channels that could reach all target publics at once. The differences in usage of communication technologies across cultures can be explained researching cultural dimensions and public relations history in particular society, and only then

deciding the optimal combination of standardized, adapted, centralized or decentralized public relations strategies.

5. The public relations theory of contingency and Grunig's Excellence study still significantly influence the development of IPR practice around the world. However, the latest international public relations theories concentrates on more comprehensive research on cultural and economical issues, significantly influencing the success of public relations for firm's internationalization. One of such theories is that of Patricia E Curtin and T. Kenn Gaither (2007), analyzing corporate public relations in the circuit of culture's development.

6. However, most of marketing and public relations theories are based on Western behavior models and their applicability is limited in other countries. That is why the field requires for more comprehensive qualitative and quantitative researches on particular countries and for more specifically developed patterns for public relations implementation within different cultures.

7. The quantitative research on infrastructure as well as on communication components for practicing public relations in the Baltic countries showed that the Baltic countries have more similarities than differences. The cultural profiles of Estonia, Latvia, and Lithuania following the Hofstede's dimensions are very similar; moreover, the media and education systems are developed very similarly as well. National identities, national values developed on the similar basis and often even are the same. These similarities are enough to implement joint public relations projects in all three Baltic countries. On the other hand there are plenty of significant inner cultural attributes, different between Estonians, Latvians, and Lithuanians, which could be very important for effective public relations practice in the particular country. It is important to note different interpretations of national identity, as well as different cultural symbols. There should be drawn attention to different national structures, different religious systems, while the Russians who dominate in Latvia have different cultural values and the different habits for media usage.

8. Meanwhile, the case studies showed that international banks more often tend to implement decentralized – standardized public relations strategies as well as the standard strategies for visual image. However, the implementation of public relations is localized and decentralized. Swedbank has the basic structure for press releases, but different countries has a freedom to write those press releases in their own communication style and to add supplementary information, which is common for particular country. DnB NORD bank has centralized and standardized strategy for corporate communication, but public relations activities are decentralized and localized, following the local values, cultural pursuits, and regional issues. However, the SWOT analysis of Nordea branding strategy revealed not only the strengths and opportunities of centralized-standardized public relations strategies, also the threats and even weaknesses for international banking brand.

9. Following by the theoretical and empirical researches, performed in the previous sections, the author of this paper recommends fully centralizing and standardizing the corporate identity of a bank, in order to ensure global brand's reputation and international acceptance. On the other hand, the media relations are recommended to be fully decentralized and adapted to the specific environment of the host country. Internal communication is recommended to follow by the head office's model, while interpersonal communication is culture bound and should be affected by the local norms and values. When implementing international public relations campaigns we recommend to consider standardized objectives as well as evaluation principles. However, the messages should be developed and channels should be chosen according to the local environment. In order to complete culture relevant messages and choose for local environment appropriate communication channels there should be considered for each Baltic country specific infrastructure for public relations.

10. When planning bank's public relations campaigns in international as well as in home markets the author of this paper suggests considering various influential variables specific for the particular country. We recommend practicing cultural-economical public relations matrixes, explored in the section 3.2.4., in order to systematically research cultural, political economical, legal and other factors inevitably influencing public relations efficiency in the market.

11. For effective public relations strategy when internationalizing banking we recommend analyzing not only infrastructure and communication components for public relations, but also internationalization tendencies in particular country's sector. There are found different theoretical methods, patterns for this purpose. The one we used in this research was based on TNI calculations and evaluations, as well as on correlation-regression analysis. We suggest looking for the method that responds to your sector specificity best. The study will contribute to the better understanding of specific market; moreover, it will bring valuable insights and will approve or reject early speculations. Moreover, it is a sound way to explore your competitors, and the general level of competition in a market; that is much-needed knowledge for strategic planning of public relations.

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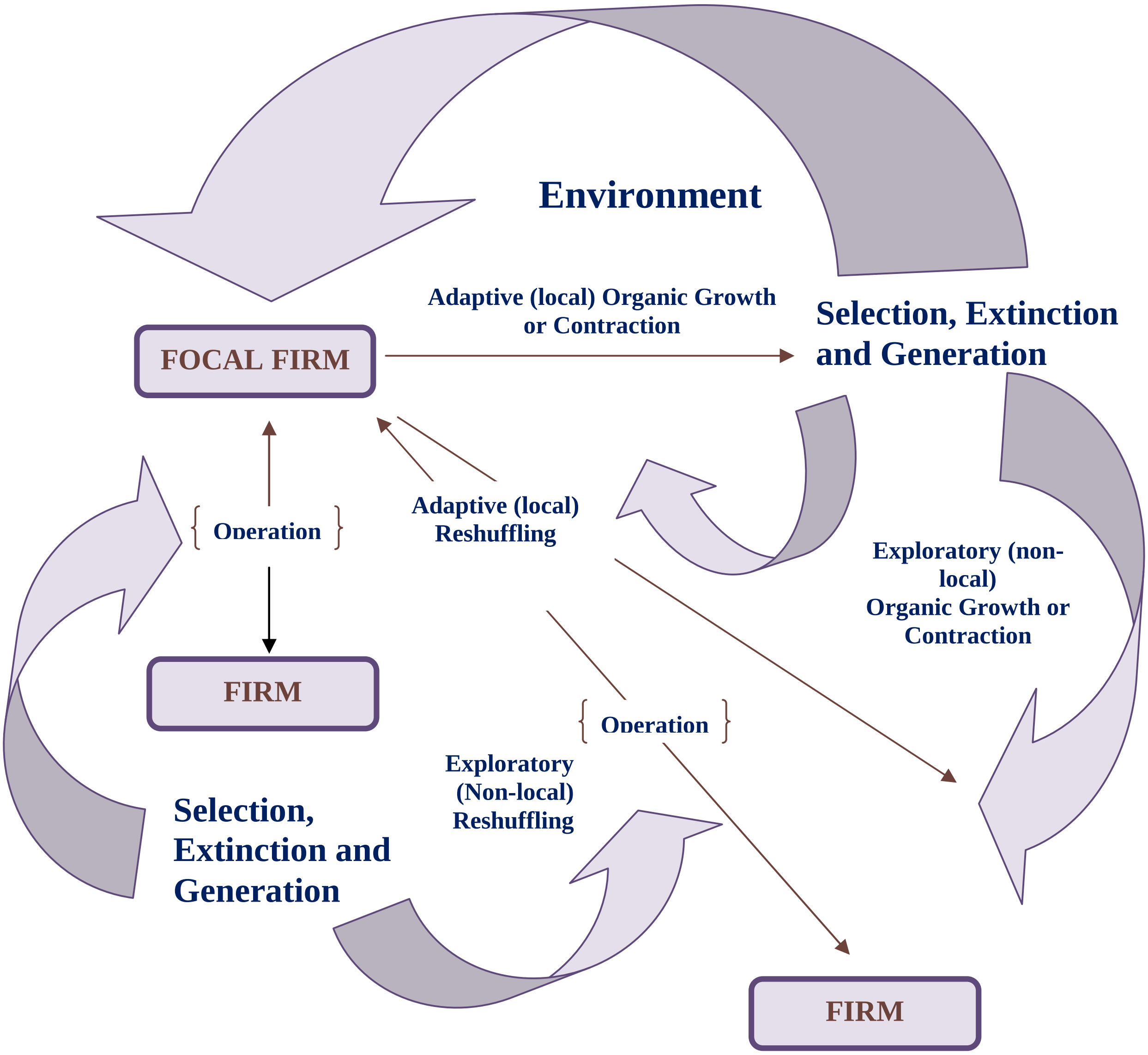
ANNEXES

ANNEX A

The Process of Bank's Internationalization



Source: Cattani, Tschoegl, 2002

ANNEX B

Framework for the Research of Infrastructure and Culture for International Public Relations, and Media Relations

The Infrastructure and International Public Relations
Political system
What is the basic political system?
Is there political pluralism in the society?
How strong are the political institutions?
What role do formal institutions play in political decision making?
Do organizations have avenues of influencing Public policy making?
Economic system and level of development
What is the level of economic development?
Is economic decisionmaking centralized in the government?
To what extent power of the private sector in determining Public policy?
What is the relationship between the private and the Public sector?
What is the level of technological development that may be relevant to Public relations professionals?
Legal
How strong and independent is the judiciary?
What is the relationship between the judiciary and the legislative and executive branches?
Are there specific legal codes dealing with communication activities of organizations?
Does the country have legal codes to regulate the media?
Activism
Historically, what role has activism played in a country?
What is the nature of activism prevalent in a country currently?
Are labor unions major forces in the sočiety?
Currently, what tools do corporations use to deal with activism?
Culture and International Public Relations
Stratification
What is the level of social stratification in your society?
How does such stratification manifest itself in organisational activities and in Public relations?
What is the level of social mobility in your culture?
Uncertainty
How tolerant is your culture to uncertainty and ambiguity?
In organisational communication, are meanings explicit in messages or are they based largely on the context of a situation?
Gender-based role identification
To what extent does gender play a role in assigning organisational roles in your country?
How does this affect Public relations?
Collectivism
In your culture, are the interests of collectivity valued over that of the individual?
How does this affect Public relations activities?
Orientation to life
Is your culture oriented toward short-term goals or lobg term gones?
How does an orientation to life affect organisational activities in general and Public relations in particular?

ANNEX B - continued

Interpersonal trust
What level of interpersonal trust does your culture allow within organisational settings?
Deference to authority
Does your culture encourage (expect) deference to soperiors in social settings?
If so, how does this manifest itself in organisational communication contexts?
Other
What are the other cultural idiosyncracies that are specific to your country that you believe influence Public relations practice?
A Framework for Media Relations
Media Control
Are the media of a given country:
A part of the private sector?
A part of the Public sector?
Aligned with political parties?
Aligned with or controlled by theocracy?
What is the political philosophy of the country?
How much control do media owners display over editotial freedom?
How are controls over editorial freedom exercised?
Are media messages aimed at selling news and informatikon as a commodity, or to further theoretical causes?
What is the media infrastructure of the country?
What kind of Professional standards do media persons have?
Media outreach
What is the ability of the media to diffuse messages to a wide audience?
Which segments of the population do the print media reach?
Which segments of the population do the electronic media reach?
How does the existing infrastructure of the country affect media diffusion?
What is teh rate of illiteracy in teh country?
What is the rate of poverty in the country?
Media access
What is the level of Access that organizations have to mass media in particular country?
If there are gatekeepers between the media and other organizations, who are they and how are these gatekeepers selected?
Do different elements of the sočiety such as activists and corporations have direct Access to the media?
Do the media of the country value informatikon subsidies form Public relations professionals or agencies?

Source: Sriramesh, K. and D. Verde (2003).

ANNEX C

A Practice Matrix for the Cultural-Economic Model of International Public Relations Practice

Regulation
What type of government exists?
What is the general state of relations between the host country and the organization‘s home country
What is the technological infrastructure of the host country?
What structures, if any, have attempted to define or formalizme the practice of PR?
What are the semantic networks that adress and define Public relations?
Is there a commensurate term for Public relations in the host country?
What is the Professional definition of Public relations in the host country?
Is there a national or regional Public relations association code of ethics for PR practice?
Are there Public relations education programs in teh host country?
How does Public relations agencies in teh country define what they do?
What is the economic profile of the country?
What is the political climate of the country?
What are some of the cultural constructs that define the host country culture?
What are the national and local laws that govern communication practices?
Production
What are the primary communication modalities in the host country?
What mass communication vehicles are used in rural and urban areas in the host country?
Which interpersonal channels of communication are commonly used in rural and urban areas?
Who are the opinijon leaders in the host country for the issue or product your group is adressing?
How might any activity by your organisation contribute to local perceptions of globalization?
How are global brands, products, and artifacts glocalized in the host country?
How are target audiences defined, and how might they be imagined communities?
Consumption
How do audiences use the product or idea?
What are the new meanings that arise through use?
What new discourses arise surrounding the issue or product?
What is the value to the target audiences?
Identity
How are audiences defined, and what rationale is used?
Can local interests be placed before global ones to decenter power and allow new identities?
What organisational identities already exist in the host country?
Is my organisation willing to relinquish power and allow new hybrid meanings to emerge?
Representation
Have local speakers or practicioners scrutinized the messages in campaign material produced?
What competing discources might audiences bring to bear on campaign materials?
What is the intended message encoded in campaign materials?
What cultural factors, including tastes, values, and beliefs, can alter the intended representation?
How does the representation change or absorb the local culture?
How is the representation similar to or different from related campaign materials from sources outside the host country?
Do all components of the campaign materials support the intended representation?

Source: Curtin, Patricia A., Gaither, T. Kenn (2007).

ANNEX D

The Main Media Channels in Estonia, Latvia, and Lithuania

	ESTONIA	LATVIA	LITHUANIA
The Press			
Daily	SL Ohtulet; Postimees	Lauku Avize; Diena; Neatkariga Rita Avize; 5 min	Lietuvos rytas; Respublika; 15 Minučių; Vakaro žinios *Regional:* Kauno Diena; Vakarų Ekspresas; Klaipėda
For Russian speaking community:	Estoniya	Vesti Segodnja; Telegraf; 5 min; Komersant Baltii; Bizness & Baltiya	
For business	Aripaev; Eesti Ekspress	Dienas Bizness Komersant Baltii; Bizness & Baltiya (Russian)	Verslo Žinios; Veidas; Atgimimas
The Television			
Public	ETV	LTV: LTV1 – Latvian; LTV7 – includes programs for minorities	LTV: LTV1; LTV2
Private	Kanal 2; TV3; Muz TV	LNT; TV3; PBK for Russian speaking	TV3; LNK; BTV
The Radio			
Public	Eesti Raadio	Radio Latvia	LR1; LR2; LR3.
Private	KUKU - for the country's key decision makers	SWH; Star FM; Latvian Christian Radio	Žinių radijas – for business; M-1, Radiocentras
News agencies	BNS	LETA; BNS	ELTA; BNS
Media organizations	The Newspaper Association; The Association of Broadcasters; The Journalists' Union; The Society of Media Educators	Latvia Journalist Union	The Journalists' Union of Lithuania; The Journalists' Society of Lithuania; The Lithuanian Newspaper Publishers Association; National Regional and City Newspapers Publishers Association