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INVESTOR SUPPORT POOL

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<p>The purpose of this thesis was to develop and test a tool that would help foreign investors to find local companies. The tool also gives the local companies a chance to offer their services to this customer group. The work was commissioned by the Invest in Kainuu -project that is coordinated by Kainuun Etu Ltd. The name of the developed tool is Investor Support Pool.</p> <p>Firstly, the theoretical framework examines competition and competitive advantage, since one aspect of the Investor Support Pool is that it enables the local companies to learn about this customer group, raise their service level, and become more competitive. Secondly, foreign direct investment locating, investment promotion and the previous situation of investment attraction in Kainuu are discussed. The theory shows that tools that help to manage information, for example, about available professional services are important for investment promotion organizations.</p> <p>The outcome of this thesis is the Investor Support Pool which was developed and then tested by collecting feedback from investors. Furthermore, improvements to the tool were suggested based on the testing. The Investor Support Pool includes company contact information and a process model on how the investor can contact and invite tenders from these companies.</p>	
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<p>Tämän opinnäytetyön tarkoituksena oli kehittää ja testata työkalu, joka avulla ulkomainen sijoittaja löytää paikallisia yrityksiä. Lisäksi työkalu antaa paikallisille yrityksille mahdollisuuden tarjota palvelujaan tälle asiakasryhmälle. Työn toimeksiantaja on Invest in Kainuu -hanke, jota koordinoi Kainuun Etu Oy. Kehitetyn työkalun nimi on Investor Support Pool.</p> <p>Tutkimuksen teoreettisessa viitekehyksessä tarkastellaan kilpailua ja kilpailuetua, koska yksi osa Investor Support Poolia on, että sen avulla paikalliset yritykset saavat tietoa tästä asiakasryhmästä, voivat nostaa oman palvelunsa tasoa sekä parantaa kilpailukykyään. Lisäksi tarkastellaan suorien ulkomaisten investointien sijoittumista, investointien edistämistä sekä sitä kuinka Kainuussa aiemmin on houkuteltu investointeja. Teoria osoittaa, että työkalut, jotka auttavat hallitsemaan tietoa esimerkiksi käytettävissä olevista palveluntarjoajista, ovat tärkeitä investointeja edistävälle organisaatioille.</p> <p>Opinnäytetyön tuloksena syntyi Investor Support Pool. Se kehitettiin ja testattiin keräämällä palautetta sijoittajilta. Lisäksi testauksen perusteella ehdotettiin parannuksia työkaluun. Investor Support Pool sisältää yritysten yhteystiedot sekä esimerkkiprosessin siitä, kuinka sijoittaja voi ottaa yhteyttä ja kilpailuttaa yrityksiä.</p>	
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PREFACE

This thesis was commissioned by Kainuun Etu Ltd where I am working while finalizing my studies. I would like to thank the company for the opportunity to do such a concrete and challenging final year thesis. It has been an excellent learning process to supplement everything I have learned so far during my studies.

Especially I want to thank Project Manager Carl Wideman from Invest in Kainuu project, for his advises and support through out the process. I also want to thank Pasi Kenola the Project Manager from Prima Network project for his help.

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1 INTRODUCTION

Invest in Kainuu is a project aiming to activate new foreign direct investments to Kainuu region. In the project, a need to ease the initial part of investment process was discovered. For a foreign investor it is difficult to find local companies to work with.

This thesis was commissioned by Invest in Kainuu project in which the author also works. The project is coordinated by Kainuun Etu Ltd. The basic question in the thesis is “how to make initial part of investment process easier for investor?” Here, Investor Support Pool is presented as a tool for this purpose. The tool collects local service providers in one place and offers a process model for the investor on how to contact them.

In this thesis, investor denotes an overseas developer, an overseas financier or an operator of the business. These three have to be found in order the investment to happen. All or some of these three can come from abroad, and they all are called investors in this thesis.

The theoretical framework of the thesis concentrates on two main topics. Firstly, competition and competitive advantage are discussed, since one aspect of the Investor Support Pool is that it can increase competition and improve service level of local companies. Investor Support Pool enables the local companies to learn about buying criteria of this customer group based on the feedback collected during the thesis work. Secondly, foreign direct investments (FDI) are discussed and the emphasis is on the FDI locating and the previous situation of FDI attraction in Kainuu. In addition, world’s top investment promotion organizations are used as an example on how they utilize investment promotion and what part local professional services play on that.

Investor Support Pool was developed based on the theoretical framework. The tool was tested during investor visits. The testing was done by collecting feedback from investors who visited the region during Invest in Kainuu project.

The outcome of this thesis is the Investor Support Pool. It is a three-page tool illustrating the idea and a separate list of contact information divided in categories. Besides helping the investor to find local service provider, Investor Support Pool is a marketing tool that builds an image of an active investment promotion organization.

2 COMPETITION IN THE MARKETS

Different industries encounter different kind competitive pressure. The degree of competition in markets is described having four different stages. These are perfect competition, monopolistic competition, oligopoly and monopoly. Firstly, perfect competition is a situation where many sellers compete in the markets and none is big enough to dictate prices. Secondly, monopolistic competition exists when a large number of sellers have very similar products, but those are perceived differently. Under monopolistic competition the key to success is product differentiation. Third form of competition is an oligopoly. It exists in industries where just few sellers dominate a market. One reason for industries to have only few companies can be, for example, the huge initial investment required to enter the business. Finally, monopoly means that there is only one seller of a product or a service. (Nickels, McHugh & McHugh 2008, 39; Xi-Ping, Po-Young & Chia-Yi 2010, 149.)

Different factors affect the level of competition in an industry. Michael Porter explains the degree of rivalry with his model called Porter's 5 forces. The five forces in the model are bargaining power of suppliers, bargaining power of customers, threat of new entrants, threat of substitute products or services and the degree of rivalry. (Porter 1998, 22)

Supplier Power means for instance importance of volume to supplier, differentiation of inputs, switching costs of firms in the industry, presence of substitute inputs and impact of inputs on cost or differentiation. Bargaining power of customers, on the other hand mean that customers can force down prices and demand higher quality of service or products. Barriers to entry include such things as access to inputs and distribution, cost advantages, government policies, economies of scale, capital requirements and brand identity to mention a few. Threat of substitutes involves factors like switching costs, buyer tendency to substitute and price performance of substitutes. All these forces affect to the Degree of Rivalry in the industry. The Degree of Rivalry is dependent on such factors as industry concentration, industry growth, exit barriers, intermittent overcapacity, product differences, switching costs, brand identity, diversity of rivals and so on. (Porter 1998, 21-38; QuickMBA 2007.)

Next, competitive advantage is discussed as a means for a company to outdo its competitors. Differentiation is discussed in more detail, as it can enable the local companies included in the Investor Support Pool to serve investors better, entitling a price premium.

2.1 Competitive advantage

Competitive advantage is defined as a capability or resource that is difficult to imitate and valuable in helping the firm outperform its competitors. In the traditional economic model, competition between rivals forces profits down. However, the competition is not perfect and companies are not just competing with prices. They rather seek for competitive advantage. There are two types of competitive advantage: cost advantage and differentiation advantage. Cost advantage means that a company can deliver same benefits to the customer at a lower cost than the competitors. In contrast, if a company can deliver benefits that exceed those that competitors can produce, it has a differentiation advantage. Therefore, competitive advantage creates superior value to a customer and superior profits for the company. (QuickMBA 2007; Mooney 2007, 111-112.)

After testing the Investor Support Pool, the feedback about selecting criteria will be sent to the local companies. If companies included in the Investor Support Pool can learn based on the investor feedback, what their customer is expecting and ready to pay for, they can create value and achieve competitive advantage.

2.2 Differentiation

In contrast to competing with prices, differentiation is the other of the two types of competitive advantage. A company differentiates itself from competitors if it can produce something unique that is valuable for the buyers. Despite the significance of differentiation, its sources are often viewed too narrowly and not understood well enough. Firms often view the potential sources of differentiation only in terms of physical product or marketing practices. However, it can arise anywhere from the firm's functions. Another problem is that often companies pursue forms of uniqueness that buyers do not value. (Porter 1985, 119.)

Practically any activity is a potential source of uniqueness. In other words, differentiation can be created through the primary or support activities of a company. Even if the product is a commodity, supporting activities can lead to substantial differentiation. (Porter 1985, 120-121.)

According to Porter (1985) policy choices are important uniqueness drivers. Firms make these policy choices about what activities to perform and how to perform them. Some typical choices that lead to uniqueness are:

- product features and performance offered
- services provided (for example additional supporting services)
- skill and experience level of personnel employed in an activity, and training provided for them. (Porter 1985, 124.)

Differentiation requires firm to perform better than competitors. Therefore, differentiation is usually costly, since firm must often incur costs to be unique. For instance, providing superior service requires additional personnel or ones that are more skilled, and that increases the costs. However, differentiation allows firm to command a premium price, sell more of its products or to gain benefits such as greater buyer loyalty. For that reason, it is important to determine the buying criteria and specific customer needs, to be able to differentiate in a way that is valuable for customer. (Porter 1985, 120-127.)

In addition, differentiation may appeal to a wide segment of customers, or only to a subset of buyers with particular needs. If the form of differentiation appeals only to a small customer segment, it can still be profitable if it enables the firm to grow to new markets. Large scale can allow the activity to be performed in a unique way without costs per unit growing too high. (Porter 1985, 120-127.) Especially for companies in Kainuu it is important to note, that serving investors with specific needs, does not only mean increasing costs. If used in a right way, differentiation can offer a way to grow to bigger markets outside of Kainuu.

Competition in Kainuu is generally not very intense. Even though, a study commissioned by Ministry of Trade and Industry concludes that competition in the whole of Finland has been

increasing. Especially competition has become fiercer in most service industries. (Maliranta, Pajarinen, Rouvinen, & Ylä-Anttila 2007, 23). However, in Kainuu in some fields, the situation is close to monopoly, since there is only one dominating service provider. (Private communication with Mr. Carl Wideman 10.6.2010.)

The lack of competition can result in low level of service quality, when companies do not have to differentiate based on customer needs. It can also lead to unreasonable pricing. The market is quite small, with the population of only 83 000 inhabitants in the whole region. In order to differentiate and serve customers with special needs, the companies might need to grow and access new markets outside Kainuu.

3 FOREIGN DIRECT INVESTMENTS

Direct investments abroad are complex ventures. It is important to note, that direct investments are distinct from trade, licensing or portfolio investments. Foreign direct investment (FDI) involves a long-term commitment to a business endeavour in a foreign country. It often involves the engagement of significant assets and resources. In addition, the investment needs to be coordinated and managed across countries and has to satisfy the principal requirements of successful investment, for example sustainable profitability and acceptable risk-profitability ratios. (UNCTAD 1998, 90.) There are many host country factors involved in deciding where an FDI project locates.

3.1 Location of FDI

Various things affect where foreign direct investments (FDI) locate globally and regionally. Depending on the motivation behind the investment and determinants in the target location, some areas are more attractive than others. Nevertheless, by taking certain measures governments and regions can improve their FDI attractiveness.

According to Fallon, Cook and Billimoria (2001), when looking at the motivations behind investment decisions, four different types of motivational factors can be found. Firstly, **resource-seeking** motivation includes physical, labour or technological factors. For example, high unemployment relates to labour availability, which is seen as positive feature in FDI attraction. Secondly, the **search for markets** includes, for instance, following customers, reducing costs of supplying foreign markets, seeking better familiarity with the local business environment or locating abroad because of the suppliers or competitors. Furthermore, market-related factors, such as population size, density and growth rates, market proximity, infrastructure investments and levels of per capita retail spending attract FDI. **Efficiency seeking**, as a third motivation factor, includes government aid, state spending levels, regional taxation levels and industrial development level. Regional preferential assistance and infrastructure spending based on government regional policy, can also be influential in attracting FDI locally inside a country. Finally, **strategic assets seeking** motivation enables the company to sustain and advance international competitive

advantage. To summarise, motivational factors determining national and regional location of FDI are search for resources, markets, efficiency and strategic assets or capability. (Fallon, Cook & Billimoria 2001.)

Within a nation, different regions are more successful in FDI attraction than others are. Jones and Wren (2006) list eight potential determinants of FDI location. These are market size and growth, labour market, macroeconomic policy, inward investment policy, infrastructure, industrialization, pre-existing FDI and lastly, information. (Jones & Wren 2006, 46-48.) Next, each will be examined in more detail.

Size of the market, which is usually measured with gross domestic product, is seen having a positive impact in FDI attraction. This is because bigger market attracts firms that have outgrown their original markets and are considering expanding into other markets for better sales or market share. Furthermore, the market growth can influence FDI location, since firms often look for growing markets when they are entering. Foreign companies are attracted to countries with high growth and per capita GDP rates. (Jones & Wren 2006, 46; Biglaiser & DeRouen 2006, 52.)

Labour markets affect FDI location. For example, availability of labour has a positive effect, since a firm has a pool of workers from where to choose its labour force. However, the cost of labour can have a discouraging effect, whereas labour that is more productive yields productivity gains. In addition, degree of labour unionization makes a location less attractive, because strong unions lead to higher wages and strict regulations on firms. Also costs of hiring and firing as well as general employment legislation may impact on location. (Jones & Wren 2006, 46-47.)

Macroeconomic policy effects include corporate tax rate and exchange rate. Tax rates impact on FDI location is simpler since higher taxes reduce the profits of the firm. On the other hand, exchange rate is more complicated depending how much the business is dealing with transfer of currency. Restrictive policies, such as trade tariffs, lead firms to substitute exports with production in the country. (Jones & Wren 2006, 47.) Corporate tax rates are used as a policy tool to attract multinationals. An example among developed countries is the Republic of Ireland, which offers a low nominal tax rate on corporate profits, to attract foreign companies (Holger 2005, 520).

Inward investment policy can include either financial or non-financial government inducements. Main inducements are tax incentives and grants, which seem to play considerable role in the international competition for FDI. Non-financial inducements, on the other hand, operate more regional and local level, in the forms of laying-out of industrial estates and business parks, the level of schooling of the regional labour force and specific developments on infrastructure, such as roads, to illustrate a few. (Jones & Wren 2006, 47; Jordaan 2008, 407.)

Besides the specific measures of infrastructure support, also the **general level of infrastructure** is a potential attractor for FDI. Infrastructure improves general state of transport and communication networks; it enables better distribution of goods and services, improves communication with suppliers and purchases and enhances the ability to recruit labour. (Jones & Wren 2006, 47-48.) Investing in infrastructure can improve the probability that foreign investor locates to the region (Jordaan 2008, 408).

The level of industrialization is associated with a high level of FDI. This is because industrialized country or region has a large number of firms, which potentially increase the possibility for beneficial spillovers. In addition, **pre-existing FDI** has similar impact on an area as the level of industrialization. Pre-existing FDI level signals possibility of spillovers and increased probability that other firms will locate there and that existing firms will re-invest. It also implies to other foreign firms the relatively low risk associated with the particular region or country. Previous FDI inflows are strong predictors of foreign capital inflows. (Jones & Wren 2006, 48; Biglaiser & DeRouen 2006, 52; Jordaan 2008, 408.)

Last determinant that Jones and Wren (2006) list is **information**. Compared to their domestic rivals, firms engaged in FDI have unfavourable information asymmetry. The further the firm is geographically from its home, the higher the asymmetry is and the investor is more disadvantaged. Because of this disadvantage a foreign investor is often more likely to locate in the core of the country. Compared to distant areas, the central location offers better infrastructure and administrative capabilities, and more information about the country and market. Information factors suggest that FDI may locate in the core of the economy of a country, rather than periphery. (Jones & Wren 2006, 48.)

A country or region cannot usually influence economic determinants like market size, low-cost unskilled labour, raw materials, strategic assets or technology. However, there are

business facilitation measures, such as investment promotion activities, investment incentives and administrative services that can increase the attractiveness of an area. It means that a government can market a country in the same way as a company is marketing its products. This strategic marketing management is done in the form of promotion activities by investment promotion organization (IPO), to create or increase economic development. IPOs can be seen as mediators between the host country's FDI environment and FDI inflows. Many governments consider business facilitation as a significant policy instrument and promotion activities by IPOs are major part of this business facilitation. (Lim 2008, 39-40.)

In traditional industries like primary products -based industries and production industries, a country's economic factors affect on FDI attraction. However, non-traditional investments are not so dependent on the economic factors. (Nelson 2007, 149-150). Also investments in service sector are non-traditional investment. FDIs are increasingly shifting towards services: over two thirds of the worlds FDI flows are now in services. When attracting non-traditional investments like for instance high technology or services, effectiveness of investment promotion becomes vital. (UNCTAD 2004, 97; Williams & Deslandes 2008,419).

As a conclusion, countries and regions are not powerless in the competition for FDI. There are methods to improve the attractiveness of an area. If the area does not automatically draw inward investments because of economic factors like markets and resources, governments can use business facilitation with investment promotion organizations acting as marketers and mediators in the FDI attraction process.

3.2 Investment promotion and local professional services

Investment promotion is essential to attract FDIs. As in any marketing, a good product itself is not enough; customers need to be aware about it, in order to choose the product. A survey done in 2008 by Development Counsellors International examined decision makers in large U.S companies that deal with site-selection responsibilities. The study reveals that 92 percent of companies contact investment promotion organization (IPO) during the site-selection process. Furthermore, 65 percent of companies have worked closely with IPOs when deciding about locating. (Development Counsellors International 2008.)

A global investment promotion benchmarking report lists different forms of investment promotion. It can include activities like advertising and improving country's image, investment-generating activities like sales visits to potential investors, providing relevant and timely information or hosting potential investors and helping them through the investment process. Investment promotion could even mean encouraging government to take further steps to improve the investment climate. (Investment Climate Advisory Services 2009, 9, 13-14.) Most effective investment promotion strategies are those that are targeted and highly responsive for the needs of companies best suited to the country's business environment (Nelson 2007, 150).

According to Ortega and Griffin (2009, 1-2) a major part of investment promotion is to professionally and effectively answer to the inquiries by the foreign investor. In a benchmarking study, 213 IPOs from 181 countries were compared. More than 70 % of the IPOs are failing to provide investors with accurate and timely information, although this is one of the core functions of IPOs.

The world's highest-ranking IPOs distinguish themselves with top performance in three areas:

- 1) having a private sector-minded culture,
 - 2) providing investors with necessary information to influence their investment decisions and
 - 3) having deep business knowledge in the key sectors that they are promoting.
- (Ortega & Griffin 2009, 1.)

To form an IPO with **private sector-minded culture** means hiring customer-oriented staff with private sector experience. To be able to attract these professionals, salaries and bonuses should be able to compete with private sector. To improve private sector-minded culture, companies should pay attention also to operational freedom of the staff, strategic focus on a few priority sectors and continuous staff development. (Ortega & Griffin 2009, 2-6.) Nelson (2007, 152) also states that organization should select its staff based on merit rather than politics, as is done in many IPOs strongly led by governments.

To provide investors with necessary information to influence their investment decisions means implementing internal systems for good facilitation. Responding accurately in time,

builds the impression of a professional IPO. Part of providing information is being accessible. Yet, often IPOs have web-sites with no contact information. IPOs should also pay attention on how they respond to investors and is there one contact appointed for each customer. Do they have an integrated system to help staff to handle inquiries? (Ortega & Griffin 2009, 8-10.)

Many IPOs fail at making relevant information easily available to potential investors, even though this is the most basic and often least costly promotion function. What is worse, if it fails, it undermines all the other promotion activities. The two most common and effective ways of providing the needed information is through web-page and answering to the inquiries by the investor. Inquiry handling is the more challenging of these two. Nevertheless, it is the core of investment promotion because it involves interacting with the potential investor and thus is the best opportunity for an IPO to influence investment decisions (Investment Climate Advisory Services 2009, 9, 13-14.)

Accumulating deep business knowledge is crucial for IPO. This means knowing the strategic focus and conducting industry research as well as building relationships with key people in the industry. To obtain and manage this knowledge regular staff meetings, CRM-software, databases and tools to handle information are important. (Ortega & Griffin 2009, 8-10.)

A clear difference between the world's top and weak IPOs was seen in the tools and practices used to build and manage knowledge and relationships. Important tools include databases of available land and business service providers. (Ortega & Griffin 2009, 6-8.)

“...potential investors will often seek local professional services, including legal, accounting, tax consultancy, personnel consultancy, construction, and translation. (Ortega & Griffin 2009, 7-8).”

According to Ortega and Griffin (2009) the very top IPOs in the benchmarking study maintained lists of proven service providers. Although it was mentioned, that they usually refrained from making endorsements. A single point of contact and a tool with professional service providers can offer a smooth entry for foreign investors into the country. (Ortega & Griffin 2009, 8.)

3.3 Previous situation of FDI attraction in Kainuu

Kainuu is a region of some 83 000 inhabitants, living in an area about the size of Belgium. The population density in Kainuu is about 3.8 persons per square kilometer. Kainuu Regional Programme for 2009–2014 outlines operational policies aiming to improve the well-being of Kainuu in three key business areas: Tourism; Natural resources and ICT & Electronics. Kainuu is situated in Eastern Finland, around Lake Oulujärvi. The nine municipalities in Kainuu are Hyrynsalmi, Kajaani, Kuhmo, Paltamo, Puolanka, Ristijärvi, Sotkamo, Suomussalmi and Vaala. (Kainuu 2010a; Kainuu 2010b.)

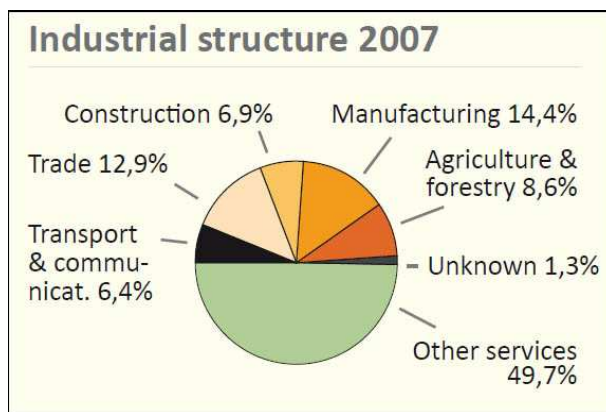


Figure 1. Industrial structure of Kainuu in 2007. (Kainuu in statistics 2009.)

The situation in 2010 in the economic environment of Kainuu is challenging, as the global recession is hitting the region later than rest of the Finland. According to the local newspaper Kainuun Sanomat, the region has more service than production businesses (Figure 1) and because of this, the unemployment is foreseen to grow with delay, unless investments outside the region speed up the recovery from the financial crisis. (Saarela 2010a; 2010b; Kainuu in statistics 2009, 8).

It is considered that foreign direct investments transfer both capital and intangible assets, like technology and knowledge between countries. According to growth theories, capital increase and technological innovation are the major factors driving economic growth. (Wang & Wong 2009, 319.)

Foreign investors' interest towards Kainuu has been explored by Invest in Kainuu pilot project. Strong positive results were found, however, before those investments can actualize a lot of work and developing has to happen. (Kainuun Etu Oy 2009a, 3-4.)

Kainuun Etu Ltd is a regional development company owned by the municipalities in Kainuu. Company's objective is to support all the sectors of the economic life in Kainuu and to assist the key sector companies in the region. It guides the companies to develop their know-how in business operation, competitiveness, growth and cooperation, as well as to improve key clusters and their condition of activities. Kainuun Etu Ltd is operating both in national and international level, in its three key sectors: ICT, Electronics & Metal Industry; Experience Production & Tourism Industry and Natural Resources. (Kainuun Etu Oy 2010b.) Starting from 2008 Kainuun Etu Ltd has coordinated the Invest in Kainuu -project in the tourism sector.

Initially, a pilot project searched potential investors in Britain and investigated their level of interest towards the investment opportunities in Kainuu. Results from the pilot project showed that as a new emerging tourism destination, Kainuu offers opportunities for a foreign investor. Already during the pilot project, interested investors were found. However, previously the opportunities and investment targets in Kainuu were not recorded systematically and as a result, they were not actively marketed either. Results from the pilot project showed that Kainuu was missing active recourses for FDI attraction as well as a service concept for responding to the inquiries from investors (e.g. information about locations, incentives or feasibility studies). Because of the need and positive results found in the pilot project, a second phase of Invest in Kainuu project was formed, aiming to FDI attraction in tourism and other key sectors of Kainuu. (Kainuun Etu Oy 2009a, 2-3.)

Invest in Kainuu is financed both by public money and private money. 70 % of financing comes from the Joint Authority of the region of Kainuu and 30 % comes from the three major tourism operations and Kainuun Etu Ltd. (Kainuun Etu Oy, 2010a.)

One of the goals in the project is to support and ease the start of an investment process. Challenges to achieve this goal were identified during the pilot phase in dialogue with the investors. Firstly, access to information was acknowledged difficult for a foreign investor. Finding the suitable contacts was mentioned, among other difficulties like finding information about opportunities in the area, incentives or facilitation services. Secondly, the

absence of a centralized service that handles all contacts and communication was seen as a weakness. (Kainuun Etu Oy 2009b, 1-3.) Furthermore, the weak service level of local companies in some cases and the lack of choice were seen as a weakness by the investors involved in the pilot project. This was because of the lack of ability to serve this customer group and take into consideration their specific needs (e.g. service language, experience). (Private communication with Mr. Carl Wideman 23.4.2010.)

Based on these findings in the Invest in Kainuu project, a decision was made to form a tool. Its purpose would be to streamline the process of potential FDI becoming acquainted with the local service providers and raising the service quality. By streamlining the process and raising local service quality, ultimately Kainuu can become more attractive for foreign direct investments. The tool would bring added value by helping to build trust and relationship between the FDI and the Invest in Kainuu project as an investment promotion organization. In addition, local companies included in the tool can benefit by achieving competitive advantage when they differentiate to serve this customer group. The need for this tool comes from the previous experiences expressed by both investors and Invest in Kainuu-project.

4 METHODOLOGY

The developmental task had two phases: creating the Investor Support Pool and testing it. Both theoretical desk research and field research were carried out.

Decisions in creating the tool were based on the theoretical framework of the thesis. In addition, knowledge inside Kainuun Etu Ltd was utilized. There was an existing list of local service providers compiled for investors. That list and expert interviews with the project managers Mr. Carl Wideman from Invest in Kainuu project and Mr. Pasi Kenola from Prima Network project were essential foundation for developing the tool. Furthermore, observations during investor visits and communication with investors were used, when developing the Investor Support Pool. As Ghauri, Gronhaug and Kristianslund write, by observation it is possible to collect first-hand information in natural settings (Ghauri, Gronhaug & Kristianslund 1995, 57).

Investor Support Pool was tested by collecting qualitative feedback about the tool from the investors. The sample consisted investors who had previously visited the region and were hosted by Invest in Kainuu project. According to Ghauri, Gronhaug and Kristianslund primary data can be collected by observations, surveys and questionnaires as well as interviews. (Ghauri, Gronhaug & Kristianslund 1995, 57.) Firstly, feedback was collected with questionnaire. The questionnaire included open-ended questions and one multiple-choice question.

The data collection was supplemented with semi-structured interviews. According to Hirsjärvi, Remes and Sajavaara (2007) collected material can be complemented with interviews and surveys (Hirsjärvi, Remes & Sajavaara 2007, 217). To get more feedback for the tool, it was needed to collect additional information with a semi-structured interview. Because enough data was not received merely with questionnaire, interviews added important depth and comprehension to the testing of the tool.

Reliability means to what extent results are consistent and accurately represent the total population under study. If the results of a study can be reproduced under a similar methodology, then the research is considered to be reliable. (Joppe 2000 cited in Golafshani 2003, 598.) Validity indicates can the explanations of described results be trusted, and do they measure what we want them to measure. Reliability in qualitative research can be

improved by accurate description how the research was carried out in all phases. Circumstances should be explained carefully and truthfully. (Hirsjärvi, Remes & Sajavaara 2007, 227.) Therefore, the circumstances of testing the tool are explained later on, so that readers can better assess the validity of conclusions drawn from the feedback.

According to Hirsjärvi and Hurme in qualitative research, if there are only few cases, it makes sense to process material individually without statistical processing (Hirsjärvi & Hurme 1995, 125). Therefore, the data was analyzed case by case and conclusions were drawn from combination of discussions and data from questionnaires.

5 DEVELOPMENTAL TASK

The central developmental task in this thesis was to create and test a tool that saves time and makes the beginning of an investment process easier for the investor. The tool is called Investor Support Pool and it is searching solution to a question: “How to make initial part of investment process easier for investor?” The tool was created by collecting local service providers together and creating a process model how an investor can effectively contact these companies.

Previously, starting an investment process was slow, as the investor met all contacts separately, and had to explain everything from the beginning each time. The model allows investor to tender many companies simultaneously. At the same time, it gives an opportunity for local companies to offer their services and become more competitive based on feedback collected from investors during the thesis process.

5.1 Developing the Investor Support Pool

The Investor Support Pool includes **a process model** describing different phases how initial contacts can be made. The basic idea is to invite suitable group of companies and contacts in a common meeting. There investor can explain the basics of the investment plan, and what is needed from the local contacts. After this meeting, interested companies can offer their services, and the investor saves time, since explaining same basic background information in several meetings can be avoided.

In addition to the process model, the tool includes **company contact information**. Even to have merely an existing contact list of companies capable to meet the requirements of this customer group (eg. experience, language skills..), is a value for investor. The intention was that the tool includes such companies that are able to serve a foreign customer, and as well, eager to develop their products to better satisfy the needs of this customer group. Companies in this process can benefit by gaining competitive advantage, based on the feedback collected when testing the tool.

Investor Support Pool was made with Microsoft PowerPoint. This way it is visual and easy to comprehend. It is also a common file form, so the tool is easy to distribute.

The tool is divided in three parts. Firstly, the place of the Investor Support Pool in the whole investment process was illustrated with a flow chart (Figure 2).



Figure 2. Investment flow chart

The investment process starts when the investor is screening the region to find interesting investment targets. At that point, Invest in Kainuu has the Matching Service to connect the investor and the opportunities.

As Ortega and Griffin (2009) wrote, if the investor finds a promising target and starts planning an investment project, they will often seek local professional services (Ortega & Griffin 2009, 8). At this point, the Investor Support Pool becomes useful, weather it is accountants, construction, marketing or some other services that they need to acquire.

Later on, there will be other steps like administration and finalizing the commitment, before the investment becomes reality and a running business.

Second part of the Investor Support Pool is a six-step process model (Figure 3). It describes how the investor finds useful local contacts. Since both foreign investors and local contacts will use the tool, the process was written both in English and in Finnish.

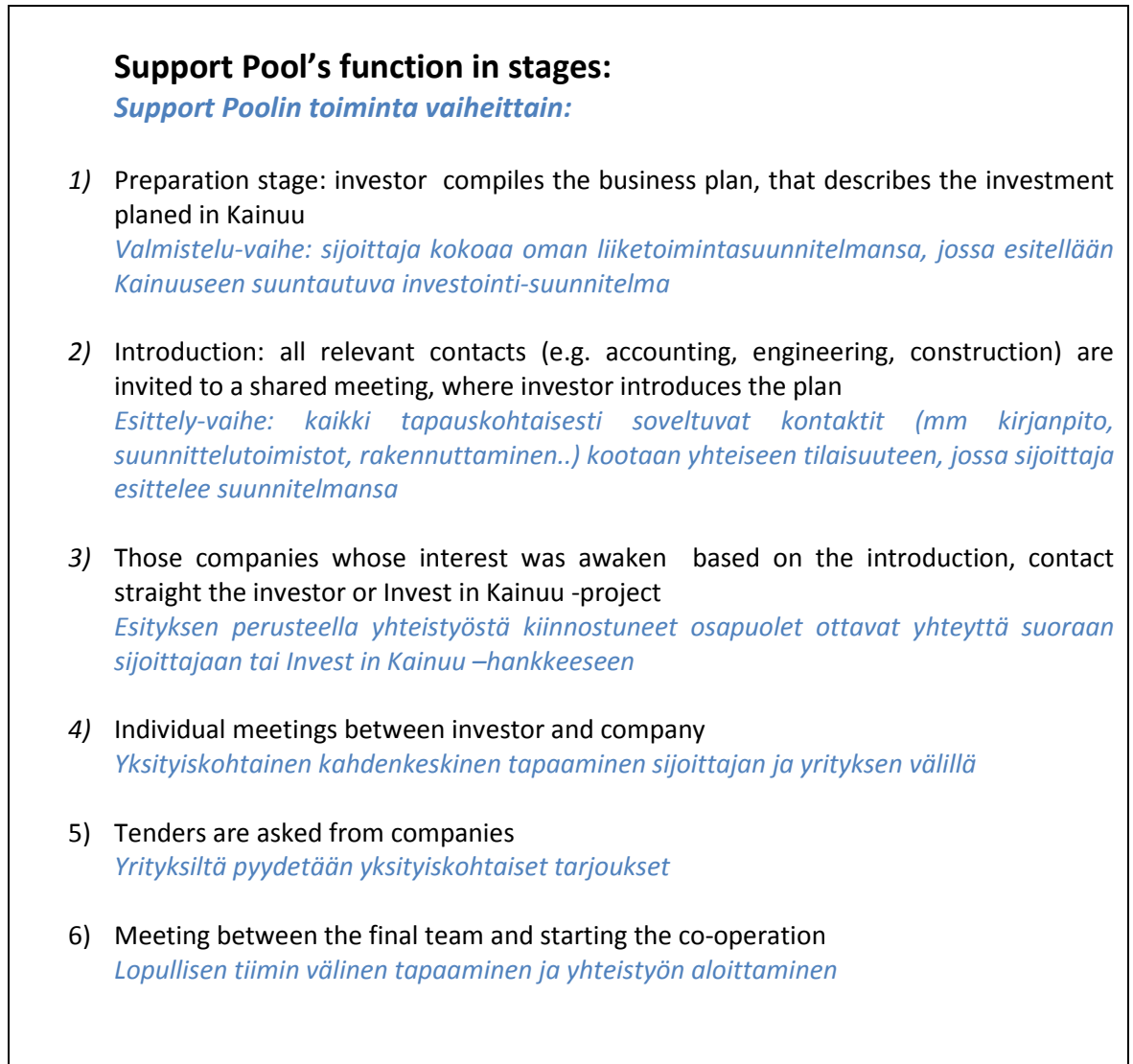


Figure 3. A process model for contacting

The process model was developed based on observations of investors dealing with local service providers. For example in one case, a developer had to meet a lot of different service providers in separate meetings and explain his investment plan each time with different architects, material providers and construction companies. After observing the developer becoming very frustrated and spending so much time in this stage of the investment process, it became obvious that a more efficient way to find right partners has to be developed. The basic idea in the model is that investor can tender many companies simultaneously, and save time this way.

The process model is just an example how the contacting could work. Naturally, every case depends on investors, if they want to compare the companies or just pick one, and do they have time to come and meet the companies in Kainuu or do they just contact them from abroad and commission the work.

The model will anyhow give more content for the tool, than having just a list of contacts. It also strengthens the impression that there is an active investment promotion organization ready to help the investor also this way.

Ultimately, the Investor Support Pool includes contact information of local companies. Contacts are divided in similar categories (Figure 4), to give a quick overview of the options. When the investor has a pool of options to choose from, it brings credibility for the tool and for Kainuu as a region to invest.

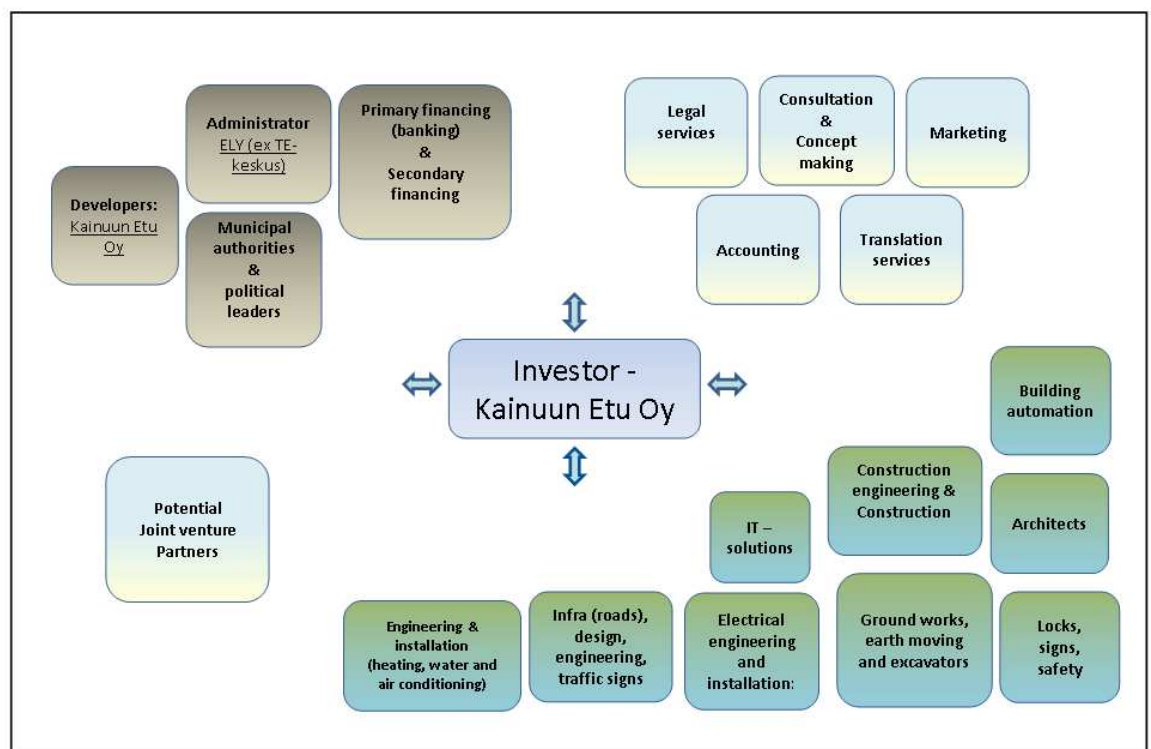


Figure 4. Company categories in the Investor Support Pool

Originally, the company contacts came from an existing list of Kainuun Etu Ltd's contact base. Prima Network project had previously compiled a list of local contacts for investors to use. New companies were added to the list and all the companies were contacted. This was

done by first introducing the idea and benefits of the Investor Support Pool on a phone and after the phone call sending a model of the tool (Appendix 1) and a sign-up form (Appendix 2) by e-mail.

The sign-up form was written in Finnish, and kept very simple to make it easy for the companies to fill. In the beginning of the form, basic information about Invest in Kainuu project and Investor Support Pool was explained. To sign in, companies provided name and contact information as well as selected in which category they belong. If they wanted, companies also added an optional short description in English, to explain what services they offer for this customer group.

When signing in, companies selected one key contact person by themselves. This way there is one person who is familiar with the Investor Support Pool. Also by requiring the companies to fill in the form, it made them more involved than just agreeing to participate during the phone call.

27 companies from different fields were phoned. From those, only one was not interested to participate. After a round of reminders, all together 16 companies returned the form. These companies represent variety of commercial businesses in the Investor Support Pool.

Besides these companies, the tool also has bank contacts for primary financing and Finnvera (the Finnish State Bank) for secondary financing, ELY-keskus (Centres for Economic Development, Transport and the Environment) as administrator, contacts from all the municipalities in the region and contacts from the Joint Authority of Kainuu. (Figure 4). These parties were not contacted, because most of them are already in close cooperation with Invest in Kainuu project, and have been actively participating to discussions with investors.

The investor Support Pool also mentions potential joint venture partners. The need for these contacts is naturally depending on the investor. This category was added to the tool, based on observation of the work Invest in Kainuu is doing. It had become evident that in some cases investors prefer a joint venture as a form of entering to Kainuu and Finland. The joint venture partner may have knowledge and experience about business in Finland that is valuable for the investor. Furthermore, obtaining financing is a critical part of the investment process. If a Finnish joint venture partner has existing banking relations with Finnish banks it can significantly speed the process.

The actual company contact information were not included to the Investor Support Pool, but were kept on a separate form, that can be updated easily on its own. Contacts were also added to Kainuun Etu Ltd's CRM system.

Contact information were not included in Investor Support Pool itself, since it is somewhat confidential material. In addition, not every investor needs the whole list of companies, but rather a selection of contacts for their specific needs. This way Invest in Kainuu has a flexible tool to help serve investors and answer to their inquiries about available service providers.

5.2 Testing the Investor Support Pool

After developing the Investor Support Pool it was tested for two reasons. Firstly, to evaluate the tool itself and secondly, to gather feedback for the participating companies. Testing was done with a combination of questionnaire (Appendix 3) and interview.

First part of the questionnaire has open-ended questions about the tool's usefulness and what improvements it would need. The function of this part was to test the successfulness of the tool, and find out if the investors perceived the tool as something that would be real value for them.

Second part of the questionnaire collected feedback about the factors that are important when investors are selecting a service provider. As stated by Porter it is important to determine the buying criteria and specific customer needs to be able to differentiate in a way that the customer is ready to pay for (Porter 1985, 120). The summary of feedback was sent in Finnish to all participating companies. (Appendix 4.)

The questionnaire was sent to 18 investors that had previously visited Kainuu region during Invest in Kainuu project. Because only one answer came back, it was decided to collect more information through interviews. Four interviews were done, and they were based on the questions from the questionnaire as guidelines to direct the discussion.

Interviews were carried out during investor visits. Two of the interviewees were representatives of commercial financing, one was a developer planning a notable tourism investment to Kainuu and one was representative of a major ICT investment already

confirmed to locate to Kainuu. This ICT investment is a government owned supercomputer, so it is not a foreign investment. However, it was included in the testing, because it is an investment outside of region, one that Invest in Kainuu had been working to get it to locate in Kainuu.

Interviewees filled in the questionnaire and at the same time, each question was opened up with more in-depth discussions. As the three interviews with British investors were done at same time, it also produced deeper discussions and sharing of experiences between the interviewees.

According to Hirsjärvi and Hurme if in qualitative research there are only few cases, it makes sense to process material case by case without statistical processing (Hirsjärvi & Hurme 1995, 125). All together, feedback was collected from five investors. Therefore, material was not processed statistically, but rather conclusions were gathered from the combination of discussions and answers from questionnaires.

5.3 Results from the testing

Results from the questionnaire and interviews are divided in two parts. The first part includes feedback for the Investor Support Pool, and the second part has feedback for the local companies.

5.3.1 Feedback about the Investor Support Pool

Firstly, respondents were asked if they would find the Investor Support Pool useful when planning an investment to Kainuu. In most answers, the Investor Support Pool was seen useful or even very useful. According to one respondent:

“Time is limited during investment process so any initiative that allows us to get maximum exposure in the most efficient way is very attractive.”

On the contrary, one investor did not find the tool useful, since if he was going to invest in Kainuu, he would know what services and funding would be necessary. He answered that more useful and interesting than information about local service providers, would be:

“a list of the investors willing to invest alongside us, what banks were willing to finance and at what levels and what cost.”

Although this sort of information is not directly included in the Investor Support Pool, it is positive feedback that the work Invest in Kainuu is doing, related to the topics mentioned, is valuable.

Next, respondents were asked if the tool included the service providers that they would need, and what type of services were missing. Tax advisory services came up twice, since it was seen important to be able to plan the best tax structures for the business models. For example, these tax advisory services could be offered with accounting services as an additional product.

In addition, advisory services about licensing, insurance, health and safety and so on were mentioned. During discussion with one respondent, he explained that costs for licenses and insurances can be notable. For instance, in one of his previous tourism investment projects in France the license and insurance costs were 6 % of the whole 39 M € investment. Therefore, specialists or lawyers that can help to solve these concerns and find the most cost effective solutions play an important role for investor. Furthermore, serviced offices and virtual assistants were seen as useful services to be added to the Investor Support Pool. However, it was also commented that investor or developer would not worry about the lack of services as these can be bought in.

Lastly, respondents were asked if they had used some similar service in other investment locations and if the service had cost something. Most of the respondents had not used similar service before since it has not been available. Only one had used similar service before in Finland. Cost information was not included with the answer.

During discussions, the service level and selection of choice were talked. One respondent commented that

“the Investor Support Pool is an excellent idea as it also creates competition.”

5.3.2 Feedback about service providers

In the second part of the questionnaire, the respondents chose what three factors are most important when they select a service provider. Answers are not presented statistically, since with few respondents it does not give very reliable statistical results. However, the results were supplemented with discussions, and consequently, resulted to useful feedback for the local companies.

Three factors: “price”, “speed of the delivery” and “documentation in your own language”, were selected by three of the respondents in the top three choices. Other factors that were selected by at least two respondents to the top three choices were: “references” and “flexibility of service delivery timescale”.

Four of the respondents were English speaking and one was Finnish speaking. Even though, everyone did not select “documentation in your own language”, during discussions respondents did note that they definitely expect to be served on their own language. Service language or at least the documentation language was seen as the minimum requirement for selecting a local service provider. If it was not available, they would most probably select another company.

During the discussions with two respondents, they both mentioned that it depends on the project, whether it is preferred that the service provider is local, national or international company. For example, one respondent explained that:

“Much of what we need depends on the project. An international company is important for a hotel project, but a local lawyer is good for other schemes for example.”

Besides the factors proposed in the questionnaire, all respondents named more factors that would influence their decision-making. Many of these factors concerned the special requirements of a customer coming from abroad. These examples included:

“understanding of overseas investor concerns”,

“good communication lines” and

“willingness to travel to UK”.

Furthermore, a dedication to serve the customer well was reflected from the answers such as

“quality of service”,

“determination to do things that benefit the customer” and

“measures to benefit the whole industry (in which the customer is operating)”.

To summarize, these results show that investor needs quality service that takes into consideration the special needs of this customer group. In the discussion part these results are examined with more detail and conclusions are presented.

6 DISCUSSION

The main objective in this thesis was to develop a tool that would make initial part of the investment process easier for investor. The Investor Support Pool was developed based on the theoretical framework of the thesis. It was then tested by collecting feedback from investors.

The thesis process and creation of the Investor Support Pool reminds much of a product development process. As when developing a new product it would be improved based on the testing. Here the testing of the Investor Support Pool is discussed and further improvements to the tool are suggested.

Discussion about findings from the testing

Testing showed that Investor Support Pool was perceived useful by the investors. Having different means to facilitate investors can help Kainuu to better attract investments. As shown in the theory part, many investment promotion organizations fail in their core function of providing investors with needed information, and they do not have sufficient tools for their work. (Investment Climate Advisory Services 2009, 13-14 ; Ortega & Griffin 2009, 6-7). Investor Support Pool will help Invest in Kainuu to provide information about service providers, and if needed, it offers a model to contact and tender these. Investors saw Investor Support Pool as useful help to support them through the investment process. Therefore, the Investor Support can be considered a success.

Feedback about factors that affect on selecting a service provider, did not give results of exact factors. Even though most respondents selected “price”, “speed of the delivery” and “documentation in your own language”, it should not be generalized, that those factors decisively influence the choice. With the sample size of five respondents, the answers are not very reliable. However, useful conclusions can be drawn from the answers.

Firstly, the feedback suggests that factors depend strongly on the case as well as the type of investor selecting the service provider. During the testing, some specific services like tax advising and legal services were mentioned. Clearly, there are services where local expertise

brings value on its own. However, for a company that wants to serve this customer group, the feedback gives clear indication, that a bulk product is often not enough just because it is the only one offered in the area. Especially since investors are used to having more substitutes created by competitive markets, they are demanding customers. Therefore, as results show, the investors can buy services outside of Kainuu, if the local companies cannot offer some added value compared to their competitors nationwide or abroad.

Companies might perceive the better service and extra work that this customer group demands as a burden. It can be costly to serve these customers, since in Kainuu there are not so many customers that would need for instance service in English or some special advising that a foreign company requires. However, as Porter explains, if the form of differentiation appeals only to a small customer segment, it can still be profitable if it enables the firm to grow to new markets (Porter 1985, 127). Finding a way to differentiate and serve this customer group could enable local companies to compete on bigger markets outside of Kainuu and grow. In contrast, if local companies are not interested to serve this customer group, investors will bring the services of required quality with them.

Secondly, one important factor that was selected by many of the respondents and that came up during discussions was “documentation in your own language”. This factor seems so obvious, that few of the respondents found it amusing that it even was on the questionnaire. However, based on the observations of investors dealing with local service providers, it is not obvious that companies would use English as documentation language. For example, offers have been sent to a British investor in Finnish. In summary, results clearly indicate that customers have to be served in English or in their own language.

In summary, investor needs quality service that takes into consideration the special needs of this customer group. To serve this customer group, a local company needs to offer differentiated service rather than a bulk product. Differentiating could offer these service providers a means to grow and serve a bigger market outside of Kainuu. If the differentiation brings value to customers, it also justifies a higher price.

Benefits and limitations of the Investor Support Pool

Most respondents saw Investor Support Pool useful, yet they had not been offered similar service elsewhere. This indicates that the tool is valuable. For example, when investor is comparing Kainuu to some other similar investment location, the support from IPO can play important part in the decision-making. Even though, the Investor Support Pool is only a part of the whole investment process, it can be a valuable contribution when the investor is comparing locations and IPOs' services.

One important benefit that the Investor Support Pool brings is the marketing value. It builds an image of an active investment promotion organization that is prepared to help the investor. Also having such a tool helps to build trust and relationship between the FDI and the Invest in Kainuu, as investors see that there is support available. As a recommendation, it could be beneficial to further develop different tools to serve investors, to reinforce this image.

The comment from feedback, that it would be useful to have a list of other investors willing to invest alongside, as well as information about banks willing to finance, supports the idea that an active IPO can attract investments. Even if the economic factors are challenging when compared to the other areas that compete for the same investment.

One limitation for the Investor Support Pool is the number of companies included. During the thesis process, 16 companies joined the Investor Support Pool. These companies represent good variety of service sectors that are useful for foreign investors. However, there is only one or at best, few options in each company category. More companies in the tool would mean more choice for the buyer, and that choice would bring more credibility for the Investor Support Pool. Since time was limited in the thesis process, it was decided to stop collecting more companies after one round of reminders. One reason why some companies did not sign-in even though they were interested about the idea on the phone, could be that companies were contacted before summer, and they may have forgotten the matter during holiday season.

In the future, it could be beneficial to collect more local companies to the Investor Support Pool, to improve the credibility and selection of choice. If the companies see the tool being used, and bringing new customers to their competitors, they will definitely want to be involved.

When more companies are part of the tool, it increases the competition, which should result in increase of the service quality. This also keeps the prices reasonable.

During local service provider contacting, companies were asking about the costs of joining to the Investor Support Pool. At the moment Invest in Kainuu is working as a project funded mainly by public money. Therefore, it is offering all its services, including Investor Support Pool, free of charge. However, in the future, the Investor Support Pool could be an income-generating product. One entrepreneur, for example, commented that if the tool would bring new customers, he would be ready to pay a membership fee or commission payment.

Improvements to the Investor Support Pool

Building such tool reminds a product development process. As a new product would need to be tested, so was the Investor Support Pool. Based on the feedback some improvements to the tool are suggested here. The illustration of these improvements can be seen on the Appendix 5.

Feedback from the testing shows that in some investment cases national or international partner is preferred. Originally, Investor Support Pool includes mainly local companies, because the investors saw it especially difficult to contact these.

To make the pool stronger, also the layers of national and international companies could be added to the model. As these companies cannot be contacted during the thesis process, they can be added to the contact base later, when Invest in Kainuu is in contact with them. When there is a case of investor needing a service, national or international companies can be contacted and they can sign in to the Investor Support Pool from there on.

Furthermore, the Finnish State Bank Finnvera was included to the tool as a secondary financier. Besides secondary financing, Finnvera can invest together with a foreign investor. In the testing phase, one respondent mentioned that it would be useful to have information about other actors that could invest alongside with them. Therefore, this role of Finnvera can be included to the Investor Support Pool, to make it stronger supporting tool. Other private actors that would be interested to invest alongside other investors cannot be included to the Investor Support Pool because of the confidential nature of this

information. However, case by case Invest in Kainuu will help investors to connect with possible joint venture partners and other investors with confidentiality issues in mind.

Finally, subcontractors should be considered in order to make the Investor Support Pool as a more mature product. Kainuun Etu Ltd has subcontractor networks in different sectors. Metapart-network is a group of 13 metal industry companies that can offer bigger volume and strong expertise in metal sector through cooperation and subcontracting. IT-pooli is an association formed by over 20 strong ICT-companies. Integration and interaction of these ICT enterprises enables them to implement large-scale orders. More than 40 companies are part of the Kainuun Prima network. The companies are suppliers and service providers supporting the mining and construction industries. (Metapart 2010; IT-pooli 2008; Kainuun PRIMA 2006.) By adding these subcontractor networks to the Investor Support Pool, there is more strength to offer wide-ranging contracts.

To summarise, outside investments are important to Kainuu to generate growth to the region. For instance in tourism sector, a hotel investment brings new jobs, but also enables other companies like restaurants and programme services to grow if there is a new hotel accommodating more tourists in the resort. However, for Kainuu to get the full benefit from the investments, the local companies should be serving investors in as many sectors during the investment process as possible. Outside investment can increase sales for example in construction, accounting and marketing companies, if they are able to serve this customer group. If the local services are not up to the expected level, an investor can bring most of the services elsewhere, as was shown in the results. Therefore, it serves the growth of the whole region, if as much services for investors as possible are produced locally.

7 CONCLUSION

For investors it is difficult to find local professional services when planning an investment to Kainuu. The aim in this thesis was to ease this problem. Thesis was commissioned by Invest in Kainuu -project that is coordinated by Kainuun Etu Ltd. The Investor Support Pool is a tool including useful professional services and a process model how the investor can tender for these. In this thesis, the Investor Support Pool was created and tested and improvements were suggested based on the testing.

One aspect of the Investor Support Pool is that it can create competition and thus improve the quality of the offered local services. This is important since if the investors cannot find professional services of required level locally they will bring these from outside of the region. For Kainuu to get the full benefit of these outside investments, as many local companies as possible should offer their services to the investors.

During the thesis process, it was shown that investor needs quality service that takes into consideration the special needs of this customer group. Feedback was gathered and sent to local companies about what factors affect on selecting the service provider. This feedback can help local companies from Kainuu to better serve this customer group and hopefully grow by achieving competitive advantage.

As it was discussed in the theory part, traditional economic factors like market size, resources and labour costs affect on the inflow of FDI. However, countries are not powerless in the competition for attracting FDI. Even if the economic factors are not so favourable, investment promotion can improve the FDI attractiveness. Promotion methods that are targeted and responsive to customer needs are effective especially when attracting non-traditional investments like for instance services or high technology. These promotion methods include for example personally visiting investors, hosting investor visits, answering to investor inquiries and providing support for the investor through out the process.

Providing investors with timely and accurate information is the key to successful investment promotion. Most successful investment promotion organizations have tools to help managing and providing the information. The Investor Support Pool will help Invest in Kainuu to better facilitate investors.

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LIST OF APPENDICES

APPENDIX 1: Investor Support Pool

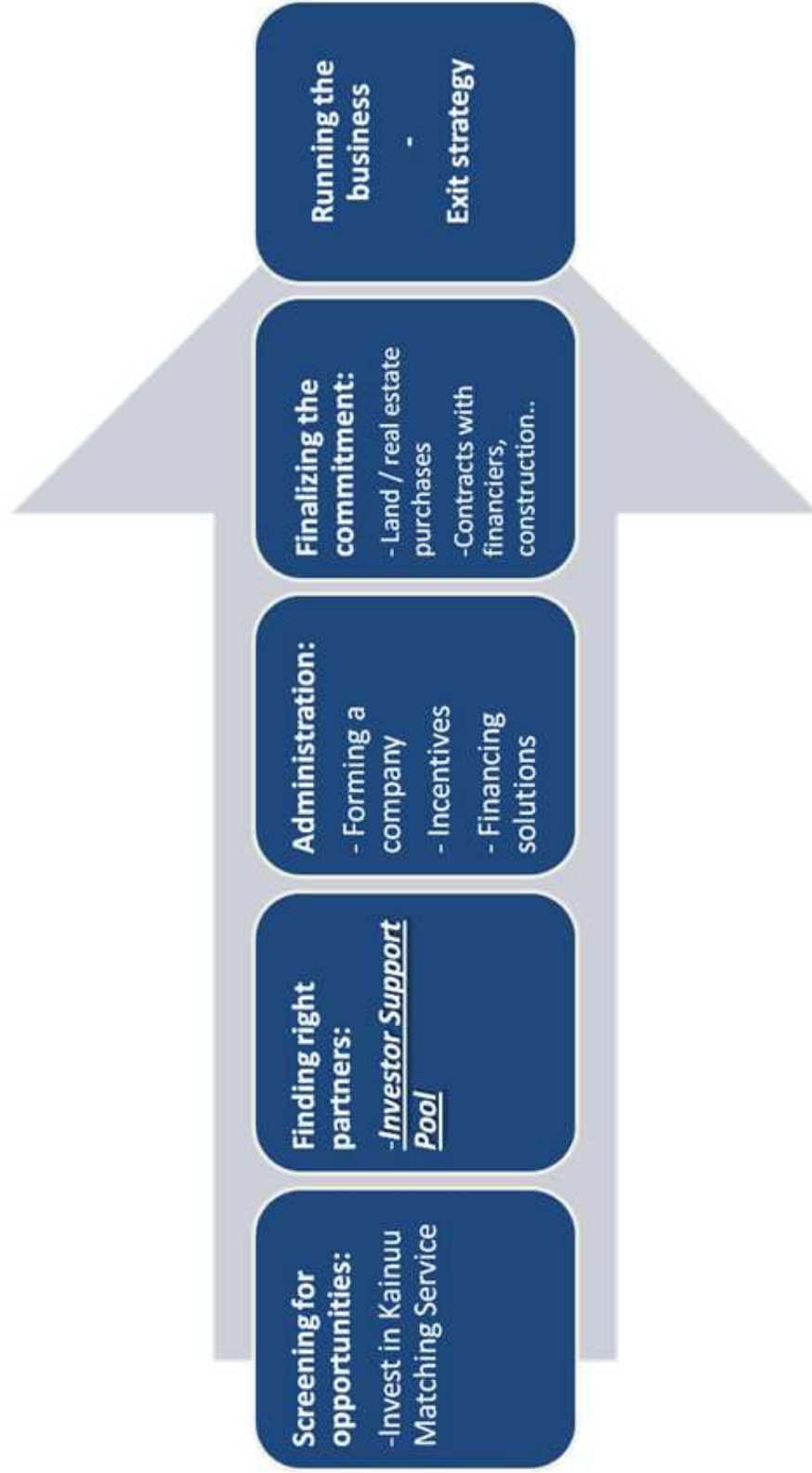
APPENDIX 2: Investor Support Pool sign-in form

APPENDIX 3: Feedback questionnaire

APPENDIX 4: Summary of feedback for local companies (in Finnish)

APPENDIX 5: Improvement suggestions for the Investor Support Pool

Investment Process



Support Pool for Investors in Kainuu Region

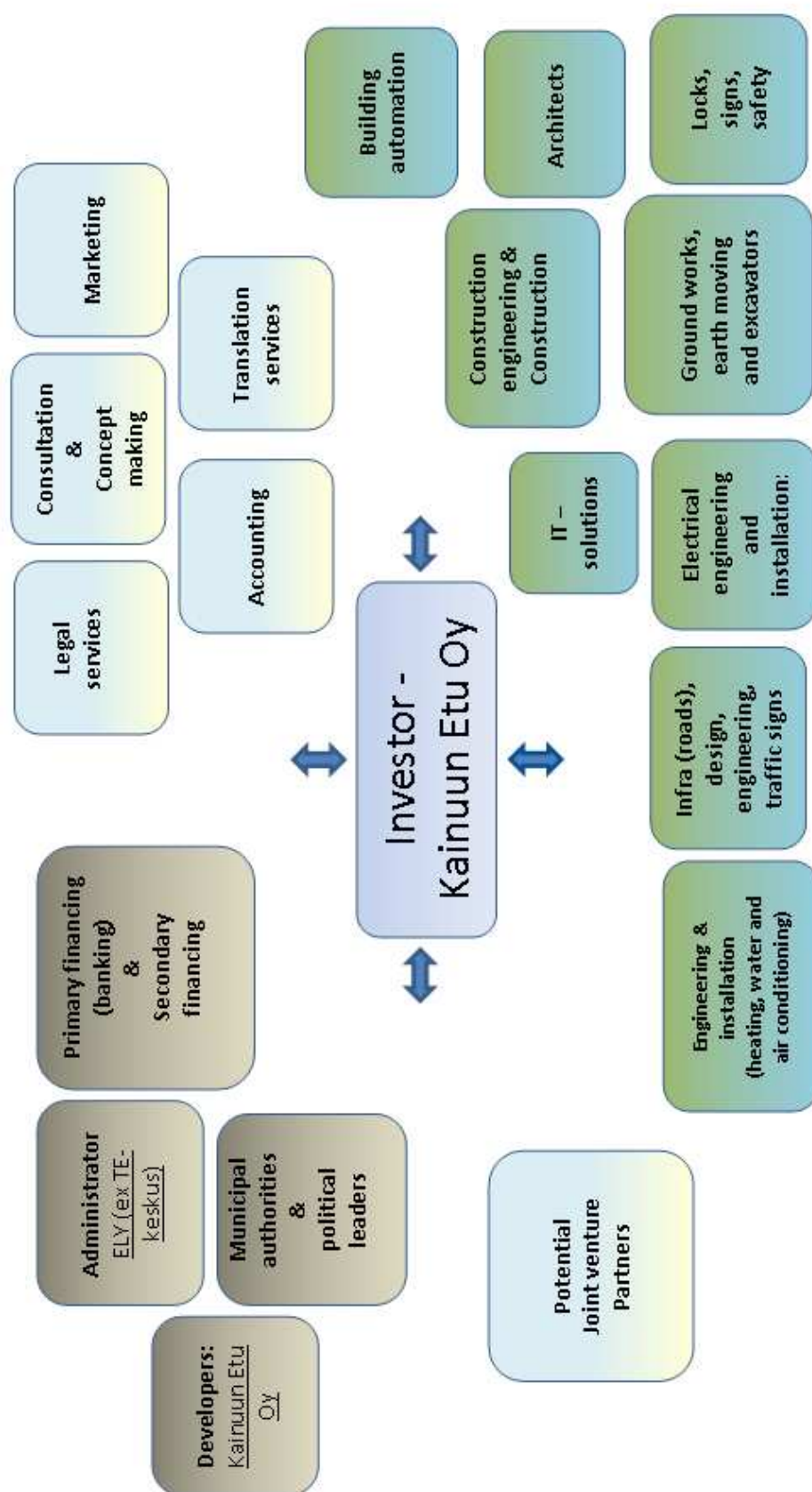
Support Pool's function in stages:

Support Poolin toiminta vaiheittain:

- 1) Preparation stage: investor compiles the business plan, that describes the investment planed in Kainuu
Valmistelu-vaihe: sijoittaja kokooa oman liiketoimintasuunnitelmansa, jossa esitellään Kainuuseen suuntautuva investointi-suunnitelma
- 2) Introduction: all relevant contacts (E.G. accounting, engineering, construction) are invited to a shared meeting, where investor introduces the plan
Esittely-vaihe: kaikki tapauskohtaisesti soveltuvat kontaktit (mm kirjanpito, suunnittelutoimistot, rakennuttaminen..) kootaan yhteiseen tilaisuuteen, jossa sijoittaja esittelee suunnitelmansa
- 3) Those companies whose interest was awoken based on the introduction, contact straight the investor or Invest in Kainuu - project
Esityksen perusteella yhteistyöstä kiinnostuneet osapuolet ottavat yhteyttä suoraan sijoittajaan tai Invest in Kainuu - hankkeeseen
- 4) Individual meetings between investor and company
Yksityiskohtainen kahdenkeskinen tapaaminen sijoittajan ja yrityksen välillä
- 5) Tenders are asked from companies
Yrityksiltä pyydetään yksityiskohtaiset tarjoukset
- 6) Meeting between the final team and starting the co-operation
Lopullisen tiimin välinen tapaaminen ja yhteistyön aloittaminen



Support Pool for Investors in Kainuu Region





Investor Support Pool – ilmoittautuminen

Invest in Kainuu –hanke pyrkii aktivoimaan ulkomaisia investointeja (FDI) Kainuuseen. Hanke kutsuu potentiaalisia sijoittajia muun muassa Britanniaista vierailulle Kainuuseen ja esittelee paikallisia sijoitusmahdollisuuksia. Investor Support Pool on työkalu jolla pyritään helpottamaan sijoitusprosessin alkuvaihetta, kokoamalla yhteystiedot paikallisista yrityksistä, jotka pystyvät ja ovat halukkaita tarjoamaan palvelujaan ulkomaalaiselle sijoittaja-asiakkaalle.

Investor Support Poolissa mukana olevat yritykset pääsevät ensimmäisten joukossa tarjoamaan palvelujaan sijoittajalle, kun tämä etsii paikallisia yhteistyökumppaneita. Työkalu kootaan osana AMK lopputyötä, joten nyt mukaan ilmoittautuneet saavat työkalun testausvaiheessa (vuoden 2010 aikana) palautetta ulkomaisilta sijoittajilta heidän kokemuksistaan paikallisista kainuulaisista yhteistyöyrityksistä.

Osallistuva yritys nimeää englanninkielentaitoisen kontaktihenkilön ja sitoutuu ilmoittamaan pääseekö osallistumaan sijoittaja-tapaamisiin kutsuttaessa.

Ilmoitan seuraavan yrityksen Investor Support Pool –työkaluun:

Ilmoittautumisesta ei koidu yritykselle kuluja.

Yritys:	
Yhteyshenkilön nimi:	
Puhelinnumero:	
e-mail:	

Mihin kategoriaan yritys kuuluu:

	Legal services		Ground works, earth moving and excavators		Construction engineering & Construction
	Consultation & Concept making		Building automation		Engineering & installation (heating, water and air conditioning)
	Marketing		IT –solutions		Infra (roads), design, engineering, traffic signs
	Accounting		Locks, signs, safety		Electrical engineering and installation
	Architects		Other, what?		

Vapaaehtoinen lyhyt kuvaus yrityksen palveluista erityisesti sijoittajalle: (englanniksi!)	
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Täytetty lomake pyydetään palauttamaan osoitteeseen: [REDACTED]

Lisätietoja: [REDACTED]



KAINUUN ETU

Invest In **Kainuu** | **IK**

Thank you for taking the time to fill in this questionnaire, all the answers will remain anonymous. The following questionnaire will provide us with valuable information that will be used in improving our services in Invest in Kainuu.

Please take few minutes to first get familiar with the Investor Support Pool and then answer the following questions.

Part I

1. Would you find the Investor Support Pool useful if you were planning an investment to Kainuu?
2. Does it include the service providers that you would need? a. What kind of services are missing?
3. Have you used some similar service in other investment locations? If so, please provide details including costing, if possible.



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Part II

In selecting a service partner, which factors are the most important to you?

Please place **the three most important** factors in order of importance to you.
(1 equals the most important, 2 equals the second important and 3 equals the third important)

	Price
	References
	Local company
	National company
	International company
	Documentation in your own language
	Flexibility of service delivery timescale
	Speed of the delivery
	Other, what?

Thank you for your answers!

We request to return the form to [REDACTED]

Kainuun Etu Oy

Lönnrotinkatu 1, FIN-87100 Kajaani, Finland, fax: + 358 (0)8 617 8120,
www.kainuunetu.fi





Kiitos osallistumisestanne Investor Support Pooliin!

Investor Support Pool on työkalu, jolla tuetaan sijoitusprosessin alkuvaihetta. Siihen on koottu yhteystiedot paikallisista yrityksistä, jotka pystyvät ja ovat halukkaita tarjoamaan palvelujaan ulkomaalaiselle sijoittaja-asiakkaalle.

Investor Support Pool testattiin keräämällä palautetta sijoittajilta sekä kyselylomakkeella että haastatteluilla. Palautetta kerättiin muun muassa siitä, mitkä tekijät vaikuttavat palveluntuottajan valintaan. Kuten Porter (1985, 120) kirjoittaa, on tärkeää selvittää tietyn asiakasryhmän ostokriteerit ja erityistarpeet, jotta voi erikoistua tavalla, josta asiakas on valmis maksamaan.

Tähän raporttiin on koottu palautetta palveluntarjoajan valintaan vaikuttavista tekijöistä suomeksi. Palaute kerättiin osana opinnäytetyöprosessia ja alkuperäinen englanninkielinen raportti on saatavissa sähköpostitse: [REDACTED]

Palautetta palveluntarjoajille

Vastaajat valitsivat, mitkä kolme tekijää ovat heille tärkeimmät palveluntarjoajan valinnassa. Tuloksia ei esitellä tilastollisesti, koska verrattain pienellä vastaajamäärällä, tulokset eivät ole tilastollisesti luotettavia. Tuloksia täydennettiin kuitenkin haastatteluin, ja näin ollen saatiin kerättyä hyödyllistä palautetta paikallisille palveluntarjoajille.

Vastauksista nousi esiin kolme vaihtoehtoa: ”hintä”, ”palvelun nopeus” sekä ”dokumentit vastaajan omalla kielellä”, jotka oli valittu kolmen tärkeimmän vaihtoehtoon joukkoon. Muut vaihtoehdot, jotka vähintään kaksi vastaajista oli

valinnut kolmen tärkeimmän joukkoon, olivat: ”referenssit” sekä ”palvelun toimitusajan joustavuus”.

Keskustelujen aikana nousi ilmi, että haastatellut ehdottomasti odottavat palvelua omalla kielellään. Jotkut vastaajista pitivät huvittavana, että tämä kohta oli kyselyssä, koska sitä pidettiin niin itsestään selvänä. Havaintojen perusteella sijoittajien ja paikallisten toimijoiden kanssakäymisestä voidaan kuitenkin todeta, ettei ole itsestään selvää, että englantia käytetään palvelukielenä. Esimerkiksi tarjouksia on lähetetty brittiläisille sijoittajille suomeksi. Haastattelujen perusteella voidaan sanoa, että mikäli asiakas ei saa palvelua englanniksi tai hänen omalla kielellään, tämä todennäköisemmin valitsee toisen palvelun tarjoajan.

Haastatteluissa kaksi sijoittajaa mainitsi, että on tapauskohtaista, suosivatko he paikallista, kansallista vai kansainvälistä palveluntarjoajaa. Esimerkiksi yksi haastatelluista selitti:

"Paljon siitä, mitä tarvitsemme, riippuu projektista. Kansainvälinen yritys on tärkeä hotelli-projektissa, mutta esimerkiksi paikallinen lakimies voi olla hyvä muissa kuvioissa."

Lomakkeessa annettujen vaihtoehtojen lisäksi, kaikki vastaajat nimesivät muita valintaan vaikuttavia tekijöitä. Monet näistä tekijöistä liittyvät ulkomaisen asiakkaan erityistarpeisiin. Näitä vastauksia olivat:

"ulkomaisen sijoittajan tarpeiden ymmärtäminen"

"hyvä tiedonkulku"

"halukkuus matkustaa Englantiin"

Lisäksi sitoutuminen tämän asiakasryhmän hyvään palvelemiseen näkyi vastauksista kuten:

"palvelun laatu"

"tahtotila, halu tehdä asioita asiakkaan hyväksi"

"toimenpiteet, jotka edistävät koko toimialaa (jolla asiakas toimii)"

Yhteenveto

Sijoittavat odottavat laadukasta palvelua, joka ottaa huomioon tämän asiakasryhmän erityistarpeet. Tekijöistä jotka vaikuttavat palveluntarjoajan valintaan, ei saatu tulokseksi täsmällisiä vastauksia. Suurin osa vastasi: "hintaa", "palvelun nopeus" sekä "dokumentit vastaajan omalla kielellä". Ei kuitenkaan voida yleistää, että juuri nämä tekijät vaikuttavat aina valintaan. Pieni otos ei anna tilastollisesti luotettavia tuloksia, mutta niistä voidaan kuitenkin vetää hyödyllisiä johtopäätöksiä.

Palaute viittaa siihen, että valinta riippuu vahvasti tapauksesta ja sijoittajasta. Testauksen aikana mainittiin joitain tiettyjä palveluja, kuten veroneuvonta. Selvästi joidenkin tuotteiden osalta palveluntarjoajan paikallisuus itsessään tuo arvoa.

Vastaukset viittaavat kuitenkin selvästi siihen, että jos yritys haluaa palvella tätä asiakasryhmää, massatuote ei välttämättä riitä, vain koska se on ainut, joka alueelta löytyy. Koska sijoittajat ovat tottuneet kilpailun synnyttämään runsaaseen tarjontaan, he ovat vaativia asiakkaita. Sijoittajat voivat tuoda palvelut mukanaan alueen ulkopuolelta, jos paikalliset yritykset eivät tarjoa mitään lisäarvoa, verrattuna kilpailijoihinsa muualla Suomessa tai ulkomailla.

Yritykset voivat kokea tämän asiakasryhmän vaatiman paremman palvelun ja lisätyön taakkana. Voi olla kallista palvella sijoittajia, etenkin koska Kainuussa ei ole monia asiakkaita, jotka tarvitsisivat palvelua englanniksi tai muuta lisäneuvontaa, jota ulkomainen

asiakas tarvitsee. Kuitenkin Porterin mukaan, mikäli erilaistuminen vetoaa vain pieneen asiakasryhmään, se voi olla kannattavaa, jos yritys voi tällä tavoin kasvaa uusille markkinoille (Porter 1985, 127). Löytämällä tavan erikoistua ja palvella tätä asiakasryhmää, paikalliset yritykset voisivat kilpailla isommilla markkinoilla ja kasvaa.

Yhteenvetona voidaan todeta, että investoinnit ovat tärkeä tekijä, joka tuottaa Kainuuseen kasvua. Esimerkiksi matkailusektorilla hotelli-investointi luo suoraan uusia työpaikkoja. Se tuo myös muille yrityksille, kuten ravintoloille ja ohjelmapalveluyrityksille, mahdollisuuden kasvaa. Jotta investoinneista saadaan mahdollisimman paljon hyötyä. Kainuulle, täytyisi paikalliset yritykset saada palvelemaan sijoittajaa niin laajasti kuin mahdollista.

Ulkopuoliset investoinnit voivat tuoda lisää kauppaa esimerkiksi myös rakennusyrityksille, kirjanpitäjille ja mainostoimistoille, jos ne pystyvät tarjoamaan asiakkaan vaatimaa palvelua. Toisaalta kuten tuloksista ilmenee, elleivät paikalliset yritykset tarjoa vaadittua laatua, sijoittaja voi hankkia suurimman osan tarvitsemistaan palveluista muualta.

Koko Kainuun kasvu on olennaista, että mahdollisimman monet sijoittajien tarvitsemista palveluista tuotetaan paikallisesti.

LÄHTEET

Porter, M., E. 1985. Competitive Advantage. New York, NY, USA: The Free Press.

Improvements to the Investor Support Pool

