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COOPERATION BETWEEN ORGANIZATIONS AND THEIR SERVICES  
PROVIDED TO INTERNATIONALIZING COMPANIES

Master's Theses 2012

## ABSTRACT

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Cooperation between Organizations and their Services  
Provided to Internationalizing Companies

Master's Thesis

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Keywords

internationalization, globalization, professional services,  
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The objective of this research was to find out what kinds of services are provided in the southeast of Finland region to the companies seeking entry to foreign markets or starting other international operations, either in Finland or abroad. The research question was how different organizations could develop their services and cooperation. The aim was to discuss the possibilities to increase cooperation in order to save the societal resources. If the provided services are arranged effectively and economically, it saves money in the long run and helps in this weak financial situation when savings are needed everywhere.

The commissioner of this study, Cursor Oy, the regional development company, selected 13 organisations as well as suggested the persons inside the organisation. The data was collected by recording the interviews. The services were evaluated as for similarity of functions among the organizations and cooperation development prospects to avoid overlapping while still meeting the customer needs.

Approach to this study is objective because the researcher is outsider and orientation is practical, and because the aim is to understand and develop the practises in the future according to the results obtained through interviews. The data were analysed mainly with focus on services provided, amount of overlapping of the services, and cooperation development prospects of the organisation.

The theoretical framework of the thesis is based on the existing literature that describes public services, professional services, organizational cooperation, networking, globalisation and internationalization.

According to the study, there are overlapping functions concerning the support to the companies in their internationalisation process and more cooperation in different kinds of ways is needed. It is important that these organisations discuss together about the problems and do the corrections according to the results. It would be also important to find out the entrepreneur's perspective to the subject with another research in the future to get more understanding of what needs to be developed.

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Opinnäytetyö  
Työn ohjaaja  
Toimeksiantaja  
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Avainsanat

Organisaatioiden välinen yhteistyö ja niiden tarjoamat palvelut kansainvälistyville yrityksille

80 sivua + 7 liitesivua

Dr Sc (IB) Minna Söderqvist

Cursor Oy/Projektipäällikkö Kalle Kallionpää

kansainvälistyminen, globalisaatio, asiantuntijapalvelut, organisaatioiden yhteistyö, verkostoituminen

Opinnäytetyön tavoitteena oli kartoittaa millaisia palveluja alueella tarjotaan yrityksille Kaakkois-Suomessa, jotka pyrkivät pääsemään ulkomaisille markkinoille tai aloittavat kansainvälisiä toimintoja joko Suomessa tai ulkomailla. Erityistä painoa annettiin sille, millaisia palveluja on tarjolla ja kuinka organisaatiot voisivat lisätä yhteistyötä.

Tutkimuksen tarkoitus oli löytää mahdollisia päällekkäisyyksiä palvelutarjonnassa ja herättää keskustelua yhteistyön merkityksestä. Yhteiskunnallisten, lähinnä rahallisten resurssien säästäminen on mahdollista vain tuottamalla palveluita tehokkaasti ja taloudellisesti.

Toimeksiantajana oli Cursor Oy, Kotkan-Haminan seudun kehittämissyhtiö, joka valitsi 13 organisaatiota tähän tutkimukseen ja ehdotti myös haastateltavat henkilöt. Valinta tehtiin sen mukaan keiden kanssa he tekevät tai ovat tehneet yhteistyötä viime vuosina. Kaiken kaikkiaan haastatteluihin osallistui yhteensä 26 henkeä.

Haastattelujen perusteella voi todeta, että päällekkäisyyttä kansainvälistymiseen liittyvissä palveluissa on ja lisää yhteistyötä eri muodoissa tarvitaan. Organisaatioiden tulisi kokoontua yhteen ja keskustella kehittämistoimenpiteistä. Olisi myös tärkeää selvittää yrittäjien näkemys asiaan uudella tutkimuksella, jotta kehitettävät alueet olisi helpompaa määrittää.

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## 1 INTRODUCTION

The commissioner of this study, Cursor Oy, Kotka-Hamina Regional Development Company, assists in locating, establishing and developing companies in the Kotka-Hamina region. Cursor Oy provides services for companies planning to locate to Kotka-Hamina region together with its partner networks. Similar development services are provided in Kouvola-Iitti region by company called Kinno Oy, Kouvola Innovation Oy. Both of them assist in establishing and developing business operations, organising financing solutions, education and training in the region. Because some of the respondents from national organisations were located in Lappeenranta, it can be said that the region of this study is the southeast of Finland.

The planning of this study started in October. The first meeting about the possibilities to do this study in Cursor was on 25 November, 2011. The next meeting was on 12 January, 2012 and the decision was made that this study concentrates on organisations dealing with international operations that are geographically near Cursor so that the regional view is obtained. In addition to this, national organisations such as Finpro and Tekes were added to the list because there are former employees of Cursor and they have a new perspective to the operations of regional development companies.

According to the discussions with the commissioner, it would also be important to explore the permanent basic services as well as projects. The problem with the projects is that they start and finish at a certain time. At the moment, a large amount of services are based on projects. This study focuses on the future and development of the existing operations.

### 1.1 Research and development area

There have been a lot of previous research about internationalisation and globalisation in general. These studies provided pre-understanding of the subject where companies and organisations are aiming at. Different kinds of international operations are explained in this study to get the idea for the reader about the complexity of the subject. Also public services, cooperation and networking are discussed.

Various studies have been done also, for example, on professional services, organisations, cooperation and networking, but there is lack of this kind of regional study from these organisations' perspective. One quite similar BBA thesis (Pietilä 2007) has been done in the region for another commissioner from the enterprises perspective. The objective of this study was to determine the degree of internationalization of the SME member enterprises of Kymen Yrittäjät ry. The aim was to find out which internationalization services and service providers the member enterprises have used and what kind of services should Kymen Yrittäjät ry provide its members to assist them in their internationalization process.

It is well known truth in the region that there are not enough companies at the moment. Big plants have disappeared and the small companies are not able to hire a lot of new employees. Because existing companies cannot provide enough workplaces, our nearest neighbours, Russians, might be our future. Cursor Oy and Kinno Oy have made together e.g. a Maraton –project on this subject. Students from Kymenlaakso and Saimaa Universities of Applied Sciences were part of this project. A book called "Suhteita, shakkia ja shampanjaa – Bisnesopas Venäjän valloittajille" (Relationships, Chess and Champagne – Business guide to the Russian invaders) is a final theses and part of this Maraton -project during 10 March 2008-10 March 2011. The aims of this project have been to search and open new business possibilities in Russia for the companies in Kymenlaakso region, and inform what has to be taken into account when doing business with Russians. (Anteroinen 2011, p. 8.) This study describes what kinds of problems are expected to occur when doing business with Russians. The study was made for the companies in Kymenlaakso region. According to 69% of the respondents, finding a suitable partner is a problem. 53% of the respondents think that Russian bureaucracy is problematic. Customs clearance and certification is problematic for the 25% of the respondents and 19% think that crime is a problem. The respondents were also critical of their own knowledge and information, because 39% of the respondents think that the problem is their own knowledge of the country and 36% feel that they have too little information of the Russian market. (Anteroinen, p. 12.)

Chaston (2010) points out the problem that small firms are not renowned for spending time undertaking extensive research studies before launching a new business proposition. Many entrepreneurs decide no additional information is required because

they have an intuitive faith in the validity of their ideas. Others hold the opinion that research is an expense they cannot afford or they lack the skills to implement the activity. (Chaston 2010, p. 35.) According to the discussions, the commissioner has also noticed it. The message from Kaakkois-Suomen ELY-keskus (The Centres for Economic Development, Transport and the Environment of southeast of Finland) at the moment is that the financing for companies is going to diminish. So, traditional market researches might not be done in the future because of lack of monetary resources. There is also possibility to do the market research in the internet. E-researches in the internet do not have so good reputation. From the Cursor Oy's experience even the survey in the internet might work well and be worthy with lower costs than traditional one. (Cursor Oy, Kotkan-Haminan seudun kehittämissyhtiö ja Kouvola Innovation Oy 2011, p. 22.)

Importance of increasing cooperation between the organisations in Finland is understood widely. So called "Team Finland" –networking model has been planned to promote Finland's economical relationships abroad and internationalisation. It has been done by Matti Alahuhta's team for Ministry of Foreign Affairs. The team suggests that different actors should constitute a network, which has a clear strategic management by the Prime Minister. According to this report, supporting SMEs to internationalize and growing global success is essentially important for Finland's economy. This can be done by developing existing resources and focusing them better. (Alahuhta, 2012)

A very interesting R&D project about strategy implementation is made during 2000-2011. It is called STRADA (Strada 2011) and the results of this project can be seen in internet. There are different kinds of publications (books, reports, theses, etc.) and methods for example of networking, such as Suominen, K., Aaltonen, P., Ikävalko, H. Hämäläinen, Mantere, S. 2007, and Suominen 2004.

The commissioner of this study as well as some participants, are very interested in results. Funding for the projects is becoming more difficult because of the needs of savings in the future. Participants are willing to get ideas how to develop their functions e.g. with cooperation, to survive with less money. The commissioner has sent some questionnaires asking about the opinions of their services, for example after every happening (trade fairs etc.) to get the feedback from the companies, but studies



of the functions of the cooperative organisations are missing. This study helps the commissioner and other organisations to plan the priorities for the future. Of course, it is useful to any reader by giving the understanding of how these different organisations support internationalisation processes in the region.

Many Western business schools promote the idea that firms exist in order to provide benefits to the shareholders, or to reduce transaction costs. In contrast there is the idea that firms exist in order to promote the well-being of society (social responsibility). (Schneider & Barsoux 2003, p. 292.) What is known at the moment is that companies existing in the region cannot hire enough persons. They are not able to provide places to work for persons at working age. So it is very important to make the region so attractive that companies from abroad are interested in the region. With the help of this study, the support and service system will be opened to some extent and it is easier to inform what kinds of services are available. Of course the ideal situation would be that a company gets the same necessary information visiting only one place but that is rarely possible at the moment, because every organization have their own approach and interest to the issue, like financing, education and so on.

During the discussions with the commissioner, there were hopes to increase cooperation between these organisations such as planning a common application form for organisations, which can be filled in the internet. For example, when a person is establishing a company in Finland, only one form needs to be filled in the internet and that information goes to tax authorities, Trade Register and so on. Now organizations dealing with international businesses have application forms of their own, asking for same kind of questions. Forms are not easy to fill, especially for the foreign companies. The suggestion was that organisations could design a common electric form with a possibility to choose e.g. either Finnvera or ELY or both and after that, the system would bring extra windows to fill according to the selection. In this study this application form is not going to be planned, but it is good to mention.

The meaning of this study for me is to get understanding of that big internationalisation issue and the tasks of different organisations. This helps working as a workforce counsellor in Kotkan työ- ja elinkeinotoimisto. The BBA study about The Quality and Sufficiency of Services- Case: Kotkan – Haminan seudun

Yrityspalvelu Oy was made for the same commissioner year 1999 (name has changed since that) and is available in the library of Kyamk, Kotka.

## 1.2 Research setting

Based on the need of the commissioner, the objective of this research is to find out what kinds of services are provided in the region to the companies seeking entry to foreign markets or starting other international operations either in Finland or abroad. Both directions are taken into account, because some of the companies support only companies entering the Finnish market, others companies going abroad, and still others to the both directions. The only shared definition is international functions.

This study tries to clarify similarities in service functions among these organizations and how they could develop cooperation to meet the customer needs in the best possible way by avoiding duplication. These overlapping functions are good to define and make possible suggestions to develop the situation so that the organisations are able to guide the resources to the right places. In more concrete terms, the aim is to discuss the possibilities to increase cooperation and improve the services provided in order to save the societal resources, mainly monetary and human if the organisations could avoid doing the same things. If the provided services are arranged effectively and economically, it saves money in the long run and helps in this financial situation. This thesis is limited to those organizations that provide development services, such as business or knowledge development and funding in the region. Some of them provide development services, while others provide funding services, and the third group of companies both items.

The research question is how different organizations could develop their services and cooperation for the internationalizing companies. The most important sub questions are what kind of services are provided to the companies going international and what kind of cooperation exists between these organisations to get the understanding to the subject. The organizations that participated in this study are Cursor Oy, Kinno Oy - Kouvola Innovation Oy, Ekami - Etelä-Kymenlaakson Ammattiopilaitos (Etelä-Kymenlaakso Vocational College), Kyamk - Kymenlaakson Ammattikorkeakoulu (Kymenlaakso University of Applied Sciences), Helsingin Yliopisto/Palmenia-Koulutuskeskus (Helsinki University/Palmenia Centre for Continuing Education), BIC

Kymi ry, Kymenlaakson Kauppakamari (Kymenlaakso Chamber of Commerce), ProAgria Kymenlaakso ry, Finnvera, Finpro, Tekes, Kotkan työ- ja elinkeinotoimisto (Employment and Economic Development Office of Kotka), and Kaakkois-Suomen ELY-keskus (The Centres for Economic Development, Transport and the Environment of southeast of Finland).

To give the reader insight in the various perspectives these different organisations have of this internationalisation subject, the organisations were divided into categories. The first two organisations are regional development companies mainly owned by the Cities and municipalities, and the next three provide knowledge development belonging to the OKM group (Opetus- ja kulttuuriministeriö), Ministry of Education and Culture. Finnvera, Finpro, Tekes, Kotkan työ- ja elinkeinotoimisto and Kaakkois-Suomen ELY-keskus belong to the TEM group (Työ- ja elinkeinoministeriö), Ministry of Employment and the Economy. Other organizations have no common denominator in this respect.

These organisations are very different in nature and size. Some of them provide different kinds of development services, some of them funding and some of them both items. There are regional and national development companies. The approach to the subject of these organisations is very different but the goal is common, to get workplaces to the employees in the region. In this sense, all organisations could be regarded as development companies, some with more bureaucracy and regulation while others with less.

### 1.3 Research design and methods

Approach to this study is objective because I as the researcher am an outsider and the orientation is practical, and the aim is to understand and develop the practises in the future according to the results obtained through interviews. These approaches and orientations are applicable when aiming at exploring the processes and analyzing productive results, to understand and interpret both the processes and the results. (Söderqvist, 2011)

“Qualitative research will reveal ‘soft data’ such as motivation or beliefs that can rarely be identified in purely quantitative studies and various analysis techniques have

been developed whereby qualitative data can be analysed to generate quantitative data.” (Chaston 2010, p. 42). Qualitative research aims to find out and reveal facts instead of verifying existing fact arguments (Hirsjärvi, Remes, Sajavaara, 2003, p. 152). This thesis will be conducted as a descriptive qualitative study to find the facts and describe them by using the focused interviewing method (concept of Hirsjärvi, Hurme, 2010, pp. 9, 47) and analyzing what kind of help companies planning internationalisation processes get in the region. In the empirical analysis, the names of the persons producing source material, i.e. the identity of individuals reporting, are hidden (Tuomi & Sarajärvi, 2009, p. 21).

Interviewing method is based on language interaction. An interview is a conversation that has a meaning. (Hirsjärvi, Hurme, 2010, p. 11.) Interviewing is a unique method of collecting data, because the interviewer is in direct interaction with the interviewee. This has both advantages and disadvantages. The main advantage in general is the flexibility of collecting the data. (Hirsjärvi, Remes, Sajavaara, 2003, p. 191.) The interview is deemed to include also many sources of mistakes that are caused by the interviewer, interviewee and the situation as a whole (Hirsjärvi, Remes, Sajavaara, 2003, p. 193). The most important thing in interview is to get as much information of the subject as possible. In that case it is justified to give the questions to the respondents well in advance to get familiar with them. (Tuomi & Sarajärvi, 2009, p. 73.) The questions were sent by e-mail at the beginning of the February and the main part of the interviews was made in March.

As mentioned earlier, interviewing may also include some errors in sources that are dependent on the interviewer and the interviewee as well as the situation as a whole. The researcher understands the fact that interviewees may tell something differently in an interviewing situation and that has to be taken into account when analyzing the data. Generalization of the results is mainly avoided. After the interviews were transcribed, the decision was made what might be included to the research. Possible misunderstanding of the interviewer was eliminated by sending the answers of the interviewee for him/her to read through. This was made also because some of the respondents wanted to read the text beforehand. However, the corrections to the text where made mainly to the Finnish language not the issue discussed.

Cursor Oy selected 13 organisations to this study (including itself) as well as suggested the persons inside an organisation. I contacted these organisations by e-mail telling the purpose of this study and asking their willingness to participate.

Surprisingly only one selected educational organisation did not show interest to the study during March despite of several e-mail contacts. Later on it contacted and was willing to be interviewed in May, but that was too late because of the planned timetable. Other organisations considered this research important and were willing to participate to the interviews one way or another. Two of them wanted to answer in writing because of personal reasons and three by telephone because of the distance of the interviewer and interviewee.

During the process, some changes happened among the chosen persons. Due to the changes in tasks of the personnel, some of those chosen respondents suggested other persons in their organisation who are mainly responsible for international operations at the moment. One person was also changing the organisation within a month after the interview, but she was willing to answer from the perspective of the old organisation because she had the best knowledge of the issue at that moment.

The biggest change happened in the next to the last interview, when a person preferred to answer in the name of another organization than first was thought. He is the Chairman of the Board in BIC Kymi ry, but Managing Director of Kinno Oy. Because the participants had seen the list of names that are going to be interviewed and organisations they are operating in the first e-mail, and during the interviews very many of them mentioned Kinno Oy, as well as talked in general about regional development companies, the change was accepted by the researcher. In addition to this there were two interviewees who discussed about BIC Kymi already.

Altogether 26 persons from these 13 organisations answered to the questions. Most of them were the employees of the commissioner's different internationalisation projects. The answers were combined under each organisation as one. One of the interviewees works in two of the organisations and she answered from both perspectives.

No questionnaires or exact questions were used in this study, because good results are obtained by letting the interviewees to tell in their own words the process in their organization. The interviews were made in Finnish and they were recorded. The

interviewer used as data acquisition questions open questions to clarify the process, like “Describe the services provided to the internationalizing company?” or “What kind of cooperation do you have between these chosen organisations?”

The total list of questions is included in the end of this report (appendix 1). The research question is “How different organizations could develop their services and cooperation for the internationalizing companies?” The first five data acquisition questions asked about the services provided to explain the existing services and with what kind of resources this is done. Then the next four questions asked about the opinions of the interviewees about the cooperation between the organisations. The latest question was about the future, the thoughts and opinions about the regional and organisational development about the subject. After the transcription and decision of what could be included to this theses, the personal answers were sent to the interviewees by e-mail to make sure that there are no misunderstandings and because some interviewees wanted to see the text.

The most important data analysis questions in this study were “What kind of services are provided and with what kind of resources?”, “How can these organisations develop cooperation?” and “How do they see the future of the internationalisation perspective?” On the basis of these questions the current situation was summarized and the suggestions made.

The idea of the content analysis is to try to arrange the data in close and clear form without losing the information (Tuomi, Sarajärvi, 2009, p. 108). First the researcher needs to decide what is interesting in the data. Then the issues including the interesting things are marked and everything else is left out of the study. The marked issues are classified, made into themes and typologies. The final conclusion is written. (Tuomi, Sarajärvi, 2009, p. 92.) The problem in content analysis might be that the researcher has only described the results and has not been able to do meaningful conclusions (Tuomi, Sarajärvi, 2009, p. 103).

According to the answers, the projects are in a very important role when providing international services. List of the most important projects mentioned during the interviews that include international operations or have a lot of cooperation, is in the end of this report (appendix 2).

## 2 INTERNATIONALITY, COOPERATION AND PROFESSIONAL SERVICES

The theoretical framework of the thesis is based on the existing literature that describes public services, professional services, organizational cooperation, networking, globalisation and internationalization. According the EU definition, the SME is a company that employs under 250 persons and its' annual turnover is under €50 million, or balance sheet maximum of 43 million. (TEKES 2011) According to Kymenlaakson toimialakatsaus 2011 companies in the region are mainly small (about 78% of the amount of companies). They employ of maximum of 10 persons. That makes the situation challenging and new big companies and investors are needed to entice to the region. Focus of this study is in services provided for internationalisation process, both inward and outward.

Subjects including to internationalisation in this study is shown in figure 1 and explained underneath shortly by the way of illustration. These are also subjects that are discussed in results.

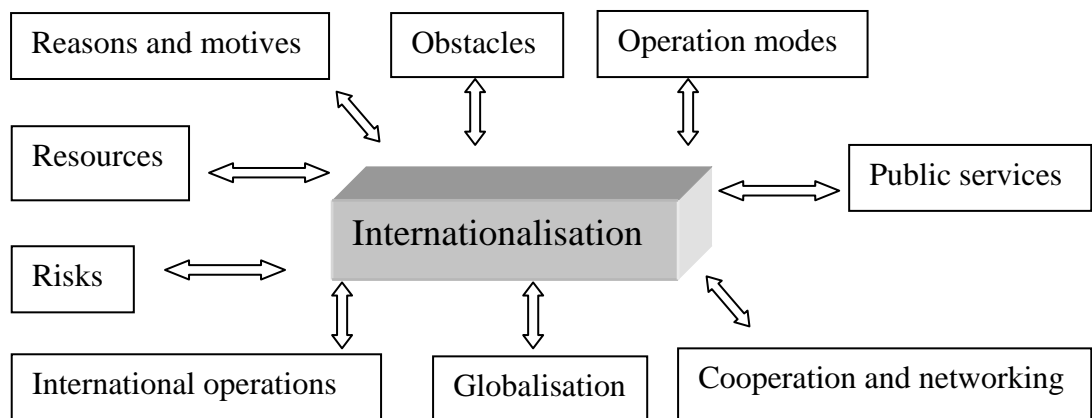


Figure 1. Subjects including to internationalisation in this study

### 2.1 Internationalisation and globalisation

The reasons for internationalization, as well as the decisions of how and where to internationalize, may have cultural determinants: the desire to achieve economies of scale or to enhance learning potential, to go it alone or to seek partners, and to decide which country is attractive and for what reasons (Scheider & Barsoux 2003, p. 143).

Korhonen (1999) describes internationalization as follows. “Internationalization is a two-way process during which companies become increasingly involved in international activities. This involvement may happen either through international inward operations such as importing and in-licensing, international outward operations such as exporting and out-licensing, or through international cooperation.” (Korhonen 1999, p. 9.)

There are different kinds of international operations according to Luostarinen and Welch (1997):

A) Outward international operations

1. Export Operations

- Indirect Export Operations – when the manufacturing firm is not taking direct care of exporting activities (Luostarinen & Welch 1997, p. 21).
- Direct Export Operations – when the producing firm takes care of exporting activities and is in direct contact with the first middleman in the target country (Ibid, p. 25).
- Own Export Operations – when there is no domestic or foreign middleman between the producer and final customer (Ibid, p. 27).

2. Licensing Operations – contractual transaction in which the owner of certain knowledge assets – so called ‘intellectual’ or ‘industrial property’ – sells to another organization or individual the right to use these assets for a defined purpose (Ibid, p. 31).

3. Franchising Operations – franchised dealers concentrate on one company’s product line and to some extent identify their business with that company.

- Service franchising – e.g. fast-food
- Distribution franchising – e.g. clothing producers
- Industrial franchising – e.g. mobile house builders. (Ibid, p. 72.)

4. Management Contract Operations – operational control of an enterprise (or one phase of an enterprise) in a separate enterprise which performs the necessary managerial functions in return for a fee (Ibid, p. 93).

5. Subcontracting and Contract Manufacturing Operations – all export sales of articles (ordered in advance) when the giver of the order arranges the marketing (Ibid, p. 112).

6. Project Operations – cover a broad mix of activities involved in the design and construction of different plants and facilities: such as housing, office buildings,



factories, industrial plants, mining developments, defence establishments and social infrastructure facilities (power utilities, transport, etc.) (Ibid, p. 126).

7. Subsidiary Operations – may be defined from two major points of view: as long-term foreign investment flows from a home country to a host country (macro approach) or as a way for a firm to enter and to penetrate into foreign markets (micro approach) (Ibid, p. 156).

B) Inward international Operations

Outward operations of an industrial firm in a particular country are often inward operations of another firm located in a target country. This target country firm may be wholesaler, retailer, trading house etc. (Ibid, p. 181.)

C) International cooperative operations

International inter-firm cooperation means organized, coordinated and integrated collaboration between two or more firms from two or more countries (Ibid, p. 193). On the basis of the cooperation field, the collaborative agreements can be divided into four groups: research and development cooperation, commercial cooperation, industrial cooperation and managerial cooperation (Ibid, p. 196).

“The key difference between domestic and international market activities is the multidimensionality and complexity of the different markets a company may operate in.” (Rundh 2003, p. 250). “Factors that are perceived as obstacles for international business and building relationships can be insufficient knowledge about the procedures connected with international business.” Other factors can be explained by a low demand or difficulties with financing, or high cost of transportation, or big competition and lack of suitable distribution channels. (Rundh 2003, p. 253.)

Perhaps the most important differences in today’s globalization are its basis, scale and speed. Before industrial revolution there were steam engine and invention of electricity. Globalization is based on information revolution. Because of the information revolution and transport technology the earth has shrunk as a ‘world village’. Industrial revolution took nearly 200 years, but information revolution and globalization have changed the world as much during the last 20 years. (Kurkilahti, Äijö, 2007, p. 17.) This makes it so challenging for the companies to succeed in a changing world and markets. Old service might not be interesting anymore and a

lifecycle of a product is very short nowadays. New innovations are needed desperately to survive.

One of the challenges of globalization is the fact that it is becoming increasingly difficult for the company to stay alive and to produce an acceptable outcome if it is unable to grow with the market (Kurkilahti, Äijö, 2007, p. 91). Finland needs to be more attractive for the foreign investments, foreign workforce and experts. Entrepreneurship should be truly accepted and it should be supported with radical actions. That is how Finnish standard of living could be maintained in spite of globalization. (Ibid, p. 44.) It is important to remember that also those companies that are not working globally, has to determine their role in relation to global competitors. Protected status in home markets is excluded option. (Kurkilahti, Äijö, 2007, p. 83.) In the pressure of global competition it is not irrelevant what kind of operating conditions the society provides to its companies (Kurkilahti, Äijö, 2007, p. 90). To maintain the welfare level in Finland, Government has to support entrepreneurship more than nowadays. Because there is lack of monetary resources, the resources should be targeted to the right places. Workforce has to be talented, so the education systems need to work and be quickly changed according to the needs. Workforce from abroad should not compete with the domestic one, and experts should stay in Finland, not move away from here because of better salaries for example.

Some companies are in a category of "born global", in which the company strategy and commercialising are done in a way that a company is able to succeed in global markets (Salonen 2007, p. 122). Born global (BG) company is build from the beginning to be global and the staff and leaders are selected so that they are able to succeed in the international business. It is not so important where the company is located because the 'mindset' for personnel is to be the best in the world. (Salonen 2007, p. 123.) This may be against Finnish nature. We often think like "sorry that we exist". We are not so sure about ourselves.

In Finland it is quite easy to establish a company. There are a lot of different supporting systems that an entrepreneur is able to get. Unfortunately this also feeds those who should have never started a business at all. (Salonen 2007, p. 124.) That is why understanding that support or service system is very important also in the region and why a lot of checking needs to be done before the decisions are made to avoid

problems later. Especially nowadays it is very important to attract foreign investors to Finland, as well as Kotka – Hamina region and keep them here. When something new starts here, it attracts others too.

## 2.2 Organisational cooperation and professional services

According to Juuti (2006, p. 204), the organisation can be defined as a cooperation system of people to obtain certain objectives. Juuti (ibid.) mentions several theories of organisation. For example in the classic organisation theory, the efficiency is in a big role and a lot of rules and instructions guide the operations. The upper level controls the lower level operations. (Ibid, p. 213) So called contingency theory tries to explain the interaction between the organisation and its' environment. There exists not only one proper organisation structure but the organisation structure should adapt to environmental features. (Ibid, p. 219)

The organisation's operations need to be developed constantly. However, the organisation is developing only then when the persons change themselves and professional skills develop. The development targets of the organization are realized only when own development targets come true, as long as they are parallel with the organisational development targets. (Ranta 2006, p. 5.) The personnel and their attitude are in a key role of developing the organisation's actions.

The quality of a service has two important components. The first one is the technical quality – the outcome dimension of the service operations process. It answers the question “What?” The other one is the functional quality – the process dimension in terms of the interaction between the customer and the service provider. It answers the question “How?” (Payne 1993, p. 220.) Every customer can be checked over during a self-evaluation once a year and discuss what has went well; what did the customer like and what they did not, and what can be developed (Pesonen 2007, p. 46). There is a lack of this kind of self-evaluation action among these organisations according to the interviews.

According to Pesonen (2007) organizations can be grouped to manufacturers and service providers. Service providers can be divided into professional organisations, trade and the rest usual service. (Ibid, p. 20.) Inside the professional organisations can

be found both business units and public administration. Customers lack some sort of knowledge and know-how and that is why they use experts. They buy information, knowledge and problem solving. (Ibid, p. 25.) Part of the professional organisation's operations is one-time nature, creativity-intensive tasks and some is consciously standardized, made into products (Ibid, p. 29). Every organisation of this study is professional organisation providing professional services.

The professional services solve complicated problems and develop something new. Other services can be bought to save time or money, or just because the person is not willing to perform the service for himself. Professional services are bought because the customer is not competent enough to solve the problem. Professional services trade with exceptional knowledge or know-how, and feelings. They involve maximizing the benefits and minimizing the risks. (Sipilä 1998, p. 12.)

It is in the nature of the professional services that the results of the work cannot be seen in the service situation, but after a certain time period. To succeed in customer service needs full understanding of the nature of professional services, deep know-how, and very clear strategies. (Sipilä 1998, p. 9.) Professional knowledge is very relative. A good expert knows better than the customer. However, same expert might be an expert to someone, and just an assistant to someone else. An expert does not operate on a trial and error basis; he understands what he is doing. An expert does not only know and sell his own product, but he can solve the problems of the customer, and his results also include creativity. (Sipilä 1998, p. 14.)

In the networking relationships the question is mostly about the utilization of the complementary strengths of other parties (Hakanen, 2007, p. 140). Understanding and evaluating the existing networking relationships form the basics to develop and build new ones (Hakanen, 2007, p. 141). In this study these organisations have the same kind of target: to keep the existing companies alive by providing them possibilities to expand their functions and knowledge and attract new ones to the area. No one succeeds in it alone. It needs cooperation.

Cooke (2002) discusses about the problems that the existing organisations to help firms to innovate are failing to do so. They are not used and not respected by firms because they do not meet their needs to help them to identify their needs. The whole

regional innovation and enterprise support system is in need of serious overhaul with refocusing from the EU, regarding Framework and Structural Funding and more innovative thinking and action on innovation from the regions. (Cooke 2002, p. 202.) Organisations need to understand the problems and fix them. The change is not going to happen unless co-operating persons participate to deal with the subject.

### 2.3 Internationalisation operation mode

According to Luostarinen and Welch (1997) risks threatening international business operations are usually divided into business and political risks. Commercial risks are for example high inflation, continuous changes in currency exchange rates, tighter competition than expected, lower growth rates than projected, problem with the labour force and management. Amongst political risks are events such as wars, strikes, political disturbances, rationalization, confiscation, political discrimination, etc. (Luostarinen, Welch, 1997, p. 241.)

When comparing different operation modes against different types of risks, it is clear that those direct investment and non-investment manufacturing operations which involve large financial commitments in the target country market (subsidiary operations, project operations) demand a more stable political and commercial climate than those with a smaller financial commitment (non-investment marketing and production operations). Economic and political stability are related factors. However, it is probably easier to live with economic instability than with political instability. For example a subsidiary may learn to live with inflation and devaluations but not with armed revolution. (Ibid, p. 241.) When thinking of the business climate here in Finland, the economic and political stability is quite obvious compared to many other countries, like Russia for example. It is quite safe to invest here in Finland, e.g. to establish a company.

According to Korhonen, Luostarinen & Welch, 1996, the programs promoting international business in Finland are mainly for export companies. Inward internationalization is not encouraged. The financial support is available for the start-up and growth phases of SMEs rather than focused on inward internationalization. Support offered by the government is targeted on information services, finance and guarantees instead of training. It is also said in this article (1996), that some Finnish

organizations give some general, partly overlapping information to the new companies. However, internationalization is seen as outward and cooperative international operations. This article is quite old, but was taken into this study to show, how these problems have existed already nearly 20 years ago. Hopefully some development has happened and is going to happen.

“Although somewhat scattered, some limited evidence on the multiple mode phenomenon can be found in three different streams of International Business (IB) literature on international operation modes.” (Petersen, Welch, p. 4) One of them is entry mode choice, with a focus on firms’ choice between various alternative entry modes (export, licensing, etc.). Another one is characterized by its focus on one particular international operation mode, such as management contracts. “The third stream is that of studies of internationalization patterns wherein the sequence of operation modes is observed for individual firms in one or more foreign countries since the initial entry.” (Ibid, p. 4.) The three literature streams in terms of their reporting of multiple mode occurrences are:

1. The entry mode choice is a choice between mutually exclusive operation modes e.g. a make-or-buy choice. (Ibid, p. 4.)
2. In a number of studies of specific foreign operation modes the multiple mode phenomenon emerges quite strongly. For example, research on management contract use in international operations has indicated that they are mainly utilized as part of broader foreign market servicing. Likewise, it has been shown that foreign licensing is employed often in association with joint ventures and other forms of foreign direct investment. Franchising operations in foreign markets also are typically carried out through other modes such as joint ventures, wholly owned subsidiaries or master licensing arrangements. (Ibid, p. 5.)
3. Companies often use variation in mode combinations as a way of dealing with the differing demands of foreign markets. “Mode combinations may be used as a company’s foreign market entry platform, or they might evolve through time, within and across different markets.” (Ibid, p. 5.)

## 2.4 Development of public services in context with the internationalisation

Ervasti (2012) discusses in her article the subject as follows: Internationalisation is always a company's own choice, but public sector has to be able to create efficient operating environment to support the company and conditions to internationalize. New report on external economic relations calls for long-term promoting of internationalization of the companies, making choices and common commitment of public operators. By comparing the internationalization services provided in different countries, it is possible to get ideas and support to improve own operations.

She continues that according to the comparison made by EK, there are examples of Denmark, Netherlands and Ireland showing that when the operators of public sector and resources are deployed in a customer-oriented way and with the common focuses more is achieved. The economies of these three countries are very dependent on export and internationalization of companies. However, they have been able to exploit their logistic location and other strengths in supporting the companies' internationalization process. At the same time the common concern has been to promote internationalization and it has also been the focus on Government's operations. This can be seen in the whole public and private sector thinking and way to act. For example in Netherlands and Ireland, internationalization of companies and promoting external economical relationships is experienced more important than the role of a single public actor or maintenance of the public operator's division of work. Ministries' roles are able to change without dramatic.

According to Ervasti, the fragmentation of the operators acting in promoting internationalization is a problem in Finland and the companies do not necessarily find the right service operator. Instead of organization-oriented operations it is more important to call for real customer-oriented and networking Team Finland –operation model in Finland and abroad. In Denmark, the Netherlands and Ireland the operators providing internationalization services are operating according to this model at the moment. The example from the Netherlands shows that when the close and confidential cooperation between the public and private sector, companies and communities works, division of the work is clear and all operators know each other's. Then it is possible to direct the company to the right service provider via one contact. (Ervasti 2012)

## 2.5 Development of cooperation and networking in context with the internationalisation

According Ministry of Foreign Affairs (2010) due to the intensifying competition in international markets Finnish companies meet bigger challenges. To maintain the positive development requires powered cooperation between the companies and all public actors. The public authorities are able to help companies in which conditions it is possible to entry these markets and how to act there. Actors' promoting export and internationalization (Viennin ja kansainvälistymisen edistäminen, VKE) cooperation is viewed in Export Forum (the Ministry of Employment and the Economy). The task is to act as a cooperation channel between the authorities, organizations and companies and support export promotion according to the national strategy and connecting to that, developing the public service entirety to respond to the needs of the companies and promoting the networking of these operators for example with the YritysSuomi-portal and the material of the internationalisation project of Elinkeinoelämän keskusliitto. Public VKE actors are:

- [Finland Convention Bureau](http://www.fcb.fi/eng/index.html) (http://www.fcb.fi/eng/index.html; neuvonta, markkinatieto, asiantuntija- ja markkinapalvelut)
- [Finnfund](http://www.finnfund.fi/) (http://www.finnfund.fi/; riskirahoitus)
- [Finnvera](http://www.finnvera.fi/) (http://www.finnvera.fi/; rahoitus, takuut, vientiluotot)
- [Finpro](http://www.finpro.fi/fi-fi/finpro/) (http://www.finpro.fi/fi-fi/finpro/; neuvonta, markkinatieto, asiantuntija- ja markkinointipalvelut)
- [Fintra](http://www.fintra.fi/) (http://www.fintra.fi; koulutus)
- [Invest in Finland](http://www.investinfinland.fi/) (http://www.investinfinland.fi/; investointien edistäminen)
- [Matkailun edistämiskeskus](http://www.mek.fi/) (http://www.mek.fi; Suomeen suuntautuva matkailu)
- [Suomalais-venäläinen kauppakamari](http://www.finruscc.fi/) (http://www.finruscc.fi/; neuvonta, markkinatieto, asiantuntija- ja markkinapalvelut)
- [Tekes](http://www.tekes.fi/) (http://www.tekes.fi/; rahoitus, kansainvälistymispalvelut)
- [Työ- ja elinkeinoministeriö](http://www.tem.fi/) (http://www.tem.fi; toimialakohtainen tuki, järjestöjen tuki)
- [Työvoima- ja elinkeinokeskukset](http://www.te-keskus.fi/) (http://www.te-keskus.fi; yritysکوhtainen tuki, asiantuntijapalvelut, koulutus, neuvonta)
- [Viexpo](http://www.viexpo.fi/) (http://www.viexpo.fi/; neuvonta, markkinatieto, asiantuntija- ja markkinapalvelut)

Other VKE actors in Finland are:



- [Elinkeinoelämän keskusliitto](#)
- [Elinkeinoelämän tutkimuslaitos](#)
- [Elinkeinoelämän valtuuskunta](#)
- [Kauppakamarit](#)
- [kauppayhdistykset](#)
- [keskuskauppakamari](#)
- [Pohjoismainen projektivientirahasto](#)
- [Sitra](#)
- [Suomen teollisuussijoitus](#)
- [Suomen Yrittäjät](#)

Other VKE-actors abroad are:

- [Suomen edustustot](#)
- Kunniakonsulaatit
- [Finpron vientikeskukset ja toimipisteet](#)
- [Suomalais-ruotsalainen kauppakamari](#)

According Ministry of Foreign Affairs (2012), Government evening session discusses about the subject as follows: Government evening session discussed Finland's action plan on external economic relations (Government Communications Unit Press release 138/2012 2.5.2012) Finland's action plan on external economic relations is to promote employment and support the internationalisation of small and medium-sized enterprises. For its part, the entire state leadership is responsible for promoting exports, and the Government and the President of the Republic are working in close cooperation to that end. The action plan is based on recommendations put forward by a working group on Finland's external economic relations. The working group was mandated by Minister for European Affairs and Foreign Trade. The plan sets out six measures to promote the objectives:

1. A strategic steering group and secretariat working under the Prime Minister should draw up common long-term strategic guidelines to promote exports and internationalisation.
2. The new 'Team Finland' network approach, enabling better cooperation, should be cemented both nationally and internationally.

3. The functioning of the service concept and the expertise of service providers should be strengthened to guarantee customer-oriented service provision.
4. Trade policy lobbying should be intensified, the content of exports and internationalisation efforts developed, and the financing of such efforts targeted at SMEs to guarantee Finnish businesses a level playing field with respect to international competitors.
5. Anticipation activities by the Finnish embassies, Finpro and FinNode should be improved and expanded, private and public sector cooperation and cooperation with universities intensified, and the opportunities provided by development policy for Finnish businesses drawn upon.
6. The promotion of Finland abroad and the related communications network should be further developed, investments to Finland effectively promoted, and the lobbying of Finland's interests as part of the EU's external economic relations systematically improved.

Ministers' comments about the issue continue as follows: Prime Minister emphasised that the development of Finland's external economic relations calls for seamless cooperation between different actors on a wide front. International success stories create jobs and well-being in Finland. "In addition to traditional export promotion, the external economic relations include efforts to remove barriers to trade and ensure that Finnish companies with international aspirations are treated equally." Minister for European Affairs and Foreign Trade said that the action plan was particularly topical. According to him international economic challenges, as well as national deficit in trade balance and current account, have made us realise that to guarantee jobs in Finland we need internationally successful companies. Our competitiveness requires that we apply increasingly coordinated approaches to promote our companies' internationalisation efforts. Minister of Economic Affairs said that the need for state support is increasing with the focus of trade shifting to developing markets. It is well understood that it is a totally different situation when establishing a factory in China or exporting goods to the oil fields in Russia. For example, Finnvera is ready to carry some of the financing risk in high-risk countries, Finpro helps in the search for right, and the Finnish embassy provides assistance in dealing with the local authorities. According to the Minister of Economic Affairs, cooperation must be easy and manifest the 'Team Finland' spirit. More about this subject and the report can be found in Alahuhta, M. & työryhmä/Ulkoministeriö. 2012.

### 3 EMPIRICAL PART OF THE RESEARCH

#### 3.1 Background information of the commissioner and region

Kotka-Hamina region includes five municipalities – Kotka, Hamina, Pyhtää, Virolahti and Miehikkälä. There are about 88 000 inhabitants. The decision making organ in the region consists of regional council (25 elected officials) and subcommittee (mayors of the municipalities).

Cursor Oy, Kotka-Hamina Regional Development Company, advises companies in their internationalisation processes in the Kotka-Hamina region and provides services for companies planning to locate to the region together with its partner networks. Cursor provides services for starting as well as operating businesses in the region. It is established in 1988 and is one of the oldest a biggest development companies in Finland. It is owned by the region's five municipalities together with industrial enterprises and financial institutions in the region. There is more than 50 employees, turnover is about 11 millions, balance sheet 41 millions and the 32 millions in project portfolio in Cursor. The core idea is: "One Cursor", open information flow, satisfied customer, satisfied personnel!

Cursor promotes existing areas of expertise and develops new business opportunities through regional and international development projects. Together with its partner networks, Cursor assists in establishing and developing business operations, organizing financing solutions, education and training. Services are available for the entire process, from facility solutions to the recruitment of personnel and further business development.

Cursor's operations are guided by regional strategies and their own strategies and priority programs. At the moment the priority programs include: welfare, ICT applications, growth and globalization, tourism and events, regional cooperation, renewable energy and Russia. There are a lot of different projects operating in these priority programs.

### 3.2 Introducing other organisations of this study

This information is from the homepages and brochures of the organisation.

Homepages and locations of the organisations are in appendix 3, if the reader wants to have further information.

#### **Kinno Oy, Kouvola Innovation Ltd**

Kouvola Innovation Ltd. is an economic development company owned by the City of Kouvola. It was founded in 2009. Mission is to increase the vitality of Kouvola region by improving the environment for entrepreneurship and by supporting start-up, placement, development and surviving of the companies in the area. The company provides services prescribed by the economic strategy, develops the economic life, creates networks of cooperation partners, and is in charge of marketing the region for economic purposes.

Kinno focuses on the structural change of the region, the local SMEs and entrepreneurship in general, not to mention making efforts to increase the income from tourism and develop the local business environment including workforce, premises, services, infrastructure etc. Provided services are 1) Business Services, 2) Location and Relocation Services, 3) Tourism Services and 4) Developing Services.

#### **Ekami - Etelä-Kymenlaakson Ammattioppilaitos**

South Kymenlaakso Vocational College is multi-disciplinary education institution. It has over 6000 students. The College organizes vocational basic education and training in Kotka and Hamina. Vocational adult education and apprenticeship training are both flexibly organized to meet the needs of the working life.

Ekami's objective is to be able to respond to development of know-how in the region's working life. The College focuses its operation at the same important fields of work in which investments are being made through the region's labour and commercial policies. Its' values are customer-centredness, trustworthiness, communality, and fairness.

#### **Kyamk - Kymenlaakson Ammattikorkeakoulu**

Kymenlaakso University of Applied Sciences provides versatile university level education in Kotka and Kouvola for about 4,500 students. The fields of education are Technology and Transport, Natural Resources and the Environment, Social Sciences, Business and Administration, Natural Sciences, Culture, and Social, Health and Physical Education.

Kyamk has three main tasks: education, research and development and regional development. At university of applied sciences studies can be made 1) in programmes leading to a Bachelor's degree, 2) in programmes leading to a Master's degree, 3) in the open studies, 4) supplementary and post-graduate studies, 5) specialisation studies and 6) there are also possibilities for virtual studies or languages.

### **Helsingin Yliopisto/Palmenia koulutuskeskus**

Palmenia Centre for Continuing Education is part of the University of Helsinki and a member of the League of European Research Universities (LERU). Palmenia designs and provides tailored programs as well as research and development services to meet the needs of business life and the public sector. In cooperation with clients and networks, Palmenia plans and implements university-level educational, developmental and research services which can be applied in all areas of lifelong learning.

Palmenia provides expert services for the staff and management of institutions by combining the know-how available at universities with the needs of working life. Practical needs and information acquired through research come together in the quality training provided. It promotes the skills, welfare and success of its clients, sustainable development, and the interaction between academia and society.

### **BIC Kymi ry**

BIC Kymi ry was established in 1997. Its' members are Cursor Oy, Kinno Oy and Kyamk. It is a member of the international Business and Innovation Centre network (over 150 members). The network's operations are coordinated by the EBN (the European Business & Innovation Centre Network).

BIC Kymi is an association based in Kymenlaakso region, which implements innovation services and promotes innovation activities. BIC Kymi provides guidance on development and commercialization of innovative business operations and

inventions for both new and established small and medium-sized enterprises as well as individuals.

BIC Kymi's organization and services provide a ready-made business base for with which to implement innovation services targeted at the entire Kymenlaakso region. BIC Kymi's business incubator services are based on the Kymenlaakso region's business incubator network. The business incubator offers assistance and guidance on the development and commercialization of innovative business operations for both new and established small and medium-sized enterprises.

The Product Track Service is a national business concept developed by the Foundation for Finnish Inventions. A regional Product Track Team carries out a preliminary expert assessment for each innovative venture (an idea or invention created by an individual or an entrepreneur) and gives recommendations on how to proceed with the idea. Other innovation services include services utilized through EU's Seventh Framework Program, Innovation Program as well as the European BIC Network.

#### **Kymenlaakson kauppakamari** (Kymenlaakso Chamber of Commerce)

The Chambers of Commerce are organizations operating on behalf of companies and business sector in general seeking to protect the common interests of industries and commerce and promote business operations on regional, national, and international markets. The Kymenlaakso Chamber of Commerce was established in 1929.

The mission of the Kymenlaakso Chamber of Commerce is to develop province and especially improve the prospects for business operations in the region. In practise this implies the improvement, support and security of business prospects, the provision of information, guidance and education while having an influence on the regional decision making processes and serving as a joint between the public administration and industries and commerce promoting their cooperation. It also approves and monitors HTM-auditors and auditing firms, and confirms foreign trade documents.

#### **ProAgria Kymenlaakso ry**

The mission of ProAgria Kymenlaakso has been more than 110 years to develop economical and emotional well-being of people in the country. The aim is to be the leader operator in the province and a trustworthy partner in management and

entrepreneurship, quality management and industry knowledge; agriculture with different production lines, food-processing, bio energy and business incubator. ProAgria's values are: customer satisfaction is the lifeline of the operations, continuous development as a partner of the customer, people is the starting point of business and we operate profitably.

### **Finnvera**

Finnvera provides financing for the start, growth and internationalization of enterprises and guarantees against risks arising from exports. Finnvera strengthens the operating potential and competitiveness of Finnish enterprises by providing loans, domestic guarantees, venture capital investments, export credit guarantees and other services associated with the financing of exports. The risks included in financing are shared between Finnvera and other providers of financing. Finnvera is a company owned by the State of Finland and it is the official Export Credit Agency (ECA) of Finland.

### **Finpro**

Finpro is a global organization building the growth and success of Finnish companies in International markets. It opens up future business opportunities by understanding changes in international markets. For companies who are about to go international, who have a global business concept, who are seeking international growth or want to strengthen their competitiveness in international markets, the expertise and services are provided.

Finpro has more than 370 professionals in 66 locations in almost 50 countries. Finpro was founded in 1919 by Finnish companies. Now it has some 550 members: Finnish companies, the Confederation of Finnish Industries, the Federation of Finnish Enterprises and the Federation of Finnish Technology Industries.

### **Tekes**

Tekes is the Finnish Funding Agency for Technology and Innovation. It is the main public funding organization for research, development and innovation in Finland. It boosts wide-ranging innovation activities in research communities, industry and service sectors.

Tekes promotes a broad-based view on innovation: besides funding technological breakthroughs, Tekes emphasizes the significance of service-related, design, business, and social innovations. Tekes works with the top innovative companies and research units in Finland. Tekes finances some 1,500 business research and development projects, and almost 600 public research projects at universities, research institutes and polytechnics yearly. Research, development and innovation funding is targeted to projects that create in the long-term the greatest benefits for the economy and society.

#### **Kotkan TE-toimisto** (Kotkan työ- ja elinkeinotoimisto)

Employment and Economic Development Offices provide jobseekers and employers with a wide range of services like providing information about vacancies, job seeking processes, education, different occupations as well as entrepreneurship. For employers the employment office provides for example recruiting and training services.

#### **Kaakkois-Suomen ELY-keskus**

The Centres for Economic Development, Transport and the Environment of Kaakkois-Suomi manages the regional implementation and development tasks of the state administration and has three regions of responsibility: 1) Business and industry, the labour force, competence and cultural activities, 2) Transport and infrastructure and 3) The environment and natural Employee resources. There are 15 Centres for Economic Development, Transport and the Environment. These Centres are tasked with promoting regional competitiveness, well-being and sustainable development, as well as curbing climate change.

### 3.3 Results about services, resources and future prospects

Results should be the researcher's ideas of services that these organisations provide, cooperation they have and how these can be developed based on the research question how different organizations could develop their services and cooperation for serving the internationalizing companies. The most important sub questions were what kind of services are provided to the companies going international and what kind of cooperation exists between these organisations.

There is no exact list of services from every organisation, because a lot of services include in different kinds of projects and these are changing periodically and very



often the services are tailor made to the customer from the different service packages. Participating to these service situations (e.g. guidance and funding arrangements) would have been good to the researcher to make more understanding of the issue, but that was not possible to arrange because of timing and secrecy for instance. E.g. guidance was given with the different name concepts. The knowledge of what does it really mean in concrete is missing in some cases. Understanding this service issue is so complex task for an outsider in a field of that many different organisations that the researcher did not succeed in answering these questions completely. There are those results that the interviewees have told about their services in more general level. Also the level of cooperation is difficult to determine, because it was not asked for example to be described in exact quantities and it is understood differently.

Answers and opinions of the interviewees are summarized by organisations in sections 3.3.1 – 3.3.13 from the Finnish interviews. Now it is important for the professionals of the organisations to keep a meeting together and discuss about the issues that arose in this study, go deeper to what these services and cooperation include in concrete terms, and to make possible improvements needed to avoid for example the overlapping functions.

There is a list of different projects and networks in the appendix 2. It is not a complete list, but it has mainly those projects and co-operation networks dealing with internationalisation that were mentioned during the interviews. All of them are not mentioned in this report and do not exist in the text.

These six interview questions were supposed to clarify the services provided to the internationalisation process of the company. They also give the view to the resources used in organisation to this issue and what might happen in the future.

- What kind of services do you provide to the companies planning to internationalise or locate to the region?
- What kind of resources do you have in your organisation at the moment to take care of the companies (e.g. how many employees)?
- How is the international service activities funded in your organization?
- What are the criteria used in selecting the company served?
- What is the magnitude of the international business contacts per year and from what areas do they mainly come?

- What does the future look like from the point of view of your organization, is internationalisation going to increase, remain unchanged or decrease?

### 3.3.1 Cursor Oy

#### Services

Cursor assists in establishing and developing business operations, organising financing solutions, education and training for the entrepreneurs, persons planning to establish a company or companies locating to the region. Services are available for the entire process, from facility solutions to the recruitment of the personnel and further business development.

Through regional and international development projects Cursor strengthen the region's existing areas of expertise and develop new business opportunities. Cursor provides guiding among other things in defining the situation, planning the operational and financial solutions, developing innovations, moving the business operations or expanding to the region, internationalization process and educational opportunities.

Together with the city of Kotka Cursor operates in St. Petersburg Helsinki centre through which the companies get contacts, media support and information services. In addition to this Cursor operates in St. Petersburg information business centre rendering consulting (e.g. formulating of the development strategy of the company), and marketing services for newly established and already operating companies.

International services of Cursor are consulting services. Cursor does it itself and sells the network of experts to help the company do the steps in right order, finding right kind of contacts and doing e.g. the presentations in a correct way.

Very seldom are the SMEs willing to establish a company in Russia because of the lack of financial resources. That is why the focus is to help the customers to export to Russia or attract the customers to come shopping to Finland.

Cursor has FDI-projects (Foreign direct investment) in which it persuades companies to invest to the region. There is e.g. an industrial port which handles heavy

components. The customer gets a targeted offer including the possibilities of the region, networks, R&D operations, experts and education.

Services are provided according to the customer needs as well as different kinds of signals all over the environment are delivered to the companies to promote their actions. For example, if a Russian customer sends an inquiry of a product when it is willing to know if it is possible to produce in the region, Cursor has such a good technical knowledge that it knows the possibilities and contacts.

Cursor maintains information about the free premises in the region in their internet pages. The owners of the premises are able to put the announcements themselves. The companies are able to see the premises themselves first and if there is no suitable available, Cursor starts to search for the better one using their own networks.

Cursor has a concept of financing day meaning that with certain criteria it is possible for the company to come and tell about their operations, plans and needs. For example Innofinance Oy, Finnvera, Finpro, Tekes, ELY and the banks are invited to the same table. It is very efficient and good concept for both, the customer (no need to go to the many different places) and funding agencies (the possibility to ask, discuss and make the plans for the process).

Cursor also assists the company in filling the papers like obtain certifications, marketing, productization or quality systems, strategies, searching for partners and networks. The services include also services where Cursor searches for possible customers and arrange meetings getting the partners familiar with each others. For example, Cursor takes local companies to Russia and searches business for them. Cursor makes the bureaucracy as easy as possible to the customer, but the customer makes the business.

#### Employee resources

Cursor has a team for serving companies locating to the region. The team includes the Business Services Director who is responsible of the financing and a coordinator. From the very beginning also a Programme Manager who knows the industry well is involved.

Two persons advise businesses in especially in internationalisation of the companies. There are about 15-20 persons dealing with development projects in international business. All available substance of knowledge is exploited in Cursor as well as the partners. This means that the number of persons involved is variable. One person is selected to act as one-face-to-customer–contact person, who coordinates the materials etc.

#### Financing of the organisation relating to international operations

Financing consists of several sources depending on the situation. Financing for the projects consist of 1) external investor, 2) municipality (citizens pay certain amount of money per year) 3) company funding (percentage amount of money for the action). Then there might be e.g. development money from the EU and partly private money. There is also money budgeted to the development of the environment.

#### The company's selection criteria

In principle, Cursor's role is to help every, mainly SME company. If Cursor is not able to do that, it directs them to the other organisation's services. If Cursor recognises that the company has nothing but a terrible desire and no potential or the level of the product or service is not what is expected, the entrepreneur is told that there is no use to try. It is expensive and in the worst case the company destroys their possibilities for the future with bad quality for instance.

First Cursor has to explore the abilities to internationalise, the company's present situations, what the motivators are, where it is planning to go, with what kind of services or products and, with what kind of resources. It is important to understand what it really demands financially and from human resources (e.g. language skills and knowhow). The company has to have desire, ability, knowhow and money because Cursor is not a bank. According to this conversation the internationalization plan is written.

The company needs to have a business plan, possibilities to success, profitable operations and development. The background of the company and the entrepreneur(s), money and the strong strategic intent are also important.

When a company is planning to locate to the region, Cursor has to estimate the contact first. The economical resources are checked, are there the right decision makers of the company discussing and is the company in all seriousness.

Cursor gets acquainted to the customer and its business environment well to be able to tell what kind of added value the location brings. Cursor prefers that the company settles well to the network of operating companies. It helps the company to start its business in the region and it ensures its success in the future. At the same time the existing companies e.g. subcontractors are able to get more business.

The estimation of the contact and mapping the service needs, timetables and needs of funding are important, because other resources are also connected to, for instance, availability of employees in the region or their training needs for company purposes.

Viability of the company is important to manage in the long-term. Coming and going businesses are not in Cursor's interest. For example, a call centre might move to the other region very soon if they are able to get new financing there. Cluster thinking is used to perceive what operations support others and how do they help to implement the source of livelihood strategy in the long-term.

#### Magnitude of the international company contacts per year and the main region

The researcher's comment: It is not possible calculate the magnitude to because many persons were interviewed and they had no exact numbers of the international contacts and they estimated the issue in company level and some in project level. The subject is also understood and discussed in different ways. Contacts are also to both directions, in and out of the region. What could be said is that a lot of logistics Russian companies come and go. Other international companies are a few. A lot of contacts are made to attract international companies to the region.

#### Future prospects about internationalisation

There are a lot of hard concrete targets to the future, like how to increase the attractiveness of the region e.g. by improving the business climate. Markets in Finland are challenging, because there are for example a lot of obstacles in questions of permissions. Those do not make Finland attractive market for an international investor and it creates uncertainty.

Of course there are always exceptions, but the attitude in the regions needs to be changed. The basic resistance is harmful and the regional thinking is not understood. There is no understanding that if you give something to someone it is not only your loss but you also gets something. It is easy to think that only the others benefit instead of me. This is the worst barrier to the development.

People have to accept the truth that there are not so many of us in the region. A good business idea might not always work here because of the lack of potential consumers. This is a challenge for the region's attraction, even if the population of the five municipalities are calculated together.

When the pipes of the plants are falling down, people just whimper and lose time and energy to worry. They think the situation with the feelings not with the sense. The situation should be noted, think positively and continue persistently to look for new possibilities.

There are possibilities in the region like sea, tourism and proximity of Russia. There is a lot of increasing growth in tourism especially from the Russian direction. It is not comparable to the figures in South Karelia but on the other hand Cursor is working with lower resources and they have done it longer period of time in Cursor.

With the systematic work the vitality of the companies can be maintained and developed. There are a lot of companies without a product or service of their own. They have worked as a subcontractor to the bigger companies mainly in paper industry. Now they need to start new businesses, maybe develop their own products, anchor the knowhow here, and deliver products elsewhere. It is quite easy to move the production operations away if you only think about the costs. When the business is constructed more on knowledge basis, it is not so easy to move. It is better to produce basic things where they are used but when there is a question about the special knowhow and planning, it is harder to move.

An important aspect is how Cursor is able to help the companies to get funding effectively. Direct contacts to Finnish and international funding systems are needed. There is a good public supporting network for the companies, better than in many other countries, but when talking about the companies aiming at strong growth,

Finnish public resources are not enough. Companies need to learn to seek private funding earlier.

The political changes in Russia and the membership in WTO are so big changes that it is a miracle if the affection is not seen in the development of the region. It is not possible to think like "closing the borders" because of increasing globalisation. It is important that Cursor is cooperating in the first line and sharing the expertise it has.

If the price of oil stays high, then the price of gas stays high, and money flows to the state of Russia. It is an opportunity to Finland, because then there happens all the time. They know Finnish in St. Petersburg; however, the competition is increasing too. It is the nearest big market, a lot of demand and there is a lot to do. Finnish has the knowhow to do business with Russians; it is only the question of willingness. Finnish are cost effective. Finnish work might be more expensive but when the work is done effectively and fast compared to the Russian way, Finnish are competitive.

The aim is to get workplaces and money to the region. Finnish have a good basics and it is a plus that there is the Finland's biggest export harbour in the region and all these connections. The need is to get the SMEs group together and cooperate with each others, because together they are a more interesting partner and able to meet the needs of the bigger operators, too.

There has to be cooperation around the highway E18 because it is a channel from St. Petersburg to Stockholm. More benefits are obtained with the geographical cooperation than fighting municipalities' own smaller projects. If there is a rumour that this is a good place, then companies and people come here. Some people understand that Russians are coming and they have money, some do not. When the highway is ready, people are able to pass the cities. They need to get to stop in Kotka and in Hamina.

There are two internationalization projects starting soon in Cursor and the core in both of them is international growth. So internationalization is growing.

### 3.3.2 Kinno Oy – Kouvola Innovation Oy

#### Services

Business Services provides services to start-up businesses, developing companies, growing companies, information services and innovation services. Developing Services produces development projects. Kinno does the first evaluation of the Employee resources and possibilities.

Location and Relocation Services main task is in marketing the Kouvola region actively for companies and investors in Finland and abroad, assisting in networking and finding business contacts, new customers etc. Kinno has its own contacts and contacts them personally. If for example a company in Kouvola or Iitti region is interested in internationalization or marketing abroad, Kinno has the knowledge how to do that. For example, there are employees who have experience in international business from establishing the sales offices to acquiring distributors.

#### Employee resources

There is a marketing department in the organisation that takes care of the matters concerning location and relocation. There are five persons in the department and two of them are Russian origins with Finnish education. All of the employees master Russian, English and some other languages too.

#### Financing of the organisation relating to international operations

Kinno has project funding, public funding, funding from the city of Kouvola and some private funding.

#### The company's selection criteria

The first evaluation of the capabilities is made by Kinno. Basic things are checked over and taken care of. It might be that it is noticed immediately that there is a lack of knowhow or something important needs to be handled before it is possible to continue. The biggest mistake happens when a company starts using money, for example participating in trade fairs and they cannot take care of the contact because of lacking resources.



The tips are got e.g. from business services. Then the company is contacted to be sure that they are willing to internationalize. After that the mapping of the capabilities of the company is started. Unfortunately there is a lot of will but lack of real capabilities. It is very often the question of knowledge, language skills and finance.

#### Magnitude of the international company contacts per year and the main region

There are tens of contacts not hundreds, because Kinno has operated organised only 4 months. Earlier there were too many operators in Kouvola. Also in the future, Kinno is not concentrating on quantities but qualities of the contacts. Russian is a potential market when thinking about import, export and location.

#### Future prospects about internationalisation

Kinno has to believe that internationalisation is increasing and there are signs of getting businesses from abroad this year to the region. With that it is possible to get vitality and new work places to the region. Kinno searches for companies from the desired industries and selling Kouvola as a location to the company. It creates relationships. St. Petersburg - Leningrad region is very important as well as the whole Russia. There is an employee who has lived in Russia for many years and has a lot of contacts. Also the West and Europe is interesting.

South Kymenlaakso might swagger with its port but north Kymenlaakso can do it with its' excellent logistic location. There is the railway, the biggest railway yard in Finland and it gives opportunities in the sense of logistics. With the development of the last half year it is possible to say that the future is not as bad as everybody thinks. It looks better.

### 3.3.3 Ekami, Etelä-Kymenlaakson ammattioppilaitos (Etelä-Kymenlaakso Vocational College)

#### Services

Ekami has services for development of skills, consulting, planning and discussing the choices of funding solutions. It is possible to plan the education according to the company needs so that the skilled labour can be ensured for the domestic and foreign companies. For example, in WinWind-company case the vocational education was

produced as a joint procurement with the Cursor and TE-office. With this education the company was able to recruit right kind of labour.

If the person has some kind of background, but there is a need to qualify to the certain level, it is possible to start apprenticeship training. There are about 360 examinations at the moment and about 2000-3000 parts of examinations available, plus other qualification education.

The target is to provide the services from one place. Ekami has a cooperation forum with Kyamk and Palmenia and the instructions are given according to the customer's needs.

#### Employee resources

There are not so many needs connecting to internationalisation at the moment. Ekami has one head of training who is responsible of the contacts of Russians. In general there is a team taking care of the services targeted to the companies (domestic and foreign). There are six persons who are able to e.g. competence analysis or planning for the education of a certain industry if needed.

#### Financing of the organisation relating to international operations

There is no separate financing. Change of students is budgeted as a project. It is not directly connected to the internationalization but it might offer possibilities.

#### The company's selection criteria

The funding for the apprenticeship training comes from the state. If there is a question of joint procurement or specialised education, the company has to have ability to pay. It is difficult to check, but it is possible.

Ekami has got different kinds of inquiries from Africa about arranging education for a certain amount of students and then they go back to their own country. It is a kind of education export. If these come true they have to be paid beforehand so that it is possible to arrange them. At the moment the state funding is decreasing and operation resources have to be ensured.

### Magnitude of the international company contacts per year and the main region

There are fewer than ten contacts per year.

### Future prospects about internationalisation

When the economic growth starts to continue, Ekami expects that internationalisation is going to increase. There is a hope that Business Corridor to Russia starts the movement on both sides of the border and it would open something new. Russia's WTO partnership increases operations in that direction. If the visa freedom comes, that might increase internationalization and also need for the field of education.

The EU has set targets to the vocational education like increasing the mobility, internationalisation and especially mobility of the labour in the EU region. Russia is a big potential and there are some activities as well as the Portuguese countries and possibly Spain.

#### 3.3.4 Kyamk, Kymenlaakson ammattikorkeakoulu

(Kymenlaakso University of Applied Sciences)

### Services

Kyamk provides services by directing and choosing them from the basic tasks of university of applied sciences like for instance education supporting internationalisation, supplementary and post-graduate studies and R&D services. The international dimension is associated with several functions. Exchange of personnel or students is also connected to the business and via BIC Kymi, Kyamk provides services for promoting international research funding.

### Employee resources

There are six persons directly in international services and 19 in supplementary and post-graduate studies. Tasks are linked via the basic services and in addition to this there are indirect resources in teachers and researchers.

### Financing of the organisation relating to international operations

The international department is financed in the basic budget of the school. The supplementary and post-graduate studies operate in the principle of the paid service meaning that the customers pay the service. R&D&I support organisation operates

with the basic money coming from the OKM. Then there is some funding from the administrators Kouvola and Kotka cities and from projects. The majority of the services, however, include to the normal functions.

#### The company's selection criteria

For the single person in a company, the open university of applied sciences gives the opportunity to choose the courses from the supply and start studying as a part of a group. There are programmes like Business, International Marketing and languages, which support the development of the personnel. It is always possible that a company orders an education according to their own needs. Then it is tailor made according to Kyamk's knowhow and other specialists if needed.

#### Magnitude of the international company contacts per year and the main region

Russia is very active in many ways and there are 20-30 countries with which cooperation in the issues of student exchange is made. Then there are a lot of R&D projects, at the moment about 30-40. They include probably tens of international companies. There are a lot of companies in the project consortiums. Those companies are mainly Finnish but also foreign companies.

#### Future prospects about internationalisation

Internationalisation is going to increase because it is also targeted to a bigger role for the universities of applied sciences especially in internationalisation of the R&D operations. There are also international elements that include to the performance measurements, and are monitored there. Internationalisation is developing and going to be one of the focuses. Then it is probably going to get more resources too.

Kyamk has done student exchange for a long time in a good level and it is continuing. There are double degree programmes to the Russian direction and international services in supplementary and post-graduate studies.

### 3.3.5 Helsingin Yliopisto/Palmenia-Koulutuskeskus

(Helsinki University/Palmenia Centre for Continuing Education)

#### Services

Palmenia do not have separate services for international companies but is able to provide tailor made education with the same principles as to the other business customers or work communities.

Palmenia has had education and training in connection with internationalisation. Participants have made a development project directly to the internationalisation process during the education. For example apprenticeship like training for Russian experts together with Kyamk, Aalto University and Helsinki University is arranged. Palmenia is starting to develop own operations connecting to the business skills development and internationalisation with the project called EUBIC.

They are more specialised in language studies and at the same time internationalisation in Kouvola. Normally the companies are Finnish and aiming at mainly to Russia.

#### Employee resources

There are 13 employees and one of them is responsible of the cooperation with the companies and internationalisation at the same time, in addition to her own work. Palmenia is able to use the huge amount of University experts when needed as well as planners in different projects. Internationalisation services are not productized as a separate service but with normal activities.

#### Financing of the organisation relating to international operations

Palmenia's basic funding comes from the University (about 10 %) and the rest outside. Funding defines what is done, because it is always targeted somewhere. Funding for the apprenticeship like training for Russian experts comes from the OKM. The company request an offer and then decides the producer of the service. Education in Universities is not cheap because of the big organization. For smaller educations there are consultants doing the service with lighter organisation and costs.

#### The company's selection criteria

Companies contact mainly Palmenia, no regular contacts are made with them, but Palmenia promotes them to know that they exist.

#### Magnitude of the international company contacts per year and the main region

The contacts are so variable. Sometimes a company has a case connecting to the internationalisation and then there are not any for a long time.

#### Future prospects about internationalisation

In Palmenia they are willing to see increasing need. Business and cooperation with Russians is an opportunity especially in tourism sector because of the proximity of the border.

### 3.3.6 BIC Kymi ry

#### Services

BIC Kymi implements innovation services and promotes innovation activities in the entire Kymenlaakso Region. A customer's innovative business idea or invention serves as the starting point for all services. Services are targeted at both new and established small and medium-sized enterprises as well as individuals.

Business incubator provides in-depth advice and guidance on funding and other matters for newly-established enterprises as well as enterprises seeking business renewal. BIC Kymi can also provide expert analysis of ideas and inventions and guidance on further actions. A project focusing on internationalisation was started on 1 November, 2011 and it continues until the end of February 2013. The pilot phase is running at the moment. The aim is to create contacts in Brussels direction and pilot concrete business cases by getting them direct funding and consortiums from international forums.

BIC Kymi can provide services, contacts with domestic and international networks as well as development programs and sources of funding for example with the other BIC organisations in European countries. It is possible to search partners and financial instruments directly with the EBN-network even to the province level. Information is given is at the moment only to the partner organisations, but in the next phase BIC Kymi is searching the way to contact directly to the companies having real resources and motivation to seek for international growth.

#### Employee resources

There are two employees in BIC Kymi in this particular project, one in Cursor and the other one in Kinno. One of the board members works at Kyamk and is closely associated with the project.

#### Financing of the organisation relating to international operations

The operations of BIC Kymi have always been financed with different projects. Now it seems that it cannot continue like this. Discussions of incorporation are going. Some basic operations cannot be projects anymore. This year will show the position and method of implementation of the R&D&I services in whole Kymenlaakso region as well as the role of BIC Kymi in it.

#### The company's selection criteria

The operations are just starting but in the future the resources of company need to be in order including human resources and money to invest. Innovation is also important. Company has to have something new.

#### Magnitude of the international company contacts per year and the main region

There have been discussions with two companies in this early state and same amount probably in Kouvola.

#### Future prospects about internationalisation

Everybody talks about internationalisation, not just to the direction of Brussels but also Russia, so it is increasing. The aim of BIC Kymi is at the moment to learn more about project funding and try to get deeper into the international networks.

BIC Kymi has created concrete personal relationships in order to take advantage of Helsinki EU Office in Brussels as well as use their premises. It is owned by the city of Helsinki, Helsinki University and the Regional Councils of Uusimaa and Kymenlaakso. Helsinki EU Office promotes co-operation with European institutions and promote its stakeholders' interests in EU forums. To achieve these goals, the office engages in communication and networking in Brussels.

Kymenlaakso has not succeeded in direct funding acquisitions compared to the other regions. Different models have been used but it has been expensive and minor results. The current approach, table corner in the existing organisations, is cost effective.

### 3.3.7 Kymenlaakson Kauppakamari

(Kymenlaakso Chamber of Commerce)

#### Services

According to the assigned tasks of customs authorities the Kymenlaakson kauppakamari provides services relating to the documents of foreign trade. These documents are always needed when dealing with business outside the internal markets of EU. International education is also part of our educational service package.

Kymenlaakson kauppakamari is part of ICC (International Chamber of Commerce) and is able to obtain very diversity counselling services for international business and internationalisation. Kymenlaakson kauppakamari has also internationalisation and growth commission in which 20 representatives of companies dealing with international business are networking and promoting others internationalisation processes.

#### Employee resources

There are seven employees in this organisation. The leader of the commission is responsible of the international operations. Everyone is able to deal with the documents of foreign trade and two are specialist in this subject. One person is responsible of educational services including the international ones. It is also possible to use the services of ICC Finland and its organisation in Helsinki.

#### Financing of the organisation relating to international operations

There is no separate budgeting. Services are financed purely form the cash flow of sold services. Projects and project funding are not Kymenlaakson kauppakamari's business.

#### The company's selection criteria

There are almost 600 significant member companies of the province and they are all able to get the same services. Kymenlaakson kauppakamari does not have proactive role to map actively their plans of internationalisation. It is not core or support operations.



### Magnitude of the international company contacts per year and the main region

Contacts are not followed up regularly. In a normal year the amount is a few dozens. For example, there were about 50 participants in education for the companies about the Russian's WTO membership.

### Future prospects about internationalisation

Internationalisation is clearly increasing. It is one of the three biggest focuses also in Chamber of Commerce's. The main focus is probably the Russian cooperation; the other direction is Baltic countries. There is a lot of potential too as well as in western neighbours and Poland.

There is a need to do a lot of developing in internationalisation and the strategy work is done at the moment. The past five years the focus has been on developing the domestic subjects. There has not been so much concentration on international issues because of the surrounding good partners and networks.

The responsibility of the Chamber of Commerce is to view the world's economic development not just in Finland but also on the EU level. Earlier the USA was number one in economics now it is changing towards the BRIC countries; Brazil, Russia, India and China. Depending on the measurements China is number one in economics.

Russia is a possibility because of the road infrastructure and developing border traffic infrastructure. Now there is a need to get the railway infrastructure to the best level, meaning double rails, long trains and rail yards.

Society and world is internationalising and the importance of diverse language skills, especially in Russian, is increasing. Language skills are an investment for the future.

The highway E18 is a development corridor between (Stockholm) Turku-Helsinki-Kotka-St. Petersburg. The region is the EU's gateway to Russian markets.

Globalization and Russia's WTO membership opens new possibilities. There is a possibility that in 2020 there is also visa freedom. The border authorities have estimated that it double the flows of human, money and products. It is such a big change that also the Chamber of Commerce needs to increase its international operations.

### 3.3.8 ProAgria Kymenlaakso ry

#### Services

ProAgria's service is that those Finnish foodstuffs SMEs are able to reach Russian markets. Services are tailor made according to the customer needs.

Companies are taught, trained and coached to cooperate with Russians. Visits are made together or the Purchasing Managers come to Finland. Negotiations and plans for the sales promoting campaigns are made. Funding is also tried to arrange for the company for example to trade fairs.

#### Employee resources

The interviewee does it together with the Russian speaking consultant from Tampere. This consultant is very talented expert in Russian export.

#### Financing of the organisation relating to international operations

Funding comes from the Regional Council of Kymenlaakso and south Karelia, Cursor, TEM, 3M and the city of Kouvola. In addition to this, money comes from the companies.

#### The company's selection criteria

ProAgria provides services to the Finnish foodstuff companies (fresh products and highly processed foods). Finnish food is highly valued in Russia. The Russians acquire and distribute the products all over the Russian federation. The partner used is trading house, Lend, located in St. Petersburg.

The company might be big or small. The requirement is that they are interested in doing business with Russians, not just selling surplus products. Product samples are taken to the trading house Lend and there are professionals evaluating the product. If they are interested in, business is started with the small amounts and increase according to the demand.

Human resources are essentials and ability to fill the export documents. Russian language skills are not so important, because those purchasing persons are able to speak English, Spanish, Italian and French.

The company needs to have Russian brochures and participate to trade fairs. Russians appreciate the personal presence and ability to get along with people. So there is a need of economical, human and productive resources.

#### Magnitude of the international company contacts per year and the main region

After the launching of this system in October 2011, there has been more than a hundred contacts and tens of companies with which ProAgria operates at the moment. There are small and big companies from the Northern Finland to the Åland Islands seeking entry to the Russian markets.

#### Future prospects about internationalisation

Many Finnish companies in foodstuff industry have extra capacity and they are able to relieve pressure to the international markets. Demand is growing in Russia and also new consumers are found as well as new distributors. No one knows if one night the border is closed but the companies know the risks.

### 3.3.9 Finnvera

#### Services

Establishment of a subsidiary, joint venture or facility abroad enables its Finnish parent company to apply for Finnvera's internationalization loans and guarantees mainly for the SMEs.

For export trade Finnvera has different kinds of working capitals for financing and guarantees both during the manufacture of products for exports and after the delivery. The foreign buyer may also require a bank guarantee as security for meeting the terms of the delivery agreement (e.g. an advance payment or delivery period bond). There are different kinds of guarantees like credit risk and export receivables guarantees. Funding for export is also for the big companies.

A company can apply for financing from Finnvera to cover the need for capital arising from development measures associated with internationalisation. The financing may be used, for example, for the development and adaptation of the company's products or services for the export market, the development of marketing for exports, or for other efforts to advance internationalisation.

### Employee resources

Internationalisation of SMEs and domestic risk of basic export meaning the funding for manufacturing period is taken care of our regional office networks. There are 15 offices and in practice there are 1-2 persons especially for that purpose.

For Export guarantees there is a separate unit in Helsinki that deals with foreign risk, country risk and bank risks. There are about 40 employees.

### Financing of the organisation relating to international operations

Funding comes from the markets. Finnvera operates partly with its own risk, partly guarantees are used and to some extent loan loss allowances is got. Finnvera has a loan loss allowance system in which it is possible to get some part of the loss back from the state depending on the region the company is operating, the life circle of the company (is it start-up, growing or normal company) and what kind of products it has.

Finnvera's aim is to be profitable in the long run and cover operating expenses with the interests of loans and provisions. In that sense Finnvera is very affordable to the state.

### The company's selection criteria

Because Finnvera does not have securing guarantees, the business survey in different intensities and to different kinds of subjects connecting to domestic and foreign banks is in significant role.

In the business survey Finnvera is able to find out the prerequisites for profitable business. Balance sheet needs to be in order and bank involved. The company must be viable. For example, in credit risk guarantees Finnvera estimates the foreign risks like country risk (political and sovereign risks) and buyers credit risks. If foreign banks are involved, their risks are also estimated. If there is funding for big foreign projects, the risk of the project is estimated separately in a different way.

### Magnitude of the international company contacts per year and the main region

Altogether there are hundreds of contacts. However, there are not so many companies located abroad. The financing cannot be used for establishing a sales office abroad. They have to have production operations that support Finnish operations.

Some of the companies seek for Russian markets but many of them are also interested in China, India and when talking about export, elsewhere too. In practice Finnvera finances export outside OECD countries, because there are a lot of political risks and quite a lot also to the BRIC- countries (Brazil, Russia, India and China) and South-America.

#### Future prospects about internationalisation

Finnvera's strategic focus is to find growing companies willing to internationalise, because the vitality of the Finnish national economy is depended on export. Mining industry in North Finland is doing fine at the moment.

In South East Finland there is an acute emergency. Industrial jobs have disappeared, maintenance decreased and subcontracting during the 5-10 years has moved abroad. Companies need to develop products of their own and start exporting if the aim is to keep the workplaces.

Finnvera has named the tourism business as internationalization businesses because they get their customers mainly abroad and they do foreign marketing. At least in South Karelia, there is a lot of potential and there is hope that the flows of tourists find better also Kymenlaakso in the future.

It is said that the recession and change is good because then something has to be done. As well as everything is ok, it just rolls, but at the moment, there is a forced situation. If nothing is done, the rest of the companies fade and that doesn't mean good to the Kymenlaakso region and Finland.

### 3.3.10 Finpro

#### Services

Finpro covers the whole of the internationalisation process from the planning of international growth, preparation of the seeking to the markets, establishment possibilities and operations aiming at improve the market position. Almost the whole world is covered with the own partner organizations or export centres. Finpro has all the services starting from the market research. Finpro's regional ministries, ELY-centres have representatives who give counselling of internationalization services.

Finpro has business consultants abroad etc. Finpro has all services including tasks from acquisitions and operating in international markets. Finpro is the most comprehensive public service.

#### Employee resources

The main office is in Helsinki and there are eight provincial offices all over the Finland. There are Regional Managers in the provinces and about 30 experts in Helsinki. During the summer 2012 Invest in Finland (IIF) is going to be merged as part of Finpro. Then Finpro is able to use efficiently also the export centre network in 40 countries to promote the investments.

#### Financing of the organisation relating to international operations

1/3 of funding comes from TEM and the rest is financed with service profits.

#### The company's selection criteria

The company has to be ready to invest to the comprehensive development work including human and monetary resources.

#### Magnitude of the international company contacts per year and the main region

There are about 900-1000 consultant assignments mainly from the Uusimaa region and the rest all over the Finland.

#### Future prospects about internationalisation

A systematic, long term contribution to the work keeps one's head above water.

### 3.3.11

Tekes/Kaakkois-Suomen Ely-keskus

(Tekes/The Centres for Economic Development, Transport and the Environment of southeast of Finland)

#### Services/ELY

Services are free of charge counselling for the company and networks. Services provided by the Suomalais-Venäläinen Chamber of Commerce are especially the customs and export documents in Russian business.

The productized expert services are included to the Global –internationalisation development programme in which the companies' capabilities are estimated by the external expert and the international development plan is elaborated.

The development allowance can be used to internationalization, participating to trade fairs and operations with the Export Partner Groups. The aim of Export Partner Groups is to help companies launch their export operations and build new sales and marketing channels. Export Partner Groups are co-operation projects involving 4-6 companies whose products or internationalisation targets complement each other.

Companies locating to Finland are able to get general advices about business in Finland and they are directed to the right places like to the regional development companies.

#### Services/Tekes

Services are provided to funding the business in operations like research, development and internationalisation. There are also programmes targeted to different kinds of industries providing international connections and networks, counselling in EU-funding (own Europe unit), foreign offices as well as networks like FinNode and different kinds of retrievals of funding to international projects (e.g. Tekes-FASIE cooperation). Funding is available when the company is established in Finland and has business ID.

#### Employee resources

There are two persons in international operations and in addition to this, everyone dealing with business funding meets international issues daily.

#### Financing of the organisation relating to international operations

Financing comes from TEM.

#### The company's selection criteria

Allowances in ELY are for the SMEs and in Tekes also for the big companies. The development project and the company are estimated as a whole. The company needs to show as that it has sufficient resourced to implement the project and getting advantage of the results. The value of the support to the project implementation is also

estimated and effects on employment. The company needs to have qualifications for long-term profitable business and be able to cover the self-financing part. There are also certain focuses on alignments of funding.

Magnitude of the international company contacts per year and the main region

There are hundreds of business contacts mainly from the own region and tens in business funding (in ELY not Tekes-level).

Future prospects about internationalisation

Internationalisation and challenges including to it are increasing. In Southeast of Finland the Russian perspective will become stronger.

3.3.12 Kotkan työ- ja elinkeinotoimisto, TE-toimisto  
(Employment and Economic Development Office of Kotka)

Services

TE-toimisto does not provide services especially for internationalisation. They are connected to other services which might help companies indirectly. Services are connected to recruitment, development, decreasing of the personnel, development of expertise and that sort of things.

Employee resources

There are four persons in employer services that mainly operate with companies.

Financing of the organisation relating to international operations

There is no separate funding.

The company's selection criteria

Services are marketed mainly to the companies locating to the region. All services are available for them. In addition to this, TE-toimisto has payable HRV-services mainly for foreign customers for recruiting personnel, developing expertise and services connecting to different kinds of evaluations.

Magnitude of the international company contacts per year and the main region



TE-toimisto does not have statistics of that, but the estimation could be about one per week, so about 70 per year, but not over hundred. Mainly the contacts are from Russia and companies locating to the region.

#### Future prospects about internationalisation

There is no believe that services for international businesses are going to be changed but the aim is to change the ability to market the cooperation network services to the companies. Issues dealing with labour have not been seen so important earlier in business development process. Nowadays the availability and expertise of the labour is seen more important factor in success of the company. It is more important for the decision of location to know that there are skilled labours or that they are able to educate to meet the company needs. Labour is part of business development issues as well as economic and marketing, but the connection is not seen so easily. Nowadays it is not so easy to get skilled labour. But the development of cooperation with the regional development companies has been exhilarating in these labour issues for few years now.

- 3.3.13 Elinkeino-, liikenne- ja ympäristökeskus, ELY  
(The Centres for Economic Development, Transport and the Environment of southeast of Finland)

#### Services

The ELY Centres support the establishment, growth and development of small and medium-sized enterprises by offering advisory, education and development services, and financing. Services offered by the ELY Centres cover the internationalisation of businesses, the improvement of business efficiency and management skills, the development of technology and innovations, further education for personnel and training for new employees. In addition, ELY Centres may also participate in the funding of development projects. Financial assistance is discretionary, the amount varying depending on the nature of the project.

Target market is mainly Russia; customers from other countries are directed to Finpro for instance. Finnish companies seeking for entry to the foreign markets get counselling in their own business.

ELY can provide financial allowances for internationalisation, like for instance participating trade fairs, export network projects or development of the international business. Allowances can be targeted also discretionary for example to the market research.

When a foreign company is locating to Finland it is possible to provide counselling for establishing a company. ELY receives business start-up notifications and starts the registering process in Finland.

When the foreign companies have questions about the regional or establishment issues, local development companies like Wirma Lappeenranta Oy, Kehy - Imatran Seudun Kehitysyhtiö Oy, Cursor Oy – Kotkan-Haminan seudun Kehittämisyhtiö ja Kinno – Kouvola Innovation Oy are contacted.

#### Employee resources

Internationalisation processes in Russian business are taken care of by two persons and both are located in Lappeenranta. Kaakkois-Suomen Ely-keskus takes care of the whole Finland concerning the Russian business. The tasks of the one person are divided between Suomalais-Venäläinen kauppakamari (SVKK) 50 % and Kaakkois-Suomen ELY-keskus 50 % for. The other person works 90 % for Tekes and 10% for ELY-keskus. So if only calculated in percents, there is time only 60 % to use for these tasks. However, those tasks are possible to connect and the customer gets more total value.

Funding services and allowances, development allowances etc. are taken care of directly or indirectly 6-8 persons in the region (Main office in Kouvola).

#### Financing of the organisation relating to international operations

ELY is financed by TEM with no separate budgeting for internationalization.

#### The company's selection criteria

ELY does counselling for everyone or then directs them to the right organisation. A SME is able to get discretionary funding services. They depend on the situation and targets. Regional benefits and competition is also taken into account when making the decision.

### Magnitude of the international company contacts per year and the main region

The regional amount cannot be told because the counselling is nationwide and contacts are from other parts of Finland too. Last year there were about 200 business contacts by phone, e-mails or meetings mainly connecting to Russia. It is not possible to register contacts with individual Russian contact persons establishing a company because the customer is in register not until the company is registered to Finland and he/she is needs financing services.

### Future prospects about internationalisation

The world is going smaller all the time and internationalisation in every form is going to increase. Counselling and consulting services as well as funding allowances are needed. Unfortunately these allowances are diminishing every year and it makes challenges. According to the ministry, some industries are focused and allowances are awarded to them. We will see how it goes.

The fact is that the domestic markets are not enough for the companies in the future. The only possibility is internationalization and investments. Russia is interesting but a very challenging market. Their operation culture differs from ours and there are sometimes difficulties in understanding how to operate in Finland.

Big changes can suddenly happen in Russia, it is not so stabile country.

There are a lot of services available for the companies, sometimes it is even spoiled for choices. It is important for the companies seeking for entry to foreign markets to look for the services available to same time, troubles and headaches. The problem is that very often companies do not have enough will to internationalise after they have started the process.

## 3.4 Results of cooperation

### 3.4.1 Cooperation with other organisations of this study

The question of what kind of cooperation there is between the organisations was so overall that it gives no clear picture of the subject. All mentioned cooperation was not international and the quality or amount was difficult to measure and estimate. There

are three examples from the answers. Numbering of the interviews is mixed to keep the interviewee unknown.

- 1) All organisations in this study are familiar and cooperated with varying success, not necessarily daily. There should be more cooperation. In one way or another, there are the same persons operating in almost all of the networks. (Interview 4)
  
- 2) The cooperation is changing the information, meeting customers together, mapping the needs and producing contents to the occasions. (Interview 10)
  
- 3) Regional Business Services include Cursor, Ely-keskus, BIC Kymi, Finnvera, ProAgria, TE-toimisto and the school forum. Cooperation is more planned and based on the contract. (Interview 11)

#### 3.4.2 Cooperation with other organisations outside this study

The main idea of this question was to find out if there are important organisations missing in this study and to show that there are a lot of organisations dealing with the same subject. Again, this is not presented under the organisations because all cooperation mentioned during the interviews was not international and there is this problem of calculating the amount of cooperation.

Most common organisations mentioned missing from this thesis was:

- Invest in Finland (IIF)
- Cities and Municipalities
- Entrepreneurship organisations
- Other regional development companies
- And in addition to these like: Banks, FinNode, TEM, Regional Council of Kymenlaakso, Suomen Uusyrityskeskusverkosto, EK, international support organisations of the game industry, Merikotka-research centre, Innovation foundation (ELY), Euler Hermes, Nordic Guarantee, Team Finland- network, Centres of Expertise, LUT, special professional organisations in Russian business, certification agencies and service producers in business level.

### 3.4.3 The summary of what is good in cooperation

Here are examples of what is good in cooperation. Some of the answers are marked with X, because the connection to the organisation is possible to see by following the same numbers of interviews. As told earlier, “In empirical analysis, the names of the persons producing source material, i.e. the identity of individuals reporting, is hidden.” (Tuomi & Sarajärvi, 2009, p. 21). These 12 answers are good to keep in mind when these organisations are discussing together about the development of the cooperation:

- 1) Very often the cooperation depends on the attitude. Cooperation helps to obtain the information needed, for example to the decision making of possible locating to the region, faster and more reliably. (Interview X)
- 2) With cooperation it is possible to see good practices, see possibilities to cooperative projects and create a clear approach to manage projects. The bureaucracy is the same in big or small projects. Cooperation in international projects is even more important. (Interview 13)
- 3) The concept of Yritys-Suomi Kotka-Hamina region –network is good, but at the moment it is not functioning as well as it should. When the ‘single window’ principle works, it is the network that runs, not the customer. With the follow-through system the customer is moved to the next operator ensuring that there are no failures in high level service. (Interview 13)
- 4) When thinking about the municipal cooperation, the prerequisite for it is that this region is understood more as attraction of the tourist than industrial region. It has gone now when the plants have stepped aside. Municipalities have marketed themselves separately with their own marketing messages. Then there have been projects of tourism in Cursor too. Now when there has been cooperation, marketing together, it has been more effective. When one of operator in the network has reached the target group, it is available for all of us. I can’t find any bad things in it. (Interview X)

- 5) Good in cooperation are the clear roles. For example Kyamk and Ekami produce education and it helps to fulfil the increasing need of the labour. (Interview 13)
- 6) With the cooperation the overlapping functions are avoided and customer is served better. (Interview 10)
- 7) Cooperation is going quite well. In this kind of region (Kymenlaakso or Southeast of Finland) it is not clever to do things alone. It is good to cooperate with the others. (Interview 4)
- 8) There are no problems with the sharing of information between the partners. It is always possible to contact and ask. The planned projects and ideas are known in the field and that decreases the overlapping functions. (Interview 5)
- 9) Strong networking forum is good. When many wise heads are together, it provides results. (Interview 6)
- 10) The awareness of knowing others existence, and the easiness to contact is good. (Interview 11)
- 11) I appreciate networking, the mutual advantage when the experts cooperate. Two experts are better than one to avoid subjective perspective. It is important in comprehensive customer service. It is easy to operate when you are able to direct the customer to the right organization though he/she has to contact different places. (Interview 12)
- 12) Our existence is based on cooperation. We are kind of a node that collects the actors together. (Interview 13)

#### 3.4.4 The summary of the development perspective

These results are very important when these organisations are discussing together about the development of the cooperation and possibly sharing the services provided in a new way in the future. Some of them sound negative and it is easier for the respondent to tell it anonymously to the outsider than say loud in a meeting with

others. Silent opinions can be heard in these answers. Some of the answers are marked with X, because the connection to the organisation is possible to see by following the same numbers of interviews. As mentioned earlier, “In empirical analysis, the names of the persons producing source material, i.e. the identity of individuals reporting, is hidden.” (Tuomi & Sarajärvi, 2009, p. 21).

- 1) It is good to understand that the organisations do not cooperate; it is the people inside the organisations. When people are getting along with each other well and they are flexible in cooperation, then it works. It is so easy to blame the organizations when something goes wrong. When everything goes well, WE succeeded, WE did it! (Interview 13)
- 2) There is a need to clarify the services; who provides, and what kind of services. It is so confusing for the entrepreneurs too. They do not know whom to turn to, and how to continue and they are our main customers. Especially in Russian businesses there are so many operators and you are not able to get the service from ‘single window’ even though it is always tried. You have to collect the service piece by piece to get the total picture. Minimizing the overlapping functions in the region is important. (Interview 12)
- 3) There is a need to develop the overlapping functions and there is always something to develop. Although we are talking about working together, it is so easy to forget the other operators and dabble alone in one’s own corner. To get the cooperation to the right level of doing, there is always something to develop. It takes time to agree about the subjects, see the overlapping functions and do corrections. (Interview 11)
- 4) There should be more informal cooperation, just to sit together and discuss if we have something to do together. It is easier to contact people if you know them well than searching the names from the telephone catalogue or internet. (Interview 13)
- 5) There is a problem with the projects that you always have to think your own project’s perspective (get funding etc.). It would be better if you were able to think more about doing the real substance and leave the bureaucracy to the others. We don’t know what the year 2014 brings when there are changes in project funding,

mainly reduction. Maybe we all have to think together because there is no afford to have projects of our own. (Interview X)

- 6) EU-funding has been good for the frontiers of Finland. However, there is a question of what is the effectiveness of the projects in reality. I suggest thinking about the situation if there is no money for the projects anymore, what happens to the Finnish companies' internationalization services. If they disappear, one should think about how these services could have been offered based on such an erratic and cyclic funding, because EU funding is always competition. What about those companies, do they internationalise despite of these projects? Yes they do, because there are services available. He/she/it pays in whose interest it is. If it is in company's interest, it pays, if it is region political issue, then they have to pay it in the region and then the payer is always the tax payer. (Interview 9)
- 7) Maybe the biggest problem in cooperation is that there are so many different projects and they are always fixed-terms. Others should always teach the new Project Managers their services and products. The distribution of resources is important. (Interview 8)
- 8) Sometimes it feels like everyone is interested in the growing or internationalizing companies and the basic operating companies have to cope alone. There should be cooperation in Southeast of Finland level, not so that everyone is doing their own projects. Project funding is decreasing remarkably and the money should be shared in a sensible way. If there were not so much overlapping, it could be possible to do a lot with the smaller amount of money. (Interview 8)
- 9) The focus in international operations has to be in developing concrete issues, not just preliminary studies although it is important in some cases too. The results need to be followed up. It is not enough to get a project and its funding. The clear target should be determined, e.g. how many foreign companies are locating to the region this year or during the next three years. Results are measurable. There are too many projects in which the goal is not reached and in the end, it is the tax payers who pay the bill (not EU). (Interview 6)



- 10) Companies demand for concrete business help. They are not getting any help with the different kinds of programs. They need to know how the business is done, how much they earn and how they can develop their operations. They need profit, support, advices, perspectives and encouragement, someone who shares the risk with them. (Interview 7)
- 11) Municipalities should take more effective advantage of our services. Depending on the municipality they try to cope themselves for too long. We are not moving the case to the other region, but we are looking for the best solution so that it benefits all of us. This belongs to the attitude thinking too. (Interview X)
- 12) Funding organisations do not always understand what their role could be. Some industries get money more easily than others. There is a discussion of small amounts of money and it should be shared widely. Sometimes it feels like funding is dependent on the person's mood. It is not always consistent. The situation has improved after we have cooperated and discussed about it. (Interview X)
- 13) We want to see that we are doing things for the region, not just for the municipalities. People have to extend their way of thinking. Not even the companies think that they can't get the customers elsewhere. (Interview 13)
- 14) There is e.g. internal competition about who got the contact. What does it matter, whenever we have it? (Interview X)
- 15) In some cases the company is asking our services and in the subordinate clause it occurs that they have asked already from Lappeenranta. Then the regions compete with each others. Everyone is focusing on their own excellences and doesn't think what the benefit for the customer is and giving the bad image to the customer too. We need nationwide coordination to get the strengths out and international big companies to Finland. If the regions compete, no one gets anything. (Interview X)
- 16) Cooperation is dependent on the people, how they get along together. There is too much confrontation between the municipalities and south-north thinking.

Cooperation is not cooperation if it is not in equal bases, and this is the problem at the moment. As long as the operators are not equal, the cooperation cannot function well. (Interview X)

17) Organisations are jealous about their operations. There are too many collecting the feathers to their hats. It needs to be improved. It is the same who did it, if it benefits the region. (Interview X)

18) There is some kind of jealousy about the own visibility and target group. We have the common goal and we just need to agree the means how to reach it. We need to strengthen the companies' and the whole region's competitiveness and vitality. We should see the forest instead of the trees. If we look to the different directions, no one wants to develop cooperation. There are also critical issues but we should be able to discuss about them. (Interview X)

19) Individual politics inside the provinces is extremely expensive. The more we see the region as a whole Southeast of Finland, not just Kotka-Hamina, Lappeenranta, Imatra, Kouvola, the more people we involve (about 300 000). We are very similar regions. Almost all of us have sea/watershed and harbour. There has been strong industrial tradition with the wood, paper and pulp processing and now there have been setbacks. Strategies are so near to each others in the region level that it could be drawn to the Southeast of level. There is no need to compete but think together, are we able to do this in the region. Hamina is specialized to handle big and heavy things in harbour, knowhow is developed in universities of applied sciences and LUT, central hospitals could specialize etc. This benefits all of us, and is one step nearer in the front line of connecting the municipalities. (Interview X)

20) Yritys-Suomi Kotka-Hamina region concept should work like a coherent circle. Now it is more like a bracelet where there are pearls connected together but there is always a little space between the pearls. Cooperation works well with some of the players and less with the others. (Interview 13)

21) Finpro should move a little bit more in the field. (Interview 13)

- 22) The flow of information should be developed so that everyone knows what is going on. Then it might be better to participate and connect the forces in the planning phase. (Interview 13)
- 23) Communication could be more active! Connecting the strengths increases the effectiveness. (Interview 10)
- 24) The first thing to do is to clarify what kind of services is already provided for the companies before creating new ones believing that there is not it if I'm not doing it. There are for example to the Russian direction more services than good companies! (Interview X)
- 25) The internal flow of information as well as between the organisations should be better. It might be good to arrange a session inside the region and read through the services and how is it done concretely. There are a lot of things that can be done together if only the operators know enough. (Interview X)
- 26) The flow of information is always a challenge. There are many communication channels, but how to update everybody, there is no answer to that. Regular meetings are needed. (Interview 13)
- 27) There might be distrust between the municipal and state operators. Some might think that things aren't working and there is a will to do it better. More or less the problem is that there is not enough knowledge of others operations, what they do and why. It needs a lot of communication and after that we are able to trust each others. (Interview X)
- 28) I hope that dialogue e.g. with ELY-centre will change more to that direction that they are not just asking us what is happening but they can also tell us what is happening there. By discussing about the situation there might be something that is easy to link together. Now services are partly overlapping and partly they support each others. However, organizations have the same goal, internationalise companies, business and workplaces. (Interview X)

- 29) We use partly same funding instruments with the ELY-centre, to the different meaning but the cash is the same. We could think together more how to link the power. Some of us operate locally and we know our region. ELY-centre knows more about things nationally. There might be a lot of things to do for the SMEs were they could network with the bigger companies and search for the markets together. If the development operations decreased locally, there are not enough resources in ELY-centre to respond all the needs. A lot more employees need to be hired then. At the same time the local knowledge of companies is lost. (Interview X)
- 30) It is known that network for business support is extremely confused. There are a lot of organisations dealing with the subject. In this study there are mainly local organizations and there are not all of them. There are for example Nefco, Finfund, Nopef, Luoteis-Venäjän rahasto, which provide services to certain projects. The field is so wide that it is difficult even for us to perceive them. Maybe we should have a map or something like that of the service providers. Then we are able to choose the best for the company. (Interview X)
- 31) According to the understanding, the price level of services provided by Finpro and Suomalais-Venäläinen kauppakamari is too far from the SMEs. (Interview X)
- 32) There are students graduating all the time from Russian business programs. They have done some market researches and that sort of things. Sometimes there has been contradictory feedback about the success and what is really done. To be able to use their services, it is absolutely important to know what concrete is done and what are the possibilities. More information of the contents of the programs, what kind of students and their skills is needed. A company needs to get information about the markets and if it is cost effectively provided by the students' final theses, it is good. (Interview X)
- 33) It might be good to get the ideas of the final theses and we can check if there are suitable companies available. This might also be the possibility for the student to get a workplace from the company. Nowadays it is not enough to have language skills; also the substance knowledge is needed. (Interview X)

- 34) Invest in Finland is very important partner when we are willing to know companies in different industries. They market Finland and convey information to the regions. There is room for improvement in getting the background information to the region in the beginning. Someone has discussed with the company and we are not able to use that report. If there is no responsible person of the process in IIF, the person who follows-through with the customer, the customer might not get the best possible service. This is important to discuss when they are connecting with Finpro during the summer. There are even electrical tools existing how to develop this. For example we are taking one system for trial use in Russian business. (Interview X)
- 35) It is important to remember the follow-through to the next operator. If we need for example information about the workforce we have to be able to give enough information that the TE-office is able to do their part. Our operations are confidential and always the customer doesn't want to tell for example their company name. However we have to be able to specify the needs so clearly that right kind of information is obtained. (Interview X)
- 36) Real networking is important. We have to understand to give industrial peace to the other operators and trust that they are able to do their tasks properly if we give good background information. For example an educational organization might be willing to start education immediately during the next semester, but there is a lot of bureaucracy before getting the permission to start. It is good that the other operators understand how much anticipating is needed. (Interview X)
- 37) Don't be jealous of your operations. Good confidential cooperation and being in touch also informally is needed. If you give an opportunity to the other to perform his/her task well, you give it also to yourself! (Interview X)
- 38) There is a need to find time to read through the projects. Clarify for example why didn't we get it, what went wrong, where we too slow, were it the location or didn't the company come to Finland at all. The follow up is important for the future. Lost businesses should be analysed as well as succeeds, why we succeeded. (Interview X)

- 39) It is important to do healthy self-assessment in regional Business Service Team, one efficient day per year or half a day per half a year in the beginning, for clarifying the successes and losses with the companies and reasons for them. It might give a lot because the organizations are so different.” (Interview X)
- 40) This is a question of customer service process and developing it. None of the processes is suitable to every situation for ever; agility is needed because of the changing world. Although we have a clear strategy how to proceed, we have to estimate critically our operations because every region is blowing one’s own trumpet. It is important to clarify how to stand out from the crowd without giving too many empty promises. (Interview 13)
- 41) Expanding is needed because from the St. Petersburg point of view Finland is very small place and individual city or municipality a lot smaller. On the other hand, I understand the locality thinking because the politicians’ are making the decisions of funding. There are instructions between the lines that remember to which city or municipality you are working for. Cities are able to control if they want. (Interview X)
- 42) It is important for us to improve the knowhow of others, how the services (of X) can be more tailor made. We need to make them more visible and productize them. Outsiders do not see the potential if it cannot be grasped. (Interview X)
- 43) There are different kinds of organisations, those who educate those who finance and others. Sometimes it feels like everyone is willing to arrange education. It would be wiser if the educational organizations are responsible for the long-term education and others more topical seminar like education. (Interview X)
- 44) A consultant is able to provide education with lower costs than a big organization but we have different aspect to the subject. We are stable, high quality, reliable operator in the region and we think what is best to the region and what develops it. We have also knowhow about the length of the education needed to get the knowledge to the new level. We are realistic. (Interview 4)

- 45) It is important that every organisation does where it is good at. It is not necessary for everyone to do everything but improve things where it is good at. (Interview 4)
- 46) Educational organizations can focus on developing the knowhow, developing business belongs to other organizations. (Interview X)
- 47) The hope is that we are aware of what others are doing and that we don't do overlapping functions consciously. By rationalization of the operations possible effects of synergy is obtained. This is the intent where we should aim at. (Interview 6)
- 48) By avoiding overlapping functions, doing cooperation we get hopefully effect of synergy. (Interview 13)
- 49) Very often the entrepreneur feels like there are a lot of services available but he/she is the one who fills the customs or funding documents alone. (Interview 9)
- 50) There should be clear roles. Why an individual region sends an employee to the target country if there is, for example, a public export centre network already with whom it is possible to cooperate. This is not possible nowadays, no one can afford it. It might be good to increase cooperation by thinking it according to the target countries. Also Government has this House of Finland –concept including Team Finland group. According to their report (there is a link in the references), the operators need to cooperate more in flow of information, customer service and improving the Finnish competitiveness by working together in target countries as well as in Finland. (Interview X)
- 51) There seems to be overlapping functions and envy between the regions. Sometimes the development companies have difficulties to find the common ground. How an individual small city is important for e.g. an entrepreneur in Moscow? Oy Suomi Ab and investments to it should be the motive and an object of interest. The regions should be able to discuss and cooperate so that everyone is able to offer its own region by respecting the rules of the game. In the end it is the entrepreneur who makes the decision of the final location. (Interview X)

- 52) The location is dependent on the competitiveness of the region, labour, language skills, services available, infrastructure and understanding of investments. If an international company is interested in the region, is it so that there is immediately a political person in the newspaper telling about the plans? This is the point in which the investor disappears. (Interview 9)
- 53) Internationalisation is a continuous process, not a market research or other operation. People need to understand the long-term operation. Level and quality of services is quite varied. Deep knowledge requires always local knowhow because the locals are the best experts in their country. (Interview 9)
- 54) Regional cooperation is sometimes short-term when dealing with the international issues because there is a need for quick results. New politicians might think in another way, decide to finish the operations in that sector and start to do something else in the middle of doing. Decision making in regional political issues concerning internationalization might probably be even a barrier sometimes. Sometimes people jump to too big boots. Ultimately, when there is a question of choosing the senior centres or internationalization, it depends on the decision makers which one gets the money. (Interview X)

## 4 EMPIRICAL ANALYSIS

### 4.1 Summary and conclusions

The purpose of this study was to find out what kinds of services are provided in the region to the companies seeking entry to foreign markets or starting other international operations either in Finland or abroad. The services were evaluated on the basis of similarity of functions among the organizations, to define prospects to develop cooperation to meet the customer needs in a best possible way by avoiding duplication. This study was just one perspective to the subject.

Results should be the researcher's ideas of services these organisations offer, cooperation they have and how these can be developed based on the research question: How different organizations could develop their services and cooperation for



the internationalizing companies? The most important sub questions were what kind of services are provided to the companies going international and what kind of cooperation exists between these organisations. As said earlier, this is so complex a task for an outsider in a field of that many different organisations that the researcher did not succeed in answering these questions completely. Answers were summarized and now it is important for the professional's of the organisations to keep a meeting together and discuss about the issues that arose in to improve the situation. They are experts in their own fields. With another research of the entrepreneurs' perspective the most important focuses needing improvements can be obtained.

What was also confusing was that these organisations are very different in nature and size. The situation that some companies concentrate on inward, some outward and some both directions of internationalisation made it also difficult to compare the operations. Therefore it was not possible to group the companies on that basis. Some of them provide different development services, some of them funding and some of them both items. There are regional and national development companies. Perhaps it is not even necessary, but these organisations cannot be compared. There are similarities in tasks and goals but the perspective is different because the background forces are very different. The approach to the subject is too different but the goal is common, to get workplaces to the employees in the region. In this sense, all organisations could be regarded as development companies, some with more bureaucracy and regulation and some with less.

There were some challenges in this study that made the researcher think about the validity (measuring what it is meant to measure) and reliability (the possibility to repeat the results) of the research, because of the changes during the process. In the first discussions with the commissioner, many other organisations were taken into consideration too. However, the decision was to concentrate to the commissioner's main region, Kotka-Hamina. Some of the respondents, especially from national organisations, were located in Lappeenranta and Helsinki, and it raises the suspicion of what region did they think when they were answering the questions. However, this study is done among these organisations and unfortunately every possible service providing organisation is not involved.

The same questions were asked from every interviewee, but it was not always possible to answer to all of the questions because of different natures of these organisations. I decided to continue with the same questions to avoid distortion of the results with different questions.

The questions of resources were included to perceive the activity of international contacts and operations needs and how many persons are doing those tasks. However, the results were not so exact and comparable, but they are for illustrative purposes only. Surprisingly, international issues are considered important for the vitality of the whole Finland, but in many of these organisations, it is done in quite a small resources, and done with no extra budget in addition to their own work.

The fact that Kinno Oy appeared to be one of the interviewed organisations in the end of the interviewing process made the researcher think if the results change somehow. However, as said earlier, the interviewees' names and organisations were known and the interviewees talked about the development companies in plural in most of the cases. In many interviews even the regional development companies of Lappeenranta, Imatra, Lahti etc. was mentioned. So it was not possible to know which of them was in their mind when they answered.

The amount and level of services provided with the projects was also very difficult to determine. A clear distinction about what services are given by the projects and what are the basic services did not appear enough in some cases. The problem with the projects is that they start and end at a particular time. Long lasting work is impossible. The knowhow and good practices might disappear. It could be better if the operations are not so much based on projects. This needs some kind of a solution from the organisation level, how much of these services are rational to keep in short-term bases.

## 4.2 Managerial implications

When planning this study, some hopes for increasing cooperation occurred between these organisations, like for instance planning common application form which is possible to fill in the internet, as told in part 1.1. The managers of these organizations should find out about the possibilities to implement this kind of common form or at

least take it under discussion to make the internationalisation process easier for everyone and save the resources.

Part of this study concentrates on cooperation of these organizations and what benefits does it have. Also development issues are described by summarizing the answers. There were some comments of the sharing the roles of these organisations. The educational organisations have a little bit clearer approach to the subject. There are exceptions of course and generalisation is not good, but some conclusions are possible to make. Ekami is mainly focused to educate those who do the real work in the basic level, when Kyamk is somehow concentrated more on officers and leaders. Palmenia has its own place in providing knowledge development to the personnel. Then there is this division to local and national operators: some services for the SMEs and some for bigger companies, some for both. So, the managerial task is to clarify the roles of these organisations to every operator.

During the interviews, some same expressions emerged. The customers' follow-through to the other operator was considered important and separately mentioned 3 times. E18 highway was mentioned several times as well as the understanding of doing things regionally together when this corridor is ready. Russia, proximity of the border and possibilities of the whole country was in every respondent's comments, several times even. Plans for how to develop these things further is needed.

The regional attitude problems were mentioned twice, and jealousy of one's own operations three times. Two persons focused on the lack of concrete actions deeply. These are also the responsibilities of the managers' of these organisations to open these subjects with the employees to get rid of these negative style thinkings in order to develop internationalization services and serve the SMEs of the region better.

#### 4.3 Suggestions for further research or development

This study was made from the perspective of organisations, to concretise the services and cooperation available. The overall picture of the services from the entrepreneur's point of view is missing after this study. That would be an interesting and important study to make in the future how these organisations have succeeded? It helps to develop the operations.

Self-evaluation of the organizations should be done too. It is very important to follow regularly where did the organization succeed and where did not. To find out the reasons for succeed or failure helps in developing the operations inside the organizations. Those cases that include several organizations, the evaluation should be done also in a group.

The roles of other organisations in international level were more or less confusing. Every organisation has for example some sort of guidance with different names, but the understanding did not go deep enough in this study to determine for example how much there is overlapping in guidance, which can be considered a deficiency. It could have been better if the researcher had more experience of this kind of work. Then the deeper understanding would have been better and better suggestions to improve things had been possible. However, some persons told directly during the interviews that they do not know exactly what others do (only the basic understanding) and from many others it was possible to read between the lines the same thing. This study might help them to start the discussions with other organisations to clarify the situation. So, according to the answers, it sounds like same kinds of services are provided, but only under different names and concepts. What should be done now in these organisations is to go deeper to these services and open them better, not just mention in names of services. The researcher is outsider and has no internal understanding of the needs of the organisations during the processes. For that reason, she does not have enough competence to do that deeper opening either. This needs more cooperation with these organisations. They could join together to discuss about the situation according to this report, and if it is possible to share the responsibilities in a new, more efficient and economic way, that is only positive. Then this study has made its goals invisible, more cooperation and no overlapping functions.

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## HAASTATTELUKYSYMYKSET (INTERVIEW QUESTIONS)

Palvelut ja resurssit (Services and resources)

1. Millaisia palveluita teillä on tarjolla yritykselle, joka suunnittelee kansainvälistymistä ulkomaille tai on sijoittumassa alueelle? (What kind of services do you provide to the companies planning to internationalise or locate to the region?)
2. Millaisia kriteerejä yrityksen valinnassa käytetään (saako tukea vai ei)? (What are the criteria used in selecting the company served (get support or not)?)
3. Suuruusluokka, kuinka monta KV yrityskontaktia/vuosi ja miltä alueilta yritykset tulevat pääsääntöisesti? (What is the magnitude of the international business contacts per year and from what areas do they mainly come?)
4. Millaisilla resursseilla kansainvälistyviä yrityksiä organisaatiossanne tällä hetkellä hoidetaan (esim. montako henkeä)? (What kind of resources do you have in your organisation at the moment to take care of the international companies (e.g. how many employees)?)
5. Miten organisaationne toiminta on rahoitettu KV palveluiden osalta? (How is the international service activities funded in your organization?)

Yhteistyö muiden toimijoiden kanssa (Cooperation with the other operators)

1. Millaista yhteistyötä tällä hetkellä teette eri tutkimukseen osallistuvien toimijoiden kesken? (What kind of cooperation do you do at the moment with the participating operators of this study?)
2. Mikä on hyvää yhteistyössä? (What is good in cooperation?)
3. Millaisia kehittämisenäkökulmia näette yhteistyössä, missä on parantamisen varaa? (What kind of development perspectives do you see in cooperation, what should be improved?)
4. Teettekö paljon yhteistyötä myös muiden kuin mukaanvalittujen organisaatioiden kanssa (focus KV yrityksissä)? Do you cooperate a lot with other organisations outside this study (focus in international companies)?

Tulevaisuuden näkymät (Future prospects)

1. Miltä tulevaisuus näyttää oman organisaationne näkökulmasta liittyen kansainvälistymiseen? Lisääntyykö, pysyykö ennallaan vai väheneekö? (What about the future from the point of view of your organization, is it going to increase, remain unchanged or decrease?)

## LIST OF PROJECTS AND NETWORKS

This is not a complete list, but it has mainly those projects and co-operation networks dealing with internationalisation that were mentioned during the interviews. These are not all mentioned in this report and do not necessarily exist in the text. If the reader is interested in them, more information about them can be found e.g. in the internet.

**Contract** - hankeessa viedään paikallisia pk-yrityksiä Venäjälle ja haetaan niille sieltä bisnestä. Selkeästi määritettyjen yritys kohtaisten palvelupakettien mukaan, yritykselle tarjotaan sopivaa palvelua. Palvelupaketit ovat: dokumenttiputki, messuputki, kontaktihaku, markkinatutkimus, yritysvierailu. (Cursor)

**EUBIC**-hanke (European University – Business Innovation Cooperation) tähtää siihen, että Palmenian yksiköt Lahdessa, Hyvinkäällä, Kouvolassa ja Kotkassa kehittävät yritykselle kansainvälistymiseen liittyvää palvelua. Apuna käytetään yliopiston osaamisen siirron ja yritys yhteistyön yksikköä Helsingin yliopistossa. Yksikön tehtävä on tuoda yliopiston osaamista kentälle ja yritysiin ja toisaalta yliopiston yksiköt voivat hyödyntää kontakteja ja kansainvälisiä verkostoja, joita Helsingin yliopistolla on eri eurooppalaisten yliopistojen ja eurooppalaisten kehittämisorganisaatioiden kanssa

**FinNode** on suomalaisten innovaatio-organisaatioiden maailmanlaajuisesti toimiva verkosto, joka yhdistää suomalaisia ja kansainvälisiä osaajia sekä osaamista innovaatioiden luomiseksi. Verkosto toimii Yhdysvalloissa, Kiinassa, Venäjällä, Japanissa ja Intiassa. FinNoden kansainvälisen verkoston muodostavat työ- ja elinkeinoministeriö, ulkoasiainministeriö, Finpro, Tekes, Sitra, VTT ja Suomen Akatemia. Lisäksi opetus- ja kulttuuriministeriö sekä Elinkeinoelämän keskusliitto osallistuvat FinNode-verkoston ohjaamiseen. Verkoston hallinnoinnista vastaa Finpro.

**Future Learning Finland (FLF)** – Finpron koulutusvientiklusteri. Klusterin tavoitteena on koota yhteen alan suomalaiset toimijat. Klusteri etsii aktiivisesti uusia liiketoimintamahdollisuuksia, kehittää innovatiivisia palveluja ja kokonaisvaltaisia ratkaisuja sekä luo kansainvälisiä yhteistyöverkostoja ja vahvistaa Suomen hyvää mainetta koulutusratkaisujen tarjoajana.

**Kasvuväylä** on TEM-konsernin toimijoiden yhteinen palvelumalli, joka on tarkoitettu nopeaan kasvuun ja kansainvälistymiseen tähtääville yrityksille. Yrityksille tarjotaan kehittämis- ja rahoitusratkaisut suunnitelmallisesti ja pitkäjänteisesti. Yrityksen kanssa solmitaan määräaikainen sopimus, joka perustuu yrityksen kansainvälistymissuunnitelmaan.

**Kymenlaakso Goes Global** -hanketta suunnitellaan parhaillaan. KyAMK on siinä mukana. Siinä kehitetään valmiuksia kansainvälisten rahoitusosaamisten kehittämiseksi organisaatioihin koordinoitusti päällekkäisyyksien välttämiseksi. Tärkein on Horizon 2020 -ohjelma. Se on maailman suurin tutkimus- ja kehitysinstrumentti. On tärkeää korkeakoulun ja alueen yritysten kannalta päästä hyödyntämään rahoituksia paremmin.

**Kymenlaakson Y4** -projekti on alkamassa ajatuksella ”Yrittäjyys Ylös Yhteistyöllä Yhteiskunnassa”. Se on Kouvolan ja Kotkan-Haminan seudun yhteinen yrittäjyyden lisäämiseen tähtäävä hanke.

**Kymiedu** - Seudun koulutusorganisaatioiden ja Cursorin kanssa yhteisesti on suunniteltu työyhteisöille suunnattu palvelu. Tavoitteena on lisätä näkyvyyttä ja tavoitettavuutta yrityskenttään. Palvelu avautui tänä keväänä ja kaikkien näiden keskeisten aikuiskoulutusta toteuttavien koulutusyksiköiden kesken tehdään ”yhden oven palvelua”, eli meillä on yksi yhteinen puhelinnumero yrityksille, verkkosivut ja yksityishenkilöille neuvontapiste, jonne voi yritysasiakaskin tulla. Kymiedu on toiminut 1½ vuotta aikuiskoulutuksesta kiinnostuneille yksityishenkilöille. Tämä on vastaava palvelu työyhteisöille.

**Mediko**-hanke on lääkäreiden ja terveydenhuollon ammattilaisten integroimis-/kouluttamis-hankekunnalliselle puolelle, jossa mukana Kotkan kaupunki ja Carea. Ongelmana on halukkaiden tulijoiden kielitaidon puute ja se, etteivät osaamistasot ja tutkimukset kuin myös työnäytteet ole aina vertaamiskelpoisia. Myös se pitäisi saada hoidettua, että henkilöt integroituvat Suomeen, eivätkä lähde muutaman vuoden kuluessa takaisin kotimaahansa.

**NELI** (North European Logistics Institute) on Kyamkin hallinnoima logistiikan kehitysohjelma, jossa kansainvälisyys on vahvasti mukana.

**Oppilaitosfoorumi**, on alueen aikuiskoulutustyöryhmä. Siinä on Ekami, KYAMK, Palmenia, Kesäyliopisto ja Cursor mukana.

**Peliklusteri** Peliala on täysin globaalia toimintaa ja siinä kansainvälistyminen on selkeä, koska kaupankäynti on pääsääntöisesti kansainvälistä. On hyvä voida kokeilla uutta liiketoimintaa Suomessa tai käyttää Suomea laukaisualustana ulkomaisille markkinoille. (Cursor)

**Rubicon**- hankkeessa (Venäjän liiketoiminnan keskus) määritellään, millaisia palvelukokonaisuuksia tarvitaan ja halutaan tarjota venäläisille sijoittuville yrityksille tai investoreille. Järjestetään esim. tapahtumia, joissa etsitään yrityksiä, jotka ovat kiinnostuneita investoimaan Suomeen ja siirtämään toimintansa Suomeen. Rubiconissa tavoite on kehittää seutua, tuoda tänne rakennemuutosta ja uusia ratkaisuja. (Cursor)

**Yrityspalvelutiimissä, Yritys-Suomi Kotkan Haminan seutu -palveluverkoston** yhteistyöryhmässä on Finnvera, TE-toimisto, ELY-keskus, BIC Kymi, Cursor ja ProAgria. Ajatuksena on, että asiakkaan tarvitsisi kontaktoida vain yhtä TEM konsernin toimijoista päästäkseen eteenpäin, koska toisten toimijoiden tuotteita pystytään markkinoimaan jonkin verran.

**The organizations' homepages and locations:**

1. Cursor Oy  
[www.cursor.fi](http://www.cursor.fi)  
 Location: <http://maps.google.fi/maps?hl=fi&rlz=&q=kyminlinnantie%206&um=1&ie=UTF-8&sa=N&tab=wl>
2. Kinno Oy - Kouvola Innovation Oy  
[www.kinno.fi](http://www.kinno.fi)  
 Location: [http://www.kouvola.fi/material/attachments/elinkeinotoimi/kinno/tiedotteet/5v199yoKT/Kasarminmaki\\_2011\\_liitekartta.pdf](http://www.kouvola.fi/material/attachments/elinkeinotoimi/kinno/tiedotteet/5v199yoKT/Kasarminmaki_2011_liitekartta.pdf)
3. Ekami - Etelä-Kymenlaakson Ammattioppilaitos (Etelä-Kymenlaakso Vocational College)  
[www.ekami.fi](http://www.ekami.fi)  
 Location: <http://www.ekami.fi/malminki>
4. Kyamk - Kymenlaakson Ammattikorkeakoulu (Kymenlaakso University of Applied Sciences)  
[www.kyamk.fi](http://www.kyamk.fi)  
 Location: <http://www.kyamk.fi/Yhteys/Kampukset%20ja%20kartat/>
5. Helsingin Yliopisto/Palmenia-Koulutuskeskus (Helsinki University/Palmenia Centre for Continuing Education)  
[www.helsinki.fi/palmenia](http://www.helsinki.fi/palmenia)  
 Location: [http://www.hoyrypanimo.fi/kartta\\_lahi.htm](http://www.hoyrypanimo.fi/kartta_lahi.htm)
6. BIC Kymi ry  
[www.bickymi.fi](http://www.bickymi.fi), [www.ebn.be](http://www.ebn.be)  
 Location: [http://www.bickymi.fi/files/download/ajo-ohje\\_eagle-20100702.pdf](http://www.bickymi.fi/files/download/ajo-ohje_eagle-20100702.pdf)
7. Kymenlaakson Kauppakamari (Kymenlaakso Chamber of Commerce)  
[www.kymichamber.fi](http://www.kymichamber.fi)  
 Location: <http://www.datariina.fi/yhteys/ajo-ohje>
8. ProAgria Kymenlaakso ry  
[www.proagria.fi/kymenlaakso](http://www.proagria.fi/kymenlaakso)  
 Location: <https://portal.mtt.fi/portal/page/portal/ProAgria/ProAgriaKymenlaakso/Yhteystiedot>
9. Finnvera  
[www.finnvera.fi](http://www.finnvera.fi)  
 Location: <http://www.finnvera.fi/Finnvera3>
10. Finpro  
[www.finpro.fi](http://www.finpro.fi)  
 Location: [http://maps.google.fi/maps?f=q&source=s\\_q&hl=fi&geocode=&q=Finpro+ko](http://maps.google.fi/maps?f=q&source=s_q&hl=fi&geocode=&q=Finpro+ko)

