SUCCESSFUL PARTNER COMPANY SELECTION AND CO-OPERATION: A case of Finnish small and medium sized healthcare and well-being enterprises in Latin America

Master’s Thesis
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1 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The healthcare and well-being (H&W) sector in Finland is highly developed. Relying strongly on public finance, the level of the Finnish healthcare system is relatively high when compared to other developed countries, not to mention to developing countries. According to World Health Organization (WHO) total expenditure on health in Finland was 2664 USD per capita (average exchange rate USD) in 2004 which is almost double than the average expenditure in Europe (1537 USD) and notably more than, for example in Latin America (536 USD). In Finland total expenditure on health was 7.4 % of GDP in 2004 and 77 % of it was covered by public finance. (WHO, 2004) Furthermore, Finnish healthcare is relatively efficient compared to many other developed countries (WHO, 2000).

Beside of strong and advanced national healthcare, Finland has long traditions of self care and preventative healthcare. Both of these methods are becoming even more popular due to aging of the population which increases the entire demand of H&W sector products and services.

Along with dynamic national H&W markets, Finland has many progressive companies operating in this field of business producing high quality and innovative products and services. Many of these products and services have potential markets abroad as well. This has been recognised in Finland. In 2006 the Science and Technology Policy Council of Finland decided to establish five international strategic centres for science, technology and innovation in fields that are important to the future of Finnish society, business and industry. The H&W sector was selected to be one of the strategic fields because of the market needs, both national and international. (Talouselämä, 2007) Also, Finnish Funding Agency for Technology and Innovation (TEKES) selected the H&W sector to be one of the target sectors in their future development and finance projects. One motive for selection was H&W sector’s potentiality for international growth. (TE-
KES, 2005) There are also other on-going projects related to Finnish H&W sector’s companies and their internationalization processes. For example, Finnish Well Being Center (FWBC) project (started by Finpro) in Japan introduces Finnish well-being innovations and techniques to Japanese consumers.

The know-how of the Finnish H&W-sector companies fits in the global demand of H&W business. Preventative healthcare and self-care are increasing trends globally. International markets of biomaterials and biotechnology expand rapidly and the companies providing healthcare services are becoming more and more international players. New technology solutions and services are based on the innovations, developed Information and Communication Technology (ICT) solutions and strong preventative tradition on healthcare. (Finpro, 2007a)

Despite of the high potentiality of international markets for Finnish H&W companies there is a lack of research related to internationalization of those companies. In my alma mater, the internationalization research of Finnish companies focused first on exporting (see for example Luostarinen (1979). Later on, the different stages of the internationalization process have been investigated (Luostarinen, 1994). The main focus in research has been on the Small to Medium size Enterprises (SME) originated from Small and Open Economies (SMOPEC) like Finland itself. Lately there have been researches related to internationalization of Finnish ICT companies, especially born global companies (e.g. Gabrielsson et al. 2004, Luostarinen & Gabrielsson, 2006). As well, the role of networks in the internationalization process of Finnish companies has been studied by Salmi (1995).

Regionally the international business research in my alma mater has covered Russia (see for example Salmi 1995, Kosonen 2002, Karhunen 2007), Baltic countries (Pautola-Mol 2001), South Korea (Korhonen 2005), China (Nojonen 2007) and other parts of Asia (Kettunen 2004, Korhonen & Kettunen 2006), for example. Naturally, the previous internationalization studies have focused on the countries where the Finnish companies are mainly operating. Latin America is one of the latest internationalization markets for
the Finnish companies and therefore studied relatively little. Wilska (2002) has analyzed the Latin America as a target for Finnish Foreign Direct Investments (FDI).

Today Latin America is one of the most dynamic economies globally. During the last years this heterogeneous area has developed well economically and the political stability has become better in many areas. With huge natural resource reserves, Latin America has benefited a lot from the global economic growth and the increasing raw material prices.

For international business the potential of Latin America is huge. With total of 561 million people, the area represents one of the most important developing markets in the world. For example, along with China and India, Brazil has ranked to have the highest predicted economic development rates in the next 25 years (Gouvea, 2004). During the year 2000 GDP growth of the area has been over 4 % reaching 5.3 % in 2006. (CEPAL, 2006)

Along with the overall economic development, the public spending has increased as a result of more investments in physical and social infrastructure in several Latin American countries (CEPAL, 2006). H&W sector is one of the dynamic sectors in Latin America at the moment. While the standard of living and incomes are increasing, the demand of the H&W services are raising. The improving economic situation makes it possible to governments to invest into the public healthcare. However, the level between the public and the private healthcare can vary a lot. While the public healthcare is relatively undeveloped when compared to the western countries, the private sector healthcare is often at a very high level using world class equipments and diagnostics.

Latin America is very diverse area consisting of over 20 nations and the political and economical situation vary a lot between different countries. Despite of last years’ positive development there are still a lot of problems and challenges in the area. High indebtedness, poverty, and unequal income distribution are very common phenomena in Latin America increasing the risks of the region’s stability.
There is no earlier focusing on the internationalization of Finnish H&W companies. Furthermore, as a region Latin America is studied only a little from the viewpoint of Finnish companies. According to Finpro (2007b), the most of the Finnish companies in Latin American countries are represented through local partner or operating through local distributors. Therefore, the need of research related to the partner selection of Finnish companies and the cooperation between partner companies is obvious especially in Latin American context. The latest studies concerning the internationalization of H&W companies (Holden 2003, Marrocco 2005) emphasizes the importance of local partner when entering into the new markets. Therefore, the partnering process is an essential part to study in the internationalization of H&W companies.

This study investigates the operations of Finnish H&W companies in Latin America. The number of Finnish H&W companies operating in Latin America is small and most of them have entered and are operating in Latin American markets by using a local partner company. The aim of the study is to find out how the partner selection should be done and what the factors are affecting to the partner selection in company’s entering process into the Latin American markets. As well, the characteristics of the suitable partner companies and factors relating to a successful cooperation between partnering companies were analyzed. One goal of the study is to explore the expectations of Finnish and Latin American companies for the partnership and cooperation and eliminate the wrong expectations and speculations related to partnering process. While Latin America and Finland represent relatively different national cultures, the influence of cultural factors to the partnering process has to be taken in consideration in the research. The cultural factors affect especially to trust formation between the partner companies. This study analyzes how the cultural differences are appearing between Finnish and Latin American partner companies.

In addition, the activeness of Finnish H&W companies already presented in Latin American markets is construed. The aim is to identify the companies and the target countries in which these companies are operating. The study analyzes the interests and
possible plans of Finnish companies to enter into the potential and growing Latin American markets.

This study is done as an assignment from Finpro from the viewpoint of Finnish Small and Medium sized Enterprises (SME) operating in H&W sector. This is important because SMEs often do not have their own resources to conduct systematic studies on successful operation modes in distant markets. The assignment project owner and advisor is Mr. Marko Salonen, Consultant, Finpro. The academic supervisor of the study is Dr. Kristiina Korhonen, Manager of Research, Center for Market in Transaction (CEMAT) at Helsinki School of Economics (HSE). The empirical data of the study is gathered from Finnish H&W companies and their partners from Latin American countries through online questionnaire and face-to-face interviews. The online survey gathered information about the activeness of Finnish H&W companies in Latin America while in the face-to-face interviews the partner selection and partnering process were analysed more deeply.
1.2 RESEARCH PROBLEM

The objective of this study is to investigate how Finnish H&W companies entering into the Latin American markets select their partner and what are the factors they take in account to achieve successful cooperation with them. The research problem is:

What are the factors of the partner company selection and successful cooperation for Finnish healthcare and well-being enterprises to enter into the Latin American markets?

1.3 RESEARCH QUESTIONS

The research problem is furthermore divided in four detailed research questions, as follows:

1) How the companies should do the partner company selection when entering into emerging markets?

2) What are the factors related to a successful partner cooperation in the Latin American context?

3 a) What are the Finnish H&W companies already operating in the Latin American markets and in which countries are they operating?

3 b) What are the interests and possible plans of the Finnish H&W companies which are not operating in the Latin American area to enter into the Latin American markets?

4) How the Finnish and Latin American healthcare and well-being companies carry out the partner selection and cooperation?
1.4 SCOPE OF THE STUDY

This study analyses Latin American markets from the viewpoint of Finnish SMEs. In the empirical part, the study is focusing on Brazil. While some of the results and assumptions of the study can be generalized, it is important to understand that the area is very heterogenic consisting of 20 different countries and cultures.

The study shows the cultural differences in the partnerships between Finnish and Brazilian companies and clarifies their effect to the cooperation of the companies. While national culture is one of the influential factors affecting to cooperation between the partner companies, there are also other factors which take effect as well. In addition to culture, the cooperation is affected by the work values of different individuals, and also gender, and job level, for example.

1.5 DEFINITIONS

Small and Medium sized Enterprise (SME)
This study has adopted the definition by European Union Commission (2003), according to which SME is a company with personnel under 250 and with maximum turnover being 50 million euros a year or the value of the balance sheet under 43 million euros.

Healthcare and well-being sector (H&W)
According to Hernesniemi et al (2001), the well-being cluster in Finland consists of social and healthcare services and technology production of instruments. This study relies strongly on that definition but includes also biomaterials and pharmaceuticals to the analysed sectors. The study is considering the following business lines: biomaterials, dental technology and product, diagnostics, laboratory equipment, medical clothing, medical commodities, medical communication and information technology, medical equipment, medical infrastructure and furniture, medical services, pharmaceuticals, physiotherapy/orthopedic technology, rescue and emergency equipment.
2 LITERATURE REVIEW

2.1 INTRODUCTION OF THE STUDY

This study enters into the research of International Business in which the inter-firm relations of Finnish firms have often been discussed in light of new institutional economics, particularly the formal and informal institutions of the two host countries. This discussion elaborates on the governance of the companies’ social relations in various business environments. The governance approach (e.g. Jessop 1995; 1997; Kosonen 2002; Kettunen et al., 2007) focuses on the various mechanisms of coordinating practices between persons and organizations, and between the various subsystems in societies, such as the political and economic domains and civil society. Thus, the governance of relations between the Finnish and the local companies in Latin America was explored in this research from this perspective.

As such, the theoretical framework of this study is partly based on the regulation approach on the constitution and change of economic systems (originally by Aglietta 1979; Jessop, 1995). Furthermore, the theoretical framework of this study is completed by theories of partner selection (e.g. Bierly & Gallagher, 2007; Kaplan & Hurd, 2002; Geringer, 1991), theories of distribution strategy (Rosenbloom, 2004), theories of cooperation in partnering process (e.g. Mohr & Spekman, 1996; Buckley et al. 2006; Doney et al. 1998; Hellmann, 2000) and theories of culture (Hofstede, 1984). In the Helsinki Schools of Economics (HSE), the regulation approach has been studied by Kosonen (2002) in the case of Vyborg, by Karhunen et al. (2003) in the case of Finnish-Russian production alliances, and by Kolmonen (2006) in the study of Finnish companies’ operations in China.
2.1.1 Regulation approach on the partner relations

The regulation approach is widely used method in earlier studies of firms’ relations in developing economies. Based on the theory, the firm’s relations are divided in labour relations, company relations, and state relations (relations with public sector) as shown in Figure 1.

![Operational Environment Diagram](image)

**Figure 1: Regulation approach**
Source: Adapted from Kosonen 2002.

While arranging operations in new markets, firms are building relations and cooperating with local labour, other companies and with local public sector. Relations with the public sector include factors like state administration, legislative framework, tax system, and division of labor between private and public sector. Relations with labour include wage issues, company policy in the reproduction of labor, and social security. (Kolmonen, 2006)

The relations with other companies include partner relations, supplier relations and customer relations (Kolmonen, 2006). Among the three kinds of relations, this study focuses explicitly on firm’s partner relations. The partnering process can be roughly divided in two separate processes; partner selection and cooperation, as shown in Figure 2.
A successful partnering process is based on accurate and analytic partner selection and daily cooperation with the partner company.

### 2.1.2 International business research on the partner relations

In international business research, partnerships and market entry modes have been studied a lot. Theories like the organizational learning (e.g. Simonin, 2004), the transaction cost theory (e.g. Hennart, 1988), the resource based view (e.g. Barney, 2003), the resource dependency theory (e.g. Liao & Hong, 2007; Murray et al., 2005), the game theory (e.g. Sandler, 1999) can be found in the literature of partnership (Varis, 2004). Especially the resource-based theory and organizational learning perspective have been used when explaining the partnership in firms’ internationalization processes (Hitt et al. 2000).

According to literature, the entry mode is defined as institutional arrangement that makes possible the entrance of a firm’s products, technology, human skills, manage-
ment, or other resources into a foreign country (Root, 1994). It is a way of organizing firm’s business activities in a foreign country (Hill et al., 1990).

Luostarinen and Welch (1990) have divided the internationalization of firm’s operation modes into two categories: non-investment operations like traditional export operations and licensing operations. The other group is direct investment operations including direct investments in sales and production, i.e. sales and manufacturing subsidiaries.

The most of the companies start their international business by export operations, including indirect exporting, direct exporting, and own exporting. These are rational modes to start because they include relatively little investments and low risk. (Luostarinen, 1994; Johanson & Vahlne, 1977) The risks increase when moving from non to direct investment modes, and thus firms tend to first use exporting and then progress step by step to more involving modes. According to Luostarinen, firms may also leapfrog over some stages or move backwards if the experience is not expected. (Luostarinen, 1979)

In the marketing channel literature, the product and service distribution (place strategy) is one of the strategic areas the company is facing when organizing a channel for the products or services to the customers. Other strategic areas are product strategy, pricing strategy, and promotion strategy. Roughly, producers and manufacturers can arrange the distribution to the final users directly or through intermediaries e.g. wholesalers and retailers. (Rosenbloom, 2004)

Altogether, this study uses the social relations – dimension of the regulation approach as a base for the theoretical framework. As such, the study focuses on the firm’s relations with local companies in the foreign country. More specifically, the research focuses on company’s non investment internationalization and market entry operations through intermediary (partner) companies. The regulation approach will be completed with theories of partner selection (Bierly & Gallagher, 2007; Kaplan & Hurd, 2002; Geringer, 1991), theories of distribution strategy (Rosenbloom, 2004), theories of cooperation in
partnering process (Mohr & Spekman, 1996; Buckley et al. 2006; Doney et al. 1998; Hellmann, 2000) and theories of culture (Hofstede, 1991).

2.2 PARTNER COMPANY SELECTION

This chapter analyses the partner selection process by reviewing the literature already written on the subject. First, section 2.2.1 defines the partnership for the purposes of this research. Section 2.2.2 introduces the different partnership modes based on the common goals and level of cooperation between partnering companies. Section 2.2.3 analyses the partner company’s role as a distributor in a sales channel. Motives for partnership relevant for this study are analysed in section 2.2.4. Furthermore, section 2.2.5 describes the partner selection as a process and section 2.2.6 discussed about the factors where the companies can base their partner selection. The partner selection chapter is summarized in section 2.2.7, where the partner selection process is shown as a picture.

2.2.1 The definition of partnership

For the purpose of this research, the definition of partnership consists of inter-organizational relationship, where two companies share compatible goals, strive for mutual benefit, and acknowledge a high level of mutual interdependence (Mohr & Spekman, 1996). When the manufacturing company is entering into new markets distributing products through local partner company, the partnering companies have compatible goals to sell the products to local customers. The cooperation benefits both partnering companies forming the interdependence between them. In addition to common goals, the partner companies have the mutual sharing concerning the risks and rewards of the common operations (Ellram & Hendrick, 1995). Manufacturing company can share the risks related to marketing entry by cooperating with local partner company but with the same, the benefits of the operations are shared between both companies. Furthermore, the partnership is a dynamic and ongoing process between knowledge pro-
ducing and capturing partners where the learning is an essential part of the process (Larsson et al. 1998).

In many contexts the term “alliance” has been used to determine the partnership between cooperative companies. The definitions of “partnership” and “alliance” are overlapping and it is impossible to clearly separate them. Kuglin (2002), define the alliance with following synonyms: connection, membership, participation, cooperation, support, agreement, common understanding, collaboration, and partnership. In this research terms “partnership” and “alliance” are both in use meaning partnership.

In partnering research the term “strategic alliance” is widely used. Gulati (1998), defines the strategic alliances as “voluntary agreements between firms involving exchange, sharing, or co development of products, technologies, or services.” Strategic alliances can be seen as a form of partnership with bigger strategic significance for the partnering firms (Varis, 2004). In strategic alliances partners with complementary capabilities and unique competencies are looking for opportunity to combine those resources and develop something unique through that (Hitt et al. 2000). Based on these definitions, the strategic alliance is not relevant term to describe the partnerships of this study. The cooperation of the companies of this study based more on the operational level and the companies’ primary goals are not to develop something new or unique together.

2.2.2 Partnership modes

In general, different inter-firm partnerships can be categorized in different groups based on their purpose and goals. Kaplan and Hurd (2002), have divided the partnership types in four different alliance groups. Promotional alliances are focused to strengthen market penetration and products position on the market. The partner companies have their own company form and there are no common assets. Changing the partner is common and does not have serious consequences to partners. Differently, in Operational alliances, the partners achieve better operating capabilities together. They focus on extend-
ing channels and satisfying customers’ needs rapidly. The operational partnerships are common in rapidly evolving technologically based industries.

The risks related to expanding into new markets and new ventures can be diminished through *Relationship alliances*. While the partners are sharing both strategic and tactical management of a critical asset, the relationship alliances work most effectively when the partner companies are of same size. *Strategic alliances* create jointly owned new entities, which bring complementary strengths. The strategic alliances include also joint ventures. (Ibid)

Kuglin (2002), defines different partnerships more practically categorizing them in five groups. In a *sales alliance* two companies go to market together to sell complementary products or services. The aim of the cooperation is simply to create sales. *Solution specific alliance* appears when the product is more complex and partnering companies jointly develop and sell a specific marketplace solution. The aim is to sell and develop solutions together. Specific area or geographic region can determine the purpose of an alliance. In *geographic specific alliances* the two companies jointly market or co-brand their products and services in a specific geographic area. In *investment alliances* the company invests in another company. At the same time the marketing and developing of products and services are done together. The last alliance category is *joint venture alliances* where the two companies form a third company to market or develop specific products and services.

Koza and Lewin (2000) divide the partnerships in different groups based on the strategic goals of the cooperation. The primary strategic aim of *Learning alliances* is to reduce the unawareness of the partners. Learning alliances can reveal new information about markets, regulations, customer tastes and habits, and marketing infrastructure, for example. As well, they can transform the new competencies like just in time processes or new technologies between partnering companies.
Business alliances represent the other kind of cooperative mode between companies. Often these alliances try to establish a position in a geographic or product market or market segment. The aim of the alliance is to earn new revenues for the partner companies from the combination of specific asset unique to each parent. (Ibid)

Hybrid alliances are based on the strategic goals where the companies try to achieve benefits by leveraging existing capabilities and from the opportunity to create new value through their joint learning activities. (Ibid)

While Kaplan and Hurd (2002) categorize the partnerships based on their goals, divides Kuglin (2002) the different partnership modes according to the task the partnerships are carrying. Koza and Lewin (2000) base their definition on the goals of the partnership as well, but include the cooperation to be the one characteristic of the partnership.

By using the above mentioned definitions, the partnership modes studied in this research can be partly Promotional alliances where the companies are strengthening market penetration of the product on the market. Partnerships are partly like Operational alliances where the purpose is to contact new customers more rapidly. Moderately, the partnerships can be seen as Sales alliances, where two companies are operating on the market together to sell products or services. As well, the partnership modes relevant for this study can be Geographic specific alliances or Business alliances, while two companies are concentrating in a specific geographical area. Typical partnership, which includes elements from all of these alliance groups, is for example, partnership between manufacturing company, which is entering into new country and the local distributor which distribute the products to end users and help the manufacturer to achieve rapid market penetration in this particular market.

2.2.3 Intermediaries in company’s sales channel

In accordance with sales channels literature, the partner companies under study in this research can be seen as members of sales channels which are also called as intermediar-
ies. According to Rosenbloom (2004), the intermediaries are independent operators that help manufacturers and product’s (or services) end users to communicate and deliver items to each other. Intermediaries are: merchant wholesalers, agents, brokers, retailers, commission merchants and manufacturers’ sales branches and offices.

Merchant wholesalers are called also as a wholesaler, jobber, distributor, supply house, assembler, importer, exporter among others. Primarily, the merchant wholesalers buy, storage, handle, and sell products to retailers. Agent, brokers and commission merchants are involving in functions of buying and selling on behalf of their clients. The compensation is based on the form of commission on sales or purchases. Retailers are companies which are selling the merchandise for personal and household consumption. (Rosenbloom, 2004)

All the mentioned intermediaries except, manufacturers’ own sales branches and offices can be seen as one type of partner companies. This study focuses on these partners which are distributing products from manufacturer to end users, other retailers or other agent and brokers. These partner companies are called simply partners or distributors later in this study. According to Shipley and Barnett (1989), typically the distributors are small, family-owned firms serving several suppliers. They are sharing their activities between producers and several suppliers. Because of the small size, they are poorly endowed with finance, functional specialists and management and marketing skills making the cooperation with them challenging.

Furthermore, the distributors studied in this research are operating in a different country than the manufacturer. Because of this, there is geographical, social and cultural distance between the manufacturer and the distributor affecting to the cooperation (Ibid).
2.2.4 Motives for partnerships

Alliances are an important entry mode in emerging markets where the foreign companies have poor market information, and sometimes regulation misguides foreign business (Daekwan et al. 2004). According to Hitt et al. (2003, 280), the reasons for partnerships when company is entering into new markets are: gain access to restricted market, speed up a new market entry, overcome trade barriers, overcome uncertainty, establish a franchise in a new market, gain access to complementary resources.

The partnership can be used to share the risk of the marketing entry into new area. By cooperating with the other company the possible failure is not so significant economically as when operating alone. On the other hand, the benefits from the successful operations have to be shared between partners. As well, the partnerships can be used to fulfill or bypass the legislative restrictions of the market entry. In some countries foreign companies have restricted rights to do business and the partnership with the local partner is mandatory to get the access to the markets. The companies are also minimizing the possible tariffs or taxis of the foreign operations by cooperating with the partner company from the target market. Many times the partnership enables the company to enter into the new market more rapidly than alone. The entering company can use the existing distribution network of the partner company and save the limited resources to something else.

Shipley and Barnett (1989) argue that companies entering into the new markets by using the local distributor perform better than companies without local distributor. The most important benefits of cooperation with the distributor are the market coverage and knowledge, customer contacts, selling skills and customer services at relatively low cost and risk. In addition, the benefits of cooperation are co-opting or blocking competition, economies of scale and/or rationalization, vertical integration, complementary technologies and patents, initial international expansion, overcoming government-mandated investment or trade barrier (Wang and Kess, 2006).
The disadvantages of operating through partner companies compared to operating through direct export selling or subsidiary are the lack of permanent market presence and limited control over distributors and their marketing strategies. Further disadvantages are limited possibility to learn about the target markets and their diverse cultures and limited market visibility when using local distributor. Wang & Kess (2006)

The partnering motives related to market entry are especially relevant for this study. By partnering companies can reduce the risks related to market entry what is one important factor in their market entry operations (see e.g. Luostarinen, 1994). Partnering can also speed up the market entry process. Through partner companies the market entry can be done with low investment.

2.2.5 Partner company selection process

The selection process is difficult but also extremely important phase for partnership’s success. According to Bierly and Gallagher (2007), the optimal partner selection is based on the rational and systematic decision-making process where a purpose of the alliance is clearly defined, all potential partners are identifiable, information is available for the decision-maker about each potential partner, and evaluation of each potential partner is done.

In the perfect decision making environment the managers are able to exploit the strategic fit of the companies and select the best possible partner. In practice, the optimal decision making is not possible because the availability of information is limited. The managers are not provided with information that should be available for them, concerning each partner’s resources, synergies between the firms and costs associated with integration of their resources. The effective use of ICT and involvement of right people in the decision making process are the essential issues to decrease the problem of incomplete information. (Bierly & Gallagher, 2007) In addition, IT based search engines and pattern match enable the company to identify potential partners more efficiently (Pidduck, 2006).
Kaplan and Hurd (2002), argue that the successful partner selection starts by *Mapping out the alliance* where the company goes through its long-term objectives and defines the nature of partnership needed. In the case of market entry, the company should start with market analysis where the market potential and target customers are identified and set the goals for the operations on the market. After that the company should analyze the capabilities and assets which are necessary to achieve the objectives. According to Rosenbloom, (2004) the company should develop a set of criteria for selecting partner company. The selection criteria form to company the profile of an “ideal partner” which is the base for partner selection. When the own situation and objectives are defined and the partner profile is done, the focus can be changed to scan the potential partners.

The next step: *Identifying and selecting partners*, starts by collecting a pool of potential candidates based on the available secondary data. The possible sources to find candidates are e.g. field sales organizations, trade sources, reseller inquiries, customers, advertising, trade shows, chambers of commerce, banks, local real estate dealers, directories or the yellow pages, direct-mail solicitations, contacts from previous applications, independent consultants, list of brokers that sell list of names of businesses, business databases, and the Internet (Rosenbloom, 2004). The companies can ask references or company profiles from the potential partners for the preliminary analysis.

Based on the analysis, two or three companies should be selected to more detailed interviews, which should involve multiple levels of management. In the negotiations, the company analyzed potential partners based on the partner profile it has made at the beginning of the selection process. Strategic compatibility and organizational analysis determine the final partner ranking. (Kaplan & Hurd, 2002)

After the partner company has been found, the *defining the rules of engagement* should be done. Organizational form of the partnership is based on nature of the partnership. The specific objectives of the partnership should be determined and agreed on both sides of the partnership. The objectives should be communicated through both organiza-
tions and it should be able to evolve during the partnership. (Kaplan & Hurd, 2002) The selection process is always two-way process where, for example, the manufacturer selects the distributor but also the distributor selects the supplier. Therefore, the clear and complete communication about the partnership objectives and operations should be done between the partner companies. (Rosenbloom, 2004)

The final step for the partner selection is *establishing metrics for success*. Both partner companies should be able to track their success and spot emerging problems during the partnering. The partnership needs a system to evaluate: what objectives are being met and what are the main indicators for success or failure. (Kaplan & Hurd, 2002)

According to Mohr and Spekman (1996), the approaches to evaluate success of partnership can be based on length or continuity of the partnership, sales volume or other measurable preset goals or the level of satisfaction between the partners. While the length of the partnership and financial goals are easy to measure, the level of satisfaction is more difficult to calculate. The partners can have different expectations for the partnership and achieved goals can be valued differently. While the exporter is looking for increasing market penetration, the distributor can seek higher margins, for example.

According to Koza and Lewin (2000), the best evaluation criteria for business partnerships are built on the basis of financial and market performance. The evaluation has to be based on the measurable factors which are unambiguous. It is also essential that goals and aims of the partnership are set together and they have been accepted by both parties.
2.2.6 Partner company profile

At the beginning of the partner selection, the company analyzes what kind of partner they are looking for and make a partner profile which is based on their goals for the partnership. Pergram (1965) has studied manufacturers and argue that the following areas should be analyzed in partner selection: partner’s credit and financial condition, sales strength, product lines, reputation, market coverage, sales performance, management succession, management ability, attitude, and size. In addition, number and quality of sales personnel, knowledge of the product, cost involved, extend of dealing with manufacturers’ competitors, service and stocking facilities, quality of service staff are the factors which can be found in partnership literature (Shipley, 1984).

The criteria for evaluating distributors can be divided in five categories which are: financial and company strengths, product factors, marketing skills, commitment, and facilitating factors (Cavusgil et al. 1995). Figure 3 represent the foreign distributor selection criterion which is used in this study.
The above mentioned selection criteria is formed for the needs of manufacturing company which is looking for a distributor for a tangible product. According to criteria, manufacturers expect that partner doesn’t have credit or financial problems and have enough sales strength to achieve common goals. Concerning the product line, the manufacturers try to avoid a partner who carries directly competitive product line. Manufacturers prefer partners which have complementary products and are able to offer better overall product mix to the customers. As well, the manufacturers are looking for partners with products with same level or higher quality than their own product. Especially in large markets, the partner should cover the whole geographical territory it is operating and have good reputation among the other operators and customers. Many manufacturers base their selection on realized sales performance. While many distributors are relatively small firms and managed by firm’s owner or founder, some manufacturers feel that it is important that continuity of the management is guaranteed in case the firm’s owner dies. Manufacturers also expect that quality of partner company’s man-

Figure 3: Criteria for evaluation foreign distributors
Source: adapted from Cavusgil et al. 1995; Shipley, 1984 and Pergram, 1965
agement should be sufficient enough when starting the cooperation. Partner’s attitude e.g. aggressiveness and enthusiasm was also important in analyzing the partnership’s long-term success.

2.2.7 Summary of partner company selection

In Chapter 2.2, the partner selection process has been analyzed in order to answer the first research question of the partner company selection when entering into new markets. According to literature, the partner selection process is 4-phased process, as shown in Figure 4.

The partner selection starts by Mapping out the partnership where the long-term objectives and the nature of partnership are defined. Before the partner searching the profile for the potential partner is composed. The partner selection process continues to Identifying and selecting partners-phase where the potential partners are searched and analyzed according to secondary data. In accordance with the analysis, two or three companies are selected to more detailed interviews where the company analyzes the potential partners based on the partner profile.
Next the partner companies negotiate about the goals of the partnership and define the rules of engagement. After clear and complete communication the partners end up with a contract. The last phase in partner selection is establishing metrics for success. Partners should agree and build up the system to evaluate the success of the partnership. The metrics for evaluation should be based on the clear and measurable factors.

Though the partner selection sets the base for a successful cooperation, the partnering process itself includes many essential characteristics which should be taken into account to achieve agreed goals and obligations of the partnership. Partner cooperation is reviewed in the following chapter.
2.3 PARTNER COMPANY COOPERATION

In this chapter, the attributes of partnership and factors of partner cooperation are analyzed more deeply. In section 2.3.1 and 2.3.2, the trust and the cultural factors as important attributes of cooperation are reviewed. Section 2.3.3 focuses on control and communication issues of partnerships and in section 2.3.4 the manufacturers’ support to the distributor is being analyzed. Section 2.3.6 focuses on the conflict resolution in partner cooperation and section 2.3.7 analyses the evaluation criteria of partnerships. At the end of the chapter, in section 2.3.8, the partner selection process is summarized.

2.3.1 Trust as an attribute of partner company cooperation

Every successful partnership needs trust between partners. The trust reflects the partner’s willingness to collaborate, decrease the stress and, display greater adaptability in partnership. Lack of trust complicate the information sharing and make it more difficult to solve problems. (Mohr & Spekman 1994) According to Doney et al. (1998), trust is a willingness to rely on another party and to take action in circumstances where such action makes one vulnerable to the other party. Simply, trust can be defined as “confidence in another’s goodwill” (McKinsey & Winkelen, 2006).

The higher trust in the partnership reduces transaction cost, facilitate dispute resolution, and allow more flexibility. The trust can be a substitute for formal control mechanisms. As well, the reputation of trustworthy can be a competitive advantage to partner companies and partnership itself. (Bierly & Gallagher, 2007)

The developing of trust can be described as a Calculative process where one party calculates cost and/or rewards of another party cheating or cooperating in a relationship. When the benefits of cheating do not exceed the cost of being caught, the trustor can assume that cooperating is the other party’s best interest and the party can be trusted. (Doney et al. 1998)
When the other party can predict the other partner’s behavior, the trust emerges via *Prediction process*. The predicting partner seeks the trustful information about the past actions to make reasonable forecast of the future behavior. (Doney et al. 1998) Beside the past information the predicting party has to be able to determine the probability associated with target’s likely choice of future actions. To predict trustful behavior predicting party has to recognize other party’s values and norms. Repeated experience of benevolence is one of the strongest issues affecting to trust creation positively. (McKenzie & Winkelen, 2006) According to Adler (2002), partner’s reputation is one of the main mechanisms of trust development and motivates company’s people to interact with the other company. The general reputation of company based on the past actions that demonstrate their ability, integrity and openness (Bierly & Gallagher, 2007).

The formation of trust can be categorized based on the one party’s perception of the other party’s intentions. In so called *Intentionality process*, the trustor interprets target’s words and behavior and tries to determine their intentions in exchange. While the other party identifies another to have only selfish intentions, the trust does not develop. If the identified intentions are unselfish, the base for the trust can be found. (Doney et al, 1998) The personal relations and trustworthy personal network are important when create trust by identifying partner’s intentions McKenzie & Winkelen (2006).

In *Capability process*, the formation of trust based on the target’s ability to meet trustor’s expectations and own obligations. The target party has capabilities, like technical skills and competencies which able it to response to other party’s needs. The trustor must determine that targets can fulfill the obligations and the expectations and the trust can be formed. (Doney et al. 1998) Experience, education, professional credentials, integrity and past citizenship behavior of top management legitimate the company and provide confidence to outsiders (Bierly & Gallagher, 2007).

The trust can be transferred from a known entity to an unknown one. In *Transference process* the trustor has to identify the proof source which trust is identified by third
party. The trustor based it’s opinion of target’s trustworthiness on the other party’s sug-
gestions and explanations. The trust from the third party can be transferred to target
party. (Doney et al. 1998) Social networks enable the companies to gather information
of prospect partners. The norms and behavioral guides of networks minimize the oppor-
tunistic behavior of actors in the networks and facilitate the transference of trust be-
tween partners. (Bierly & Gallagher, 2007)

2.3.2 Cultural factors having impact on partner cooperation

Cultural factors are playing significant role when talking about partnerships in the inter-
national concept. Buckley et al. (2006), argue that cultural differences between partners
are one of the main reasons for the complexity and conflicts of the relationships. Differ-
ent national and organizational culture can have a positive or negative impact on part-
nership performance. Prior relationships between partners can diminish part of the com-
plexities between partners and also increase the level of trust. According to Bierly &
Gallagher (2007), the cultural and organizational similarity facilitates trust. Partners
from similar regional area trust easily each other because of similar culture but also be-
cause they are operating within the same social network.

There are numerous definitions of culture in the academic research. According to
Hofstede (1991) culture is the “collective programming of the mind which distinguishes
the members of one group or category of people from another.” Doney et al. (1998),
define the culture as “a system of values and norms that are shared among a group of
people and when taken together constitute a design for living”. This definition is used
also in this research which analyzes the influence of culture in development of trust be-
tween partner companies.

The culture affects to the partnership through trust-building process. While cultural
norms and values differ between partners it is important to understand how the trust is
formulated in different cultures.
By using Hofstede’s (1984, 1991) studies of cultural dimensions, the national cultures can be compared. According to him, the national culture can be divided into four dimensions which are: Power Distance Index (PDI), Individualism (IDV), Masculinity (MAS), and Uncertainty Avoidance Index (UAI).

PDI explains how the power has been distributed in a society. How do the members of organizations and institutions accept and expect the unequally distributed power. High PDI represent the society where power and inequality is accepted by followers and leaders while low PDI represents the society which prefer more equally distributed power. (Ibid)

IDV explains the degree how the individuals are integrated into groups. High IDV represent the society where the ties between individuals are loose while in low IDV societies people are from birth integrated into strong groups (like family) which are protecting them in exchange for loyalty. (Ibid)

MAS explains the distribution of roles between the genders in a society. High masculinity represents the society where the assertive and competitive values are strongly dominant. Low masculinity or high felinity represent the society where modest and caring is the values the most dominating. (Ibid)

UAI explains the society’s tolerance for uncertainty and ambiguity. It indicates how the people in a society feel in unstructured situations. High UAI represent the society which tries to minimize the possibility of such situations. (Ibid)

2.3.3 Control and communication in partner cooperation

Operating through partner company do not provide as much control of the marketing events of the product in the foreign market, which is one of the disadvantages of this operation mode (Cavusgil, 1990). To achieve control over the product and operations on the market, the company can control the partner company by formal or informal ways.
Relying on formal control mechanisms the companies are establishing formal plans, budgets, reports, and agreements to monitor and reward desirable performance. (Vryza, 1997) In addition to partnership contract, the partner companies can establish a marketing/business plan to control operations on the market. The manufacturer can increase distributor’s performance by planning and agreeing issues together with distributor the necessary marketing operations. (Webber, 2000).

The informal control mechanisms are based on personal relations and personal level cooperation in business. The informal control relates closely to trust between cooperating persons. (Delerue, 2005) The both partnering companies should create the conditions which encourage the individuals to cooperate and build interpersonal relationships between people at a similar level in the partner firms. The interpersonal contacts are the most flexible, responsive, and cost effective way to secure information sharing without wasting time. Information sharing between partners will increase the performance of partners and through that the performance of the partnership. (Ferguson et al. 2005) Availability of information allows people to carry out tasks more effectively and the knowledge about the each other’s business makes it possible to independently maintain the partner relationships.

However, when the geographical distance is high between partners, the frequent face-to-face intercourse is not possible. The knowledge sharing can be secured by using intranet or extranet technology which allows partners to access the important knowledge. (McKinsey & Winkelen, 2006)

Quality of communication is a key aspect of communication transmission consisting of features like accuracy, timeliness, adequacy, and credibility of information exchanged. Timely and appropriate information is the base for the partnership’s operations and the credibility of information will increase also the trust between partners. Appropriate information for the distributor are e.g. technical information of the product, and information related to delivering, selling and promoting the product. Necessary information for the manufacturer are e.g. market and customer information. Along with communication,
the effective coordination of the task increases stability and predictability in the partnerships. While tasks and roles of the partners are clearly defined the coordination between different actions is necessary to achieve common goals. (Mohr & Spekman, 1994)

2.3.4 Manufacturer’s support to the partner company

To achieve defined goals, the manufacturer has to support its distributors on the market. The base for the cooperation is to offer to distributor a good product line with strong sales and profit potential. Especially, when manufacturer’s product is not well-known, manufacturer has to ensure that the product is interesting enough from the distributor’s point of view. Distributors also expect the promotional support from the manufacturer. In the industrial market, strong program of trade paper advertising increase the manufacturer’s credibility in the eyes of distributor. Normal ways to support the distributor on the market are also advertising allowances, cooperative advertisement campaigns and point-of sale material. (Rosenbloom, 236, 2004)

Managerial assistance is one way to support the distributor. The assistance can cover the areas like training programs, financial analysis and planning, market analysis, inventory control procedures and promotional methods. Supporting distributors the manufacturer shows commitment and motivate distributors to work more effectively. Manufacturer can provide to distributor direct financial support for new product launching or starting business. (Ibid., 239, 2004)

2.3.5 Conflict resolution in partner cooperation

Conflicts are always part of the partnerships and therefore the partners should be prepared to conflict resolution already at the beginning of partnership. Conflict resolutions can be productive or destructive to partnership depending the understanding of conflicts and behavioral manners of partners. The basis for problem solving in partnerships is
that the partners do it together. Joint problem solving enables the satisfactory solution for both parties and thereby assures the partnership’s success. The problem solving itself should be constructive and solution aspiring process avoiding domination and confrontation. Furthermore, it is important to recognize and solve the conflicts immediately when they appear rather than understate the situation and try to carry on with problems. (Mohr & Spekman 1994)

Although, the conflicts are not the intended situations in the partnership, they can be used for learning purposes and improving the quality in communications and relationships. One key element in building effective partnership is the creation of conflict resolution process which encourages people to work through conflicts and to use them to build better partnerships. (Cloke & Goldsmith, 2000)

However, the cultural characteristics affect to individual’s behaving in conflicts and the cultural differences should be taken into account in conflict resolution between partnering companies from different cultures. Hellmann (2000), have analyzed the affection of Hofstede’s cultural dimensions in conflict resolution in team-level. Based on his studies the cultural-level individualism is significantly related to the preference to openly discuss disagreements. In collective cultures people are more cooperative and willing to work in teams compared to people from individual cultures and there is preference to avoid conflict in order to maintain harmony.

As well, the persons from lower power distance cultures support more participatory approach to managing conflicts. People prefer consultation and participation between team leaders and members in conflict resolution. In high power distance cultures the conflicts are expected to solve by managers and participation of many organization members was not expected. People prefer team leaders to be more directive and authoritative in their decision making concerning conflict resolution. (Ibid., 2000)

It is crucial to understand the cultural differences in conflict resolution in Finno-Latin American context. Managing conflict in too open manner with collective and high
power distance cultures (e.g. Latin American cultures) may lead the partnership to even deeper conflict. To avoid such problems, the partnering companies should develop a method for creating group norms on how conflict should be resolved as well as creating a collegial and trusting environment where expression of disagreements does not dissolve relationship in personal nor work-based level. (Hellmann, 2000; Mohr & Spekman, 1994)

2.3.6 Evaluation criteria of partner cooperation

During the cooperation, partner companies are following the success of the partnership based on the measurable factors agreed at the beginning of the partnership. Successful operations and achieved goals of the distributor can be rewarded by manufacturer. However, different cultural factors should take into account the rewarding. In the collective cultures the people favor outcomes that publicly benefit others rather than being singled out for their own personal achievements. On the contrary, people from individual cultures prefer publicly expressed personal accomplishments. This affects to attitudes towards different performance recognition in multicultural partnerships. It is important that managers of multicultural partnerships are aware and capable to adapt their personal style of recognizing partner company’s work at the personal and partnership level. (Hellmann, 2000, Mohr & Spekman, 1996)
2.3.7 Summary of partner cooperation

In Chapter 2.3, the partner cooperation is analyzed in order to answer the second research question of successful partner cooperation in the Latin American context. Trust and cultural factors are the attributes of the cooperation affecting to whole partner cooperation, as shown in Figure 6.

![Image](image_url)

**Figure 5: Partner company cooperation**

According to partnering literature, the manufacturer can arrange the control over distributor in formal or informal ways. The informal control e.g. personal contacts were mentioned to be the most flexible, responsive, and cost effective way to share information and control the distributor. However, concerning the most essential market operations, the manufacturer should rely on formal control methods in a form of marketing plan, for example. Informal contacts were important to secure effective and valid communication between partner companies. It’s important to ensure that communication is accurate, timely, adequate, credible, and that information flows in both direction.
To achieve defined goals, the manufacturer has to support its distributors on the market. Product line with strong sales and profit potential ensure that the distributor is motivated to work for the common goals. By giving promotional support e.g. advertising allowances, cooperative advertisement campaigns and point-of sale material the manufacturer helps distributor to conduct the normal sales operations. Other modes of support are managerial assistance e.g. training programs, financial analysis and planning, market analysis, inventory control procedures, promotional methods, and also financial support.

Partner companies should be prepared for the possible conflicts arising in the cooperation. The problem solving in conflicts should be done together between partnering companies and immediately the conflict arises. However, the cultural differences should be taken into account in conflict resolution between partnering companies. Managing conflict in too open manner with collective and high power distance Latin American cultures may lead the partnership to even deeper conflict. To avoid such problems, the partnering companies should develop a method for creating group norms on how conflict should be resolved.

Based on the measurable factors, the partnership’s success should be followed during the cooperation. Cultural differences have to be taken into account when rewarding the partner company’s representatives. It is important that managers of multicultural partnerships are aware and capable to adapt their personal style of recognizing partner company’s work at the personal and partnership level.
2.4 THEORETICAL FRAMEWORK OF THE STUDY

The theoretical framework of this study consists of partner selection and partner cooperation parts. The literature review has analyzed the partner selection process as a four-phase operation starting with the objective setting for the partnership. As well, the partner profile creating has been discussed in the case of selecting distributing partner company for a manufacturing firm. The identification and selection processes and the definition of the rules and processes has described in the theory. The literature review has also analyzed the evaluating factors for partnership. Concerning the partner cooperation, the literature review has analyzed the communication and control issues between partnering companies and reviewed the ways of how the manufacturing company can support its distributing partner on the market. Furthermore, the theory has expressed the methods for conflict resolution and success evaluation in the partner cooperation. The international context of the partnering process has taken in the account in the theory by analyzing the affection of the trust and cultural factors for partner cooperation. All together, the above mentioned issues constructed the theoretical framework of this study, as shown in Figure 6.
Figure 6: Theoretical framework of the study

The framework presented in this study aims to disclose the essential steps of company’s partner selection and clarify the factors affecting the partner cooperation between partnering companies. The framework is useful for the market entry operations of internationalizing companies when the companies have selected the non-investment operation mode in the target country.
However, the framework does not cover all the steps and issues the internationalizing company should take into account when entering into the new markets. Comparative market analysis and customer segmentation prepare the way for the partner company selection and cooperation processes. Through the exhaustive market analysis, the internationalizing company can define the market potential and define the key customer segments for their business. Based on the analysis, the company is capable to set the objectives for the partnership and create the partner profile which is the first step for the partner selection according to the framework of this study.

In addition to the partner company selection, the framework can be used in the continuing partner cooperation. By doing the evaluation of the partnering process, the company can follow the development of their business and improve the operations if necessary. The framework of this study helps the partnering company to identify the operations that need improvement and if necessary, change the partner company and start the new selection process.

In Chapter 4, the presented framework will be applied to a case of Finnish small and medium sized healthcare and well-being companies in Latin America.
3 METHODOLOGY

This chapter starts by defining the research design of the study. In section 3.2, the quantitative part of the study is explained and section 3.3 reviews the qualitative part of the study. At last, the validity and the reliability of the study is analysed in section 3.4.

3.1 RESEARCH DESIGN

The research method of the study is case study. According to Yin (2003, 4), the case study is method of choice when the phenomenon under the study is not readily distinguishable from its context. The starting and ending of the studied issue might be difficult to set. Moreover, Yin (2003, 4) argued that the case study inquiry copes with the technically distinctive situation in which there will be more variables of interest than data points and as one result relies on multiple sources of evidence with data needing to converge in a triangulating fashion and as another result. Case study is a suitable method when trying to answer questions such as how or why (Yin 2003, 5). Furthermore a case study is suitable when investigating and explaining a contemporary phenomenon in real life context (Tashakkori & Teddie 1998, 13).

![Figure 7. Research approach](source: adapted from Tashakkori & Teddie 1998)
In this study, both quantitative and qualitative approaches have been used to understand the phenomena under study. According to Tashakkori & Teddie (1998, 44), the study using both of the mentioned approaches is called sequential status mixed method design. The rationale behind using both methods is that the combination of the two approaches identified questions and/or areas that need to be researched further which would not have been made evident by the using just one method. The qualitative data is used to make the quantitative data more meaningful and understandable and vice versa. (Ibid, 49-50)

Through the quantitative approach some parts of the research problems are solved. As well, the quantitative part sets the basis for the qualitative part of the study. Through the quantitative part, the target companies of qualitative part were selected.

Empirical data for a case study was collected from primary and secondary sources. Different data collection techniques are used in different part of the study, as shown in Table 1.

**Table 1: Different data sources in different parts of the study**

<table>
<thead>
<tr>
<th>Data sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America as a Research Topic (Chapter 4.1)</td>
</tr>
<tr>
<td>- academic literature</td>
</tr>
<tr>
<td>- face-to-face interviews</td>
</tr>
<tr>
<td>Finnish H&amp;W companies in Latin America (Chapter 4.2)</td>
</tr>
<tr>
<td>- online questionnaire</td>
</tr>
<tr>
<td>Finnish H&amp;W companies’ partner selection and cooperation in Latin America (Chapter 4.3)</td>
</tr>
<tr>
<td>- face-to-face interviews</td>
</tr>
</tbody>
</table>

The analysis in Chapter 4.1 based on the literature of Latin America and its economy and face-to-face interviews of the companies. The online questionnaire is analyzed in Chapter 4.2 and furthermore Chapter 4.3 based on face-to-face interviews.
3.2 QUANTITATIVE PART OF THE STUDY

The quantitative part of this study was carried through online questionnaire sent to Finnish H&W companies. The online questionnaire revealed the Finnish H&W companies operating in Latin America at the moment and gave the overall description of the companies. The questions of the online questionnaire can be found in Appendix 1.

The online-questionnaire of this research was directed to 272 Finnish H&W companies, which were selected as a target group of the study from the databases of Finpro and Tekes. The request letter and link to the questionnaire was sent to the companies on 23rd of August, 2007. The deadline for the answers was set on 5th September and companies were sent the reminder message on 4th of September. After the deadline day, the unanswered companies were contacted by phone and reminded about the study. After all, totally 68 companies participated in the study. Rate of response was 25%. Overall, Finnish H&W companies are relatively small and operating just on national level or they are just starting the internationalization where they concentrate first on the closer markets. This explains partly the low response rate, because the companies did not consider the study relevant for their purposes at the moment. During the study some beforehand targeted companies turned out to operate another than H&W-sector and naturally were excluded the study.

Eighty-five percent (58 companies) of the participated companies produce healthcare and well-being products, like different healthcare and well-being instruments and diagnostics. Fifteen percent (10 companies) of the companies were providing services for the H&W-industry.

Considering single business fields, the companies represented comparatively widely the H&W sector, as shown in Figure 9. The most popular fields of businesses were diagnostics (16 companies) and information technology (13 companies). There were 9 companies producing medical equipments, 8 companies producing laboratory equipments, 7
companies provided healthcare services, 6 companies producing dental technology and products, and 6 companies producing physiotherapy / orthopedic technology as well.

![Industry of the participated companies](image)

<table>
<thead>
<tr>
<th>Industry of your company</th>
<th>Number of question respondents: 66 (avg: 7,2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Equipment</td>
<td>13,6% 9</td>
</tr>
<tr>
<td>Laboratory Equipment</td>
<td>12,1% 8</td>
</tr>
<tr>
<td>Diagnostics</td>
<td>24,2% 16</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>4,5% 3</td>
</tr>
<tr>
<td>Biomaterials</td>
<td>3% 2</td>
</tr>
<tr>
<td>Dental technology and product</td>
<td>9,1% 6</td>
</tr>
<tr>
<td>Physiotherapy / Orthopaedic Technology</td>
<td>9,1% 6</td>
</tr>
<tr>
<td>Medical Commodities</td>
<td>3% 2</td>
</tr>
<tr>
<td>Medical Communication and Information Technology</td>
<td>19,7% 13</td>
</tr>
<tr>
<td>Medical Infrastructure and furniture</td>
<td>4,5% 3</td>
</tr>
<tr>
<td>Medical Services</td>
<td>10,6% 7</td>
</tr>
<tr>
<td>Medical Clothing</td>
<td>3% 2</td>
</tr>
<tr>
<td>Rescue and emergency equipment</td>
<td>3% 2</td>
</tr>
<tr>
<td>Other</td>
<td>22,7% 15</td>
</tr>
</tbody>
</table>

Figure 8: Industry of the participated companies

In addition, there were single participated companies representing the fields, e.g. pharmaceuticals, biomaterials, medical commodities, healthcare infrastructure and furniture, medical clothing, rescue and emergency equipment, cosmetics, food supplements, industrial enzymes, and varied fields of consulting such as information technology, pharmacon and biotechnology industry.

Most of the participated companies (92%) were small and medium sized companies. Totally five companies had turnover of over 50 million euros, as shown in Figure 10. Small companies were represented strongly in the study while 80% of the participated companies had turnover of under 10 million Euros.
Concerning the personnel, there were 8 big companies participating in the study, as shown in Figure 11. 78% of the companies had fewer than 50 employees and 47% of the companies were “micro-businesses” employing less than 10 person.

Relatively young companies were emphasized in the study. More than one quarter (28%) of the companies were established on 21st century and over one third (36%) in 1990s. Especially, in years 1994-1997 several companies were established. Only two companies were established before 1970.

One fifth, 14 participated companies had already operations in Latin America, as shown in Figure 12. Correspondingly, 54 companies (80%) did not operate in the area. However, one third of the companies (23) were interested in starting business in Latin American markets. Also, two companies had already a plan to start business in the area. 29 companies were not interested to start business in Latin America.
Figure 11: The companies’ interests in the Latin American markets

<table>
<thead>
<tr>
<th>How do you see the Latin American markets for your company’s business?</th>
<th>Number of question respondents: 68 (avg: 2.2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our company has business in Latin American markets.</td>
<td>20.6% 14</td>
</tr>
<tr>
<td>Our company does not have interests to operate in Latin American markets.</td>
<td>42.6% 29</td>
</tr>
<tr>
<td>Our company is interested in Latin American markets but does not have the plan to enter into the markets.</td>
<td>33.8% 23</td>
</tr>
<tr>
<td>Our company has a plan to start business into the Latin American markets.</td>
<td>2.9% 2</td>
</tr>
</tbody>
</table>

**Figure 11: The companies’ interests in the Latin American markets**
3.3 QUALITATIVE PART OF THE STUDY

Based on the results of the online questionnaire, the companies for more detailed face to face interviews were selected. The companies participating in the online questionnaire selected Brazil for the most interesting Latin American country and for that reason; Brazil was selected as the case country for this study. Furthermore, five Finnish companies and their Brazilian partner companies were selected for face-to-face interviews.

Five H&W sector companies were interviewed between 1st October and 17th October in Finland. All the interviewed companies had businesses in Brazil. Three companies were operating in the area through local partner company. Two companies had started their business in the area with local partner but were established own subsidiaries afterwards. These subsidiaries have their own Latin American distributors and the companies replied also to the question related to distributor selection. The companies are operating in diagnostics, laboratory equipments, medical equipments, industrial enzymes, and pharmaceutical materials. The turnover of the companies varies from under 10 million euros to over 50 million euros.

After the interviews in Finland, the partner companies and subsidiaries in Brazil were interviewed between 5th November and 13th November, 2007. Three of the interviewed companies were independent Brazilian companies, distributing products of the Finnish manufacturers. Two interviewed companies were subsidiaries of manufacturing company in Finland. In addition, one Brazilian distribution company which didn’t operate with Finnish manufacturers was interviewed. Totally 11 companies were interviewed face-to-face for this study.
3.4 VALIDITY AND RELIABILITY OF THE STUDY

The validity and the reliability are the most essential prerequisites of the academic research. As mentioned above, both quantitative and qualitative approaches have been used to understand the phenomena under study. Although some parts of the research problems are solved through quantitative approach, it mainly sets the basis for the qualitative part of the study. The validity and reliability of the quantitative part of the study are not justified by statistical tests and therefore the detailed generalizations of the results can not be done. However, many of the quantitative results of this study were very indicative and were justified through qualitative part of the study.

The validity and reliability of this study is analyzed from the viewpoint of the qualitative approach. According to Hirsjärvi et.al (1997), the validity of the qualitative study measures the research’s ability to examine the topic it claims to have examined. Furthermore, the validity measures how real are the differences in the results and how much the systematic and random mistakes have affected to the results. Yin (2003) makes a distinction between three types of validity: construct validity, internal validity and external validity. Construct validity deals with establishing the right measures for the concepts being studies, meaning that the construct actually measures what they are supposed to measure. Construct validity can be increased by using multiple sources of evidence, establishing a chain of evidence and have the draft case study reviewed by the key informants.

This case study, as stated earlier, uses mainly two kinds of sources of evidence; results of online questionnaire and face-to-face interviews. The chain of evidence refers the fact that all the evidence on which conclusion is drawn is written in the report, so that the external observer could follow the derivation of evidence and follow the steps from the research questions to conclusions. However, the anonymity of the participated companies is guaranteed in the report and therefore part of the companies’ information is not presented. The process of collecting data is presented as completely as possible in the study, so that the chain of evidence would become clear.
Internal validity refers to establishing causal relationships, in which certain conditions are shown to lead to other conditions. According to Yin (2003), internal validity can be improved by pattern matching, explanation building, addressing rival explanations and using logic models. In this study, the theoretical framework of the study is presented as a drawn model which has been revisited in the empirical part of the study. The internal validity of the study is improved by using the logical model in the analysis of research interest. External validity establishes the domain to which a study’s findings can be generalized into other situations. There are limitations for the wide generalization of this case study results to other countries or the companies operating in the other field of business than interviewed companies.

The reliability of the study means the research’s ability to produce no-random and repeatable results. The reliability describes the research’s ability to avoid random errors. The qualitative research has to able to indicate that theoretical and empirical methods can be connected to each other. (Uusitalo, 1991) In this study, the theoretical framework set the base for the study’s empirical data collection. The questions of the study’s empirical interviews are based on the study’s theoretical framework, which demonstrate the connectivity of the theoretical and empirical methods of this study.
4 EMPIRICAL STUDY

This chapter begins by introducing the context of this study. In section 4.2, the Finnish companies’ operations in Latin America are reviewed according to replies of online-questionnaire. Section 4.3 analyses the partner company selection and cooperation of Finnish and Brazilian companies according to face-to-face interviews.

4.1 LATIN AMERICA AS A RESEARCH TOPIC

Traditionally, the countries of Central and South America where Spanish and Portuguese are spoken have formed Latin America. In this research, Latin America consists of Argentina, Belize, Bolivia, Brazil, Chile, Columbia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Uruguay, and Venezuela. The definition based on International Monetary Fund’s (IMF) definition of Latin America. (IMF, 2007)

Totally these 20 independent countries have the population of 541 million people. The following map represents the area of Latin America from north in Mexico to south in Argentina.
4.1.1 The economic development of Latin America

The roots of Latin American economies started from colonial years between 1500 and 1810 when most of the economies were producing goods for Spain and Portugal. After colonialism the area concentrated to produce especially agriculturally primary goods.
and minerals which were exported to other countries. The export based economic growth terminated to World War I and Latin America was hit by the Great Depression in the 1930s. Consequently, the own production were increasing in Latin American countries and the role of governments was getting more important causing increasing protection of national industries. The participation of governments and protecting of economic policies caused many problems to Latin America’s economies later. Several countries got heavily indebted and suffered through debt crisis during the 1970s and 1980s when the region started to implement economic reforms. At the beginning of 1990s macroeconomic policies started to rely on competition, market orientation and openness increasing stability of the area’s economies. (Wilska, 2002; Elson, 2006) Conversely, the latest changes in economic policy of countries like Argentina, Venezuela and Bolivia indicate that these markets are moving back to more controlled economies (Lachman, 2007).

The GDP growth in Latin America has varied during the economic cycles the area has faced. Between years 1971-1980 the real GDP growth per capita was 2.4%, increasing to 5.8% for the years 1990-2000, as shown in Figure 13.
Between the years 1998 and 2003, the average GDP growth was negative but turned to positive again reaching 5.4 % average growth between years 2004-2006. According to IMF the positive development of GDP in Latin America will continue in 2007 and 2008. (IMF, 2007; Wilska, 2002; Elson, 2006)

Inflation level has been very high in Latin America during the last decades. Between years 1971-1980 the average inflation was 32.2% increasing to 337.8% in 1981-1990. The most important reasons for extremely high inflation were poor economic policy and high international indebtedness. At the beginning of 1990s, the inflation rate was still high but started to decrease after 1995, as shown in Figure 14.
Between years 2000 and 2005 the average inflation rate has been 8.2 %. The estimations of the inflation level for the next years (2007-2008) are optimistic and the inflation level is expected to be relatively stable. (IMF, 2007; Wilska, 2002; Elson, 2006)

Growth of foreign direct investments increased between 1981-1990 12.1% annually and in 1990s the average annual growth was 15.7 %, as shown in Figure 15.
In 2000s, the development of FDIs has been positive except in the year 2002 when FDIs were decreasing average 7% annual in the area. One of the most important reasons for the regression was floating of the Argentinean Peso which decreased the investments in Argentina but the diminishing trend spread also to other major economies e.g. Brazil and Chile (CEPAL, 2006). Despite the year 2002, the beginning of 2000s has been economically the best era of the Latin American history since 1970s. Between years 2001 and 2005 the FDI growth has been averagely 16.4% annual and the strong development is estimated to continue during the next years.

The latest economic growth of Latin America relies on the global economic growth. With huge natural resource reserves, Latin America has benefited a lot from the increasing prices of the raw materials which has formed a base for its positive development during the last decades (CEPAL, 2006). The effects of the areas own economic and political reforms for the last years’ success are very doubtful. Especially political atmosphere in the area is unstable. Rather than continuing to implement economic reforms and develop more open based markets, many countries have started to implement poli-
cies with market controls and regulations. Despite of long-term goals, for example Ar-
gentinean President Kirchner has resorted to pervasive price controls and anti-market
regulations to decrease inflation and achieve suitable economic figures before next
year’s presidential elections. (Lachman, 2007) Populism and anti-market policies can be
found as well in Chavéz’s Venezuela and Morales’ Bolivia were energy companies are
nationalized and prices of several commodities are controlled.

The implementations in mid-1990s which started the economic reforms in Latin Ameri-
can countries have not been effective and determined goals have not been achieved. The
whole area is suffering mass poverty and the most inequality income distribution in the
world. According to Lachman (2007), the situation of poverty and unequal income dis-
tribution is worse now than it was in the early 1980s. While the unequal income distrib-
ution decreases the social security of people living in the area, the problems in labour
markets, budgets, and market deregulation processes diminished the reliability of Latin
American economies in the eyes of international business. Still even today the lack of
macroeconomic stability is the biggest challenge in the Latin American economies (El-
son, 2006).

Despite of many problems in the area, the estimations of economic development of
Latin America are positive for the near future and the potential of the area is high for the
international companies. However, the economic situation varies between Latin Ameri-
can countries and for more detailed analysis every country should be studied separately.
The interviewed Brazilian companies estimate that Brazilian economy is relatively good
at the moment and all the companies saw the future of Brazil very positive. Based on
the stable currency, controlled inflation and democratic government, the interviewed
companies saw Brazil’s potential for the business in the following years. Other coun-
tries mentioned with positive future development were Columbia, Chile, and Peru. The
interviewed companies argued negatively of the recent political development of Bolivia
and Venezuela. Concerning Argentina, the opinions between interviewed companies
varied and despite the country’s huge potential, the political situation of the country was
seen unstable.
4.1.2 Healthcare and well-being sector in Latin America

High risks of the Latin American markets do not vitiate the fact that the area has lot of potential for many international companies. One increasing field of business is H&W-sector. Recent healthcare reforms in several Latin American countries have increased investments in both public and private sectors. There’s been a significant increase in the size of Latin America’s population together with an upward shift in the age profile of population. The age-related health issues and well-being are increasing the importance in the area. (Quezada, 2005; PriceWaterhouseCoopers, 2005)

The United Nations predict that population of Latin America will increase by 23,5 % over the next 20 years reaching 623 million in around 2025. The epidemiological profile of the population is continuing to change. From the 1980s to 1990s the number of deaths from infectious diseases has decreased but more sedentary lifestyles, smoking, drinking and obesity have increased commonness of other diseases. Mortality rates for cancer, heart disease and strokes have become more common and the incidence of diabetes has soared. Based on the pharmaceutical sales, the chronic degenerative diseases are increasing the popularity most rapidly. The pharmaceuticals for illnesses of cardiovascular, central nervous system and treatments for asthma are growing fastest in Latin America at the moment. (PriceWaterhouseCoopers, 2005)

4.1.3 An overview of the Brazilian economy

Brazil is the biggest and economically the most important Latin American market having population of 189 million. Today Brazil is the 10th biggest economy in the world. GDP of Brazil has fluctuated during the last decades, as shown in Figure 16.
Brazil has faced two serious economic crises between 1990-1994 and 1999-2002 which can be seen as decreasing GDP-figures in previous picture. In 2002, the GDP in current prices was under 2900 USD per capita. However, after the last crisis the GDP has grown 4% a year. International Monetary Fund (IMF) has estimated that in 2007, the GDP per capita in current prices will be 6842 USD.

One of the biggest problems of Brazilian economy in 1980s was the extremely high inflation. The government started to modernize economy in 1994 and introduced new economic reform: Real Plan, which proved to decrease inflation to more reasonable level. In Figure 17 the development of Brasilians inflation after hyper inflation period.
Figure 17: Inflation rate in Brazil in 1991 - 2008
Source: IMF

After year 2003, the inflation rate has been under 7% and IMF estimates that the inflation rate in 2007 will be 3.6%. After year 1995, Brazil has been interesting country for foreign direct investment and investment reserve has increased significantly as shown in Figure 18.
According to IMF (2007), the basics of Brazilian economy are in order enabling positive economic development in the following years. The Economic Research Center of Brazil (Instituto de Pesquisa Económica Aplicada) (2007), estimates the strong economic development to continue 4% a year till 2012 and even increasing after that.

Brazil is the most important Latin American trading partner for Finland. Relatively big fluctuations are typical in Finnish-Brazilian trade, as shown in Figure 19.
The fluctuations occurred from irregular transactions in airplane industry and variations in paper pulp importing. Since 2005, Finland has had trade deficit in total volume of trade with Brazil. In 2006, the total volume of trade was more than 1 billion €. The most important export items from Finland to Brazil were machines and equipments n.e.c., as shown in Figure 20.
The important export items to Brazil are paper and board products which represented 19\% of the total Finnish exports in 2006. Chemicals consisted of enzymes, metal salts, and other industrial chemical products and represented 6.2\% of the total Finish exports to Brazil.

Along with general economic development, the total expenditure on health in Brazil is increasing. According to World Health Organization (WHO) total expenditure on health in Brazil was 543 USD per capita (at international rate USD) in 1999 and increased to 597 USD per capita in 2003. In 2003, total expenditure on health represented 3.4\% of Brazilian GDP.
4.1.4 Internationalization of H&W companies

Holden (2003) argued, that both home and host country play a pivotal role in determining the company’s internationalization strategies in H&W business. Depending on the healthcare system in home country, the companies have gained experience to operate with public healthcare sector as well as private sector. The achieved experience determines the company’s selection of host country markets and the operation mode for those selected markets.

In this sense, Finnish H&W-companies have operated with strong public healthcare sector in the home market and their experience of private healthcare is relatively weak. While the public sector healthcare is relatively weaker in Latin America the strategies of Finnish companies should be formed from those needs.

Strong understanding of the target market is an essential part of a successful market entry into developing country’s H&W market. Based on the realistic expectations and facts the company can create the strategy which is competitive and reliable. Marrocco (2005) has collected the checklist of the issues which should be understood before entering into new emerging H&W markets: public health issues, health expenditure as a percentage of GDP, healthcare system structure, physician compensation, national health funding, industry lobbying groups, healthcare priorities, population demographics, status of healthcare reform, political parties/healthcare agenda, trade partners, Ministry of Health: role and political focus, leading causes of death/health issues, health insurance system/payment options, authority/value of healthcare providers, healthcare institution status.

Beside of understanding of the market situation, Marocco (2005) emphasizes the importance of local distribution partners and/or healthcare allies. The investments in successful partnership are needed to achieve functional and satisfying business in new and developing H&W markets. The companies’ should prepare for cooperation even on practical level, acquiring the understanding of the language of the local healthcare system.
The importance of a local partner is obvious while there are so many issues related to H&W business which should be understood. Especially, partnering is important for SME’s which have limited resources to research markets beforehand.

The lack of accurate data of many developing markets and the inability to access much population limits the possibility to analyze the markets reliably. It is possible to compare the markets to the other markets in where the company or the product has been successful. However the conclusions based on the compared market should be made with detailed analysis, while so many variables are affecting to the whole situation. (Marrocco, 2005)

The providers of healthcare have varying degrees of authority in developing markets depending on their tenure, education, the institution where they practice and degree of specialization. Sometimes public servants are compensated according to the tenure and guaranteed lifetime employment. The personal incentives to improve performance or outcome can be low. The new technology will be embraced more readily if it can be presented in the context of its impact on clinical outcomes, economics and broad population benefits. However, sometimes the technology could fall outside the scope of a country’s national health priorities. (Morrocco, 2005) There can still be market potential for the technology in private sector which is relatively strong in some developing countries like Brazil (Finpro, 2007a)

When talking about the developing markets, Marrocco (2005) mentions also issues like corruption and transparency, bribes and direct payments to authorities. These are challenging factors affecting to company’s operation on the new markets. These “invisible” factors can cause barriers to company’s entering process into the markets.

The companies operating in H&W sector are heterogeneous, producing different products or services. The companies varied from the information and communication technology (ICT) providers to the equipment manufacturers and service companies. Modes
of the partnerships differ between different types of companies as well. This study focuses on manufacturing companies which are producing tangible products to their customers.

4.1.5 International potential of Finnish H&W companies

Altogether the size of Finnish H&W companies is relatively small with the low internationalization level. Totally only four Finnish H&W companies are listed in Healthcare Equipment Provider list of Helsinki Stock Exchange. However only two of these companies; Biohit Oyj and Oriola-KD, can be seen as a real equipment manufacturer company. There are some Finnish software companies listed in HEX, which provide applications to H&W sectors but the companies concentrating on this sector only can not be found (OMX, 2007).

Despite of the small size, the Finnish H&W companies have potential markets abroad. The Finnish H&W companies are providing innovative and world class technology machines to their clients. The quality of the new innovations is high and potential markets can be seen all over the world. This has been recognized in Finland and projects to support companies in the internationalization processes have been started up during the last years. Finnish Funding Agency for Technology and Innovation (TEKES) selected the H&W sector to be one of the target sectors in their future development projects. The sector was selected because it was based on the need of the markets, both national and international. Together with SITRA(Finnish innovation Fund), TEKES has started projects like JAPRO (Japan Access Program) and NAAP (North American Access Program) which are both partly concentrating on the internationalization processes of Finnish H&W companies. Finnwell is an ongoing project of TEKES developing the competitiveness of the H&W products and services and concentrating on markets of Europe, USA, Canada, China and Japan. (TEKES, 2005 Sitra, 2007) HEMA (Healthcare Engineering, Management and Architecture) Institute consists of the researchers of Helsinki University of Technology and has carried out H&W projects including some international projects in European level. (HEMA, 2007) In Japan, Finnish Well Being Center
(FWBC) project (started by Finpro) is introducing Finnish well-being innovations and techniques to Japanese consumers. (Finpro, 2007a)

Many ongoing processes proof the potential of Finnish H&W sector internationally. Through common projects the challenges and risks of the international expanding can be reduced. Along with common projects the market entry to the new markets has been done by cooperating with local partner. This is the common method, for example, in Latin American countries, where Finnish companies relied on the distribution channels of the local partner.

4.1.6 Trust formation in Finnish-Latin American context

As it was mentioned in Section 2.3.2, the cultural factors are playing significant role in the international partnerships. Especially, the cultural factors affect to the partnership through trust-building process. By using Hofstede’s (1984,1991) four cultural dimensions, the national cultures can be compared and analysed for the different purposes.

In this section, the national cultures of Finland and Latin America are compared according to Hofstede’s four dimensions, as shown in Figure 12.
The differentiations of the cultural dimensions are used in the analysis of trust-building process between Finnish and Latin American partner companies. Values of Latin America for every dimension are calculated averagely from the national values of Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Peru, Uruguay, and Venezuela.

Power distance in Latin America is higher than in Finland. While Latin Americans accept and expect relatively higher inequality in the society, the Finnish are looking for more equally distributed power. Latin Americans are much more collective and expect loyalty for society while Finnish are supporting more individual values. Relatively to Finland, Latin America is more masculine supporting more competitive and assertive values. Uncertainty avoidance is higher in Latin America than in Finland. Latin Americans feel more unsecured in uncertain situations and prefer to have more predictability than people from Finland.
Latin American countries are much more collective than Finland. The group values and collective interests are dominating and self-serving behavior is unlikely because people are motivated by common interests. Trust forming through *Calculative process* is unlikely in Latin America compared to Finland where the individualistic values are dominating and people are motivated by personal goals and rewards. In addition, Finland has lower uncertainty avoidance rate, which indicates that they do not fear the future and can tolerate the risk easily than Latin Americans. Higher uncertainty avoidance indicates that Latin Americans have stronger resistance to change and they do not want to risk on-going relationships. According to this, in the cooperation between Finnish and Latin American partner, the Finnish party is more likely to form a trust via calculative process than Latin American party. However, the higher masculinity and power distance in Latin America identifies it to rely more on Calculative process than Finland. (Hofstede 1991, 50, Doney et al., 1998)

Individualism/collectivism can be used to explain the probability of trust formation via *Prediction process*. Consisting of collective societies, Latin America represents the area where predictable behavior of individual is supported. In individual societies like Finland, predictable behavior is against the norms and values which are based more on the freedom and individuality. According to this, the trust formation via prediction process is more likely to happen to Latin American party than Finnish party. The higher power distance of Latin America supports the prediction process as well. In high power distance cultures, the people support conformity more and the target party’s behavior can be predicted easier. Relatively higher uncertainty avoidance in Latin America indicates that individuals have desire to establish clear rules as to how one should behave and through that the prediction target’s behavior is easier than in lower power distance cultures like Finland. However, relatively high masculinity indicates the higher rate of acceptable behavior in the society. The masculinity rate is relatively higher in Latin America than in Finland while it could be difficult for a trustor to predict target party’s future behavior accurately. (Hofstede 1991, 81, Doney et al., 1998)
The individualist cultures allow more conflict in the behavior of its members than collective cultures. It is accepted that individuals are motivated by self-interest and can act in the way which is against the other party’s goal. Conversely in the collective cultures the common norms and behaviors indicate strongly that the target party’s intentions are benevolent. In high uncertainty avoidance cultures, like Latin America, the individuals appreciate existing relationships because they value stability rather than change. Based on this, Latin Americans are more likely to form a trust via Intentionality process than Finnish. However, in higher power distance and masculinity cultures the decisions are made by top managers. In the daily cooperation the trustor may assume that the target party’s opinions are from the top management and not formed in the way which is naturally best. In the lower power distance cultures the decisions are made together which provide the trustor an evidence of target party’s benevolent intentions. (Hofstede 1991, 81, Doney et al., 1998)

In the collectivist societies, the performance evaluation is based on the group achievements and goals rather than individual achievements. Unlike in individualist societies, the collectivist societies understand the results to be the sum of all participants and can not be divided between individuals. In individual societies a person’s identity explains the personal accomplishments. According to this, Latin Americans are less likely to form a trust via capability process. However, the masculinity in a culture support competitiveness and successful achiever is a respected individual in the society. High uncertainty avoidance in Latin America indicates that confidence to ability and competence is high because by trusting on target party’s competence the overall risk can be decreased. As well, the higher power distance in Latin America supports it to rely on Capability process in trust forming. In high power distance cultures, inequalities between individuals are expected and target party’s capability provide the base for the trust. (Hofstede 1991, 81, Doney et al., 1998)

Collective cultures are characterized by more tight and coherent social ties than individual societies. The social ties or networks make it easier to transfer trust between individuals and therefore the trust forming via Transference process is more likely in these
societies than in more individual ones. According to this, Latin Americans are more willing to abuse transference process than the Finnish. The higher uncertainty avoidance supports also this opinion. Individuals in higher uncertainty avoidance societies can rely on individuals and institutions because they will still be around in the future. However, the people in lower power distance cultures tend to trust to other people more because of higher level of cooperation and the higher masculinity represent the more skeptical view of others. These assumptions support the Finnish to form trust via transference process more likely than Latin Americans. (Hofstede 1991, 81, Doney et al., 1998)

The affects of the cultural dimensions of Latin America and Finland vary a lot in the trust formation process. The following table summarize the situation in every trust formation processes.

Table 3: Trust formation in Latin America and Finland

<table>
<thead>
<tr>
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<th>Calculative Process</th>
<th>Prediction process</th>
<th>Intentionality process</th>
<th>Capability process</th>
<th>Transference process</th>
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<tr>
<td>TOTAL</td>
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</tbody>
</table>

In Calculative process, Intentionality process and Transference process, the likelihood of being trust formation process is equal for both cultures. For example, in Calculative process the power distance and masculinity indicates the process to be more likely to Latin America. However, individualism and uncertainty avoidance support Calculative process to be most likely the trust formation process rather to Finland than Latin America. It depends of the cultural dimension’s relative weight, in which culture the particular process will appear more likely.
Latin America is more likely to form a trust via prediction process than Finland. Higher power distance and uncertainty avoidance in this area of collective cultures indicate them to trust more likely on predicative processes than Finland. Conversely only the lower masculinity of Finland supports it to rely on Prediction process. High power distance, masculinity and uncertainty avoidance indicates Capability process to be more likely the trust formation process for Latin America than Finland. Relatively higher individualism is the only factor which supports the Capability process to be more likely the form of trust for Finland.

4.2 FINNISH H&W COMPANIES IN LATIN AMERICA

Totally 68 companies participated in the online-questionnaire of this study. The companies are represented more detailed in methodology chapter. This chapter goes through and analyzes the replies of the online-questionnaire. One fifth of the participated companies had operations in Latin America. Totally these 14 companies are doing business in 13 different Latin American countries. One company operates in four different Latin American markets on average.

The most important target countries were Brazil, Chile and Mexico where eight companies in each country were operating. Seven companies were active in Argentina, as shown in Figure 21.
Totally five companies were doing business in Columbia, Uruguay and Venezuela. In addition, some of the companies were operating in Peru, Bolivia, Costa Rica, Nicaragua, Guatemala and Paraguay. There were no correlation between the company’s age and the entering year into the Latin American markets. The first company operating in the area started its businesses in 1970. The most of the companies (8 out of 14) entered into the area one or more countries at once. Two companies started the business at least in four countries at the same time. The most popular countries to start business in were Argentina, Brazil, Mexico, and Venezuela.

Considering the operation modes, only one company where operating in the area trough own subsidiary. Over half of the companies were doing exporting to the area, as shown in Figure 22. The companies were exporting totally to nine countries: Brazil, Chile, Mexico, Argentina, Columbia, Uruguay, Venezuela, Peru and Costa Rica.
One company developed its own distribution channel in the area and five companies were relying on the local distribution channel. The companies were operating through these channels (both own and locals) in Argentina, Bolivia, Brazil, Chile, Columbia, Mexico, Peru, Uruguay and Venezuela. Five companies were represented in the area by local sales representative or agent and were operating in the above-mentioned countries except Bolivia.

The Finnish companies operating in the Latin America, did not find the area especially important concerning their businesses. On average, businesses in Latin America represented 2.3% of the total turnover of the companies. The share varied between < 0.1% - 10%. Half of the companies (7 out of 14) answered that Latin America is "not very important" or "not important at all" for their businesses. Five companies saw the area’s importance as "neutral" for their businesses. Only two companies answered that the area is rather important for their businesses. None of the companies regarded Latin America very important for their business.

However, the companies were succeeding in the Latin American market differently. Five companies saw their success to be good, seven companies felt their success on the "neutral" level and two companies had poor success according to the answers.
As shown in Figure 23, over half of the companies (8 out of 14) will develop their business in Latin America during the following 1-3 years. Apart from the development, five companies are going to expand their operations into the other Latin American countries. Argentina, Brazil, Chile, Ecuador, Peru, Puerto Rico and Mexico were seen as the most attractive countries to expand. Three of the companies willing to expand their operations to other Latin American countries were operating at the moment in only one country. Six companies announced to continue their businesses at the same level than before in Latin America.

Although, the companies were willing to develop their businesses further in Latin America, there were many challenges they had faced. Half of the companies (7 out of 14) mentioned the finding of a local partner to be the most significant problem or challenge for the success in the Latin American markets. Relatively often mentioned problems or challenges were building a distribution network and country risks of Latin American countries. As shown in Figure 24, the rest of the answers varied a lot between the companies. The problems and challenges seem to vary a lot between different companies.
Figure 24: Challenges/problems of the Finnish companies for a successful business in Latin America

The most of the companies (9 out of 14) operating in Latin America mentioned that they need external help to develop their business in the area. Over half of the companies mentioned to need help in partner searching, as shown in Figure 25. Other issues where companies’ need for external help when gathering the market information, partner selection, development of common projects with other Finnish companies, issues related to finance, searching of potential customers, and forming a common export projects. Four companies mentioned that they don’t have need for external help.
4.2.1 Cooperation between Finnish and Latin American H&W companies

Totally eight companies replied to the questions about the partnering processes in the Latin America. It was typical, that companies have several partners in the area. For example, five companies operated in the area with five or more partner companies.

The most of the partner companies were in Chile (7 partner companies), in Argentina (6 partner companies), Brazil and Mexico (5 partner companies, in both), as shown in Figure 26. Furthermore Finnish companies have partner companies in Columbia, Venezuela, Peru, Uruguay, and Costa Rica.
Finnish companies have found their partner companies in very different ways. Many times, the company had existing contacts in the area which helped in the partner searching. As well, trade fairs or other expositions have been the places where companies have established relations with other companies. Some companies relied on the references, received from third companies, concerning a potential partner. Respectively, many companies were contacted from Latin American companies and the first move had become from there.

All eight companies which answered to questions about partnering processes mentioned the importance of the local partner to be very high. The partners’ role was seen to be extremely important in brand building. Four companies were satisfied with the local partners’ activities and cooperation with them. Two companies were neutral in their opinions; they were not satisfied but not dissatisfied. One company was dissatisfied with the local partner and the cooperation.

Too small market share or too incidental sales were the biggest reasons causing dissatisfaction in the eyes of Finnish companies concerning their cooperation with Latin American partners. As well, Finnish companies felt it challenging to find a distributor who committed to represent the whole product family, not only one product. The companies had challenges to get market information from the distributor.
4.2.2 Finnish companies’ interests to start business in Latin America

About one third (25 out of 68) of the participating companies were interested in the Latin American markets and two of them had already a plan to enter into markets. The motives for the interest of Latin America came both inside and outside of the companies. The most important internal motive to start business in the area was companies’ need to expand business into the new markets (20 out of 25). Respectively, almost equally important reason was the growing markets of Latin America which was selected by 19 companies, as shown in Figure 27. Apart from the growth, the big size of the Latin American market attracted 12 companies.

![Figure 27: Factors affecting positively on Finnish companies’ interests to start a business in Latin American markets](image)

The other motives to start business in Latin America were a weak competition in own business field in areas markets, existing customers or contacts in the area, possibility to remove production to the area, and possibility to buy products, raw material and components from the area.

The most attractive operation mode for companies interested in Latin American markets was exporting. Together with project exporting almost every company (22 out of 25) was interested in this particular operation mode, as shown in Figure 28.
Moreover, companies were extremely interested to operate in Latin America with local partner company. All together, 17 companies were interested to operate in the area relying on local sales channels, and 15 companies trough local sales representative or agent. Some companies were interested in licensing (5 companies) and joint-venture (3 companies). Individual companies were interested to establish a subsidiary, own production, own distribution channel, subcontracting, or franchising.

The companies which were interested in Latin America rated the area to be rather interesting. The most interesting country was Brazil, which got average 4.1 points in 1-5 scale. (1= not interesting at all; 5= very interesting). The most interesting countries after Brazil were Argentina average 3.7 and Chile average 3.6. Also Mexico was seen as an interesting country (average 3.5) but the dispersion of answers was higher compared to the other interesting countries. The opinion on the other Latin American countries (Venezuela, Uruguay, Peru, and Paraguay) was more careful and the dispersion of the answers was high.

Finnish H&W companies selected the finding of a local partner company as the best incentive to start business operations in Latin America (19 companies of 25). Other sig-
significant incentives were finding local customers, results of market research which support market entry, and finding an employee who is familiar with the local business environment, as shown in Figure 29. Some companies mentioned also financing issues and common export projects with other Finnish companies as an incentives to start business in Latin America.

![Figure 29: The best three impulses for the Finnish companies to start business in Latin America](image)

The finding of the local partner company was the most important incentive but also the most difficult issue beforehand (17 of 25 companies) for companies which were interested in the Latin American markets, as shown in Figure 30. Altogether, the companies had several suspicions about the Latin American business environment. Many participated companies selected country risks, administrative and bureaucratic challenges, starting business operations and cooperation with partner company difficult in advance. Some of the companies rated their own resources insufficient like with the market knowledge and financing possibilities.
Other problems companies mentioned before starting a business in the area were insufficient economic potential of Latin America, lack of trustful market information, finding local customers, building a local distribution channel, building a successful business plan or strategy, insecurity of the area, competitiveness of the company, and yield of investments in the area. The issues that companies felt problematic and challenging were very diverse and varied a lot between the companies.

Related to diversity of problems, almost every company which were interested in Latin America, had a need for external help. Only two of 25 companies mentioned that they do not need external help in their Latin American businesses. The biggest need for the external help was in partner searching (17 of 25 companies). More than half of the companies needed also help in partner selection and gathering of market information (both 13 companies), as shown in Figure 31. Eleven companies needed help in issues related
to authorizations, customs clearance and legislation and eight companies in financial issues. The companies needed the external help also in searching local customers, preparing the business plan for the area, developing of common projects with other Finnish companies, and in financing.

<table>
<thead>
<tr>
<th>In what matters would you require outside assistance (e.g. Finpro) for business development in Latin America?</th>
<th>Number of question respondents: 25 (avg: 4.7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>gathering market information</td>
<td>52% 13</td>
</tr>
<tr>
<td>searching customers</td>
<td>28% 7</td>
</tr>
<tr>
<td>searching partner companies</td>
<td>68% 17</td>
</tr>
<tr>
<td>selecting partner companies</td>
<td>52% 13</td>
</tr>
<tr>
<td>creating business plan for the Latin American markets</td>
<td>20% 5</td>
</tr>
<tr>
<td>developing of common projects with other Finnish firms</td>
<td>12% 3</td>
</tr>
<tr>
<td>cooperation with other Finnish firms in export purposes</td>
<td>20% 5</td>
</tr>
<tr>
<td>advising in financing</td>
<td>32% 8</td>
</tr>
<tr>
<td>advising in permision, legislation, customs clearance</td>
<td>44% 11</td>
</tr>
<tr>
<td>other matters</td>
<td>4% 1</td>
</tr>
<tr>
<td>no need for the outside assistance</td>
<td>8% 2</td>
</tr>
</tbody>
</table>

Figure 31: Finnish companies’ need for outside assistance for business development in Latin America

4.2.3 Finnish companies’ barriers to start business in Latin America

Totally 28 companies were not interested in business operations in Latin America. There was no particular reason for the lack of interest but companies’ responses varied a lot, as shown in Figure 32.
The biggest challenges/problems affecting negatively on Finnish companies’ interest in Latin America

The most common reasons for the lack of interest were companies’ strategies to concentrate on other international markets (other reasons), and problems and challenges in finding a proper partner company. The companies doubted their possibilities to find finance for the internationalization and kept their market know-how insufficient.
4.3 FINNISH H&W COMPANIES’ PARTNER SELECTION AND COOPERATION IN LATIN AMERICA

This chapter goes through the face-to-face interviews with Finnish and Brazilian companies. The structure of the chapter based on the theoretical framework of the study.

4.3.1 Mapping out the partnership

The Finnish companies’ main motives to start business with Latin American partner were to achieve low risk market entry without high investments. Some Latin American countries were seen too small markets to establish own subsidiary. In addition to low risk, the different culture and long distance cause the need for the local partner which helps companies to communicate and serve customers better. The importance of a local partner was high especially in after-sales services. Local service with local spare part delivery was essential for some Finnish companies. One company defined the purpose of the partner in a way that they outsource their marketing to the local representative which is much more efficient because of the local knowledge.

The interviewed Finnish companies did not have particular partner profile and selection factors varied partly between companies. All the Finnish companies argued that their distributor can’t represent substitute products. If the partner company distributes the rival product, a conflict of interest will be guaranteed. However, it was desirable that distributor has a good and substantial product mix, which helps the sales of the company’s own product.

Partner company's technical know-how of the product was important for almost all the Finnish companies when selecting a partner company. The distributor company was expected to provide after sales services and training with demo products to the custom-
ers. For some Finnish companies number of skilled personnel working in distributing company, was a factor affecting to the partner selection.

Controversially, Brazilian companies were looking for products which are completed in their product line or totally new innovations from the manufacturer or supplier. The Brazilian companies were looking for physical deficient technology, genetic screening technology, suppliers in health science area, products in liquid chromatography, and high-tech products in pharmaceutical industry.

The sizes of the Finnish companies’ partners varied from 3-4 persons company to companies of 300 persons. The partner company’s size varied also concerning one particular Finnish company depending on the size of the market. However, the most of the Brazilian partner companies were small, family-owned companies. One Finnish company argued that sometimes these small partner companies have problems to cover the whole territory and they don’t reach all the potential customers. The Finnish company mentioned that in Argentina they had these kinds of problems and the company felt that partner was selling to his “amigo relations” only. Small partners got also positive comments from another Finnish company which was producing product which has very niche markets in every country. The Finnish company argued that its distributor should be small so that the product would be economically interesting enough for them. The company’s size was one factor for few Finnish companies in the partner selection. It was mentioned that company’s product should be economically interesting enough for the distributor and also produce reasonable profit.

“…if we are just 2 % of distributor's sales and they earn our product 50-100 thousands…it's just not enough…”

The size of the provided business was the selection factor for the Brazilian companies, if only not very important. The Brazilian company which had 5-6 million USD turnover announced that they are looking for minimum of 500 thousands to 1.2 million USD business when selecting a new supplier. Respectively, the Brazilian company which was
running 50 million USD turnover was looking for minimum of 300 to 500 thousands USD business when selecting a new supplier or manufacturer.

For Brazilian companies, important factor in supplier selection was partner’s reputation. Brazilian companies had examined partners’ current customers and other partners to find out how they feel about the company. The partner company should have a good reputation on the market. The Brazilian companies operating in pharmaceutical field mentioned also that the partner company should be internationally well-known and have needed authorizations and licenses to operate in the Brazilian market.

As well, all the Brazilian companies appreciated good financial condition of the partner company. Naturally, companies expected to get the payments from the partners but also that the partners had resources to invest in marketing and promotion.

All the Brazilian companies expect absolute high quality from the potential products. Finnish was seen as a high-tech country and all the Brazilian companies mentioned that they are looking for highest quality and technology from the Finnish suppliers. Some of the companies utilized the Reputation of Finland in promotion of the product.

“…I wanted to introduce that it is a Finnish factory…it’s not just commercial, it’s more than that…”

Besides product’s quality, Brazilian companies mentioned price as a factor affecting to partner selection. Companies felt the prices of Finnish companies higher than for example their Asian competitors. However, companies didn’t feel it as an obstacle for cooperation. All the Brazilian companies were ready to pay higher price if the products quality was better and if Finnish company were ready to support them on the market.

Other factors affecting to partner selection of Brazilian companies were, partner’s expertise, investments in research and development (R&D) and their current situation in the Latin American markets and globally.
Brazilian companies argued that the most important factor of distributor selection is the partner company’s contacts to your target market. The distributor should have territorial coverage and ability to provide same quality services to all customers regardless the customer’s position in the area. Brazilian companies expect skilled sales personnel and enough capital to operate from their distributor partners.

4.3.2 Identifying and selecting partner companies

Finnish companies regarded the partner searching to be very challenging in the Latin American markets and the existing partners were found in different ways. Most of the interviewed Finnish companies searched the potential partners from the international fairs. Finnish companies mentioned that the searching is based more and more on the references you got from the company and can find in internet. As well, the Finnish companies used yellow pages in the partner searching. Some companies had used consultant services in the partner searching.

After searching, most of the Finnish companies interviewed few of the potential partner companies before the actual selection. However, many times the lack of good candidates forced Finnish companies to select the best present candidate. One Finnish company mentioned that the selection based only on the recommendation of the third party and the other companies were not interviewed. One Finnish company mentioned that after the search the cooperation started with three or four different companies and the final selection based on the partner’s activeness in practice.

Brazilian distributors were searching suppliers mainly from international fairs. Most of the Brazilian companies were actively looking for new potential suppliers to complete their product portfolio. Brazilian companies relied strongly on networks e.g. the recommendations of customers and other parties in the partner selection. Some Brazilian companies mentioned chamber of commerces and commercial institutes as potential
places to find a supplier. One Brazilian company mentioned that suppliers contact them through these institutes, as well.

When searching a distributor, the Brazilian companies relied on the chambers of commerce, consulates and newspapers. However, it was mentioned that many times informal ways e.g. networks and personal contacts were more effective methods in partner searching than the formal ways. Brazilian companies felt that finding a good and proper partner is the most challenging part in partnering process. It was also seen harder when operating in the more specific markets.

4.3.3 Defining the rules and procedures of the partnership

One Finnish company which was interviewed was operating with the Latin American partner companies without any contracts and the cooperation based on “gentleman’s agreements”. The company mentioned that the cooperation has to work anyway despite of the contract. The partner companies were seen more like customers than partners and they were operating relatively independently. The partner companies didn’t have exclusive rights to the product and the Finnish manufacturer wanted to guarantee the internal competition on the market.

Other Finnish companies interviewed operate with partners using contracts. Normally the contracts defined territory, products, trademarks, exclusive rights, pricing, the right for the commission for the distributor, and responsibilities e.g. technical assistance. Some companies included sales objectives in the contracts but some companies thought that cooperation works better without the quantitative objectives. Two Finnish companies argued that it is difficult to get Latin American partners to commit any quantitative objectives and even they have the objectives in the contract, they don’t realize in practice.

All the interviewed Brazilian distributors had exclusive rights for the product of some specific area. Most of the companies had the quantitative sales objectives as well.
4.3.4 Establishing measurement system

Most of the Finnish and Brazilian companies had set the measurable goals e.g. units sold per year for their cooperation. The budgeted goals were set yearly or quarterly. One Finnish-Brazilian partnership mentioned that in their cooperation, they have also non-measurable goals set. These goals were to keep a good name of the manufacturer on the market, use the same philosophy than manufacturer outside the company, develop and educate the market to use the product, develop new products on the market, and inform the manufacturer about new opportunities on the market.

4.3.5 Cultural factors having impact on partner cooperation

The interviewed companies had different experiences of cultural factors affecting their business and cooperation with their partners. One Finnish and few Brazilian companies argued that even there is a difference in culture in general, there are no cultural factors that affect the practice to business operations. The Finnish company mentioned that Latin America has gone towards international business culture and habits and in business-to-business operations, only international business culture seem to matter. However, many of the interviewed companies recognized factors and differences of cultures which were affecting the business cooperation.

One of the differences mentioned by Finnish companies was schedules and deadlines which caused problems in the daily cooperation. Finnish companies felt that Latin American partners don’t respect the agreed deadlines as much as they should.

One Finnish company mentioned that in Latin American culture, business and personal life go together. It is not as separate as in Finland. In practice, the company felt that especially Latin American customers take the problems in business cooperation very personally. For example problems in quality can even destroy personal relations. Because
of the difference, the Finnish company had difficulties in communication and it tried to avoid too personal topics in the communication with the Latin American customers. Sometimes communication was directed through Brazilian partner company instead of direct communication with the customers as a result from this problem.

Latin American temperament and the impulsive way to react in cooperation was mentioned as a different cultural factor by some Finnish companies. In practice, one Finnish company mentioned that sometimes it is better to wait for the next morning and continue then rather than to start to argue immediately. The Finnish company also mentioned that even the difference is known, it is sometimes difficult to recognize it if you are a part of the situation. The Finnish company emphasized that the employee responsible for Latin American operations should known local culture to avoid these kinds of problems in practice.

One given cultural difference affecting to business cooperation was related to the negotiations. One Finnish company mentioned that it is important that company’s representative is at the same level with the Latin American negotiation partner which many times is the company’s owner or the CEO. Finnish representative has to be at least Sales Manager to achieve respect enough. Especially, the representative should avoid technical titles like Product Specialist. The Finnish company felt that in Latin American culture you have to show what you have achieved (also in personal level) and Finnish modesty doesn’t work in the negotiation table.

“…in the conversation with the company owner, you can’t tell him that your plan for the weekend is to clean with your wife because this man has two home aids for making coffee and he hasn’t heard anything about cleaning in several generations…”

All the Brazilian companies were satisfied with the cooperation with the Finnish companies. The Brazilian companies argued that Finnish companies have changed a lot during the last 10 to 15 years and become more international in their way doing the business. With several years of experience, the Brazilian companies felt that Finnish people
are very easy to contact and basically not cold even the first feeling might be like that. Finnish people were seen as serious which was mentioned to be a positive factor for the business. Also, the Latin American way to think and do business was seen to be more like Finnish, than for example, in Asian cultures. Brazilian companies argued that Brazilian people are easy to contact and always looking positively to foreign cultures. According to Brazilian companies, the nationalism doesn’t exist in Brazil.

One Brazilian company argued that they cooperate with the Finnish company very gladly because the Finnish people are dealing with the people, not only with the business. The Brazilian company mentioned that it is extremely positive that Finnish manufacturer is interested in distributor’s motivation and the final customers’ happiness.

One Brazilian company argued that the cultural differences are reflecting from the communication. The messages are understood differently in different cultures causing misunderstanding and problems in cooperation. As well, the company argued that manufacturers don’t understand that they can not operate with same methods in Latin America than in Europe and they have to adapt their operations based on the local needs. Too many times European companies thought that it is as simple as in Europe and that they can operate the same way in Latin America than in Europe.

The Brazilian companies argued that Brazilian people are appreciate different things than Finnish people. This might seem as irresponsible in the Finnish eyes. One Brazilian company wanted to have responses more quickly and more flexibility from Finnish manufacturer. They argued that in Brazil you have to be flexible and change your methods sometimes. One Brazilian company mentioned, that their Finnish manufacturer is a very organized company, which has forced also them to operate more organized and develop their company’s efficiency.
4.3.6 Trust as an attribute of partner cooperation

All the interviewed Finnish companies argued that trust is the most important topic in the cooperation with the Latin American partner. The most important issues affecting the trust negatively were delayed payments and broken promises from the behalf of the Latin American partner companies. As well, because the business based strongly on personal contacts, the turnover of contact person in partner company were seen as a problematic aspect for trust.

At the beginning of the cooperation, Finnish companies relied on the comments from the third parties, if only it was possible. The Latin American partner companies were evaluated considering their activeness when starting the business. Finnish companies felt it as a trust increasing action if the partner company invests on the business and not just try to sell the product with a minimum investment. All the Finnish companies argued that time is one of the most important aspects increasing the trust. The companies argued that given promises should be kept. One Finnish company mentioned that the trust increases if distributor gives information about the markets and customers and help the manufacturer prepare to following orders. Also the face-to-face meeting was seen as important way to increase trust between the partnering companies.

Finnish companies tried to increase the trust by communicating effectively. Quick responses, open and honest dialogue were seen as trust increasing aspects. Also, some Finnish companies arranged common promotional or training projects partly to increase the trust between them and the partner companies.

In the long run, Finnish companies felt that the product quality had an important increasing effect on trust. One Finnish company mentioned that they are increasing trust by showing the partner company that they are looking for long term partnerships.

The Brazilian companies mentioned that Finland has a good reputation in H&W field and Finnish way to do the business is recognized. For Brazilian companies the trust
based strongly on the reputation of the partner company and references they got from the third party. The Brazilian companies mentioned that in global business, companies are changing information with the customers and other distributors so that bad signs are easily recognized. All the Brazilian companies argued that Finnish companies and people are well-known for their honest and direct way to do business which increased the trust a lot in the eyes of Brazilian companies.

In the daily cooperation, Brazilian companies mentioned the broken promises as the most important factor for decreasing the trust. Also, stable price, quality, and punctuality where the factors which were important in trust building process. One Brazilian company mentioned that in the beginning of cooperation, it is very unreliable sign if the partner company comes to the negotiation table with a complete contract. The company felt it much more trustful if the factors of the contract were negotiated together.

4.3.7 Control and communication in partner cooperation

Most of the Finnish companies argued that control of the Latin American partner companies based more on the informal procedures than contract or other formal procedures. Personal relations and cooperation was mentioned as the most important way to control cooperation in Latin America. One Finnish manufacturer relied mostly on budgets and yearly sales in controlling of Latin American partner company.

All the Finnish companies mentioned that the controlling is not tight and some companies had faced problems related to their product or trademark. The Finnish companies with problems also felt it difficult to control the product after the distributor and one company mentioned it impossible. However, companies did not have any sanctions for the partners in problematic situations.

Partnering companies’ communication based mainly on email or phone. The overall feeling was that the communication is easy and smooth and works well between the companies. Most of the Finnish companies communicate with the Latin American part-
ners in English and all the companies mentioned Spanish and Portuguese to be a great advantage but in communication with the partner, English was sufficient. The local languages were seen to be more important when companies were dealing with customers or other parts of the distribution network.

All the Finnish companies emphasized the importance of face-to-face meetings. The quantity of face-to-face meetings varied between companies from less than once a year to 5 times a year. One Finnish company argued that one face-to-face meeting a year is enough while three companies felt that two times a year is enough.

Two Finnish companies mentioned that information from Latin American partner can be sometimes misleading and sometimes messages should be taken with a grain. Finnish companies were satisfied with response activity of the Latin American companies but also mentioned that sometimes regarding negative topics, the response time is longer.

Two Latin American companies wished more preventative communication from Finnish partners. For achieving better customer service, the Brazilian companies courage Finnish companies to be more proactive in their communication. Latin American companies wished the face-to-face meetings more than two times a year but at the same time mentioned the physical distance as a natural constraint.

4.3.8 Manufacturer’s support on the market

All the interviewed Finnish companies mentioned that technical support on the market is essential for the success. Usually, the support was given through email or telephone but in particular cases, the technical personnel were sent to the area. The companies mentioned to support their distributors also by training. Most of the Finnish companies trained the distributors about technical factors of the product and one Finnish company mentioned that it is also important to train the distributor to sell the product. To support sales, the companies provided the distributors demo products and sales material. Usually, the manufacturers were in response to finance international fairs in Latin American
area by themselves or together with the distributor. One Finnish company mentioned that they have supported the distributor financially in some difficult situations.

Some Finnish companies provided training about the product to customers. The Finnish manufacturers had training events with the customers together with Latin American distributor. One Finnish company offered training to customers by organizing common internet training sessions. All the Finnish companies argued that flexibility is important and manufacturers should try to support the distributors also in sudden situations.

“… you have to make their life easy and make sure that they earn well, otherwise it won’t work…”

Finnish companies expected to get market information from their distributors. The companies mentioned that the information of upcoming orders beforehand benefits the distributor, as well. Finnish companies expected customer information and macro-level analysis of markets from distributors.

Brazilian companies which had own distributors collected market information from them. The information flow went through internal employees, distributors and sales personnel. One Brazilian company mentioned that market analysis is on going process and they are informing their manufacturer monthly or sometimes weekly about market development. Normally, the market analysis consisted of market size analysis for the product and estimation of the company’s possibility to get some particular market share. Considering countries which had open import statistics the companies were using the specific tool to collect market information. Countries like Argentina, Uruguay, Paraguay, Chile and Columbia.

One Brazilian company followed the market situation by establishing patterns related to experience they had from the markets. Another Brazilian company mentioned that they record market actions regularly e.g. all the complaints, and follow the market development in that way. They have to do this recording because of ISO-standardization.
All the Brazilian companies expected clear, quickly reacting communication from the manufacturer. The information of the product should transform effectively from manufacturer to distributor and further to customers. The manufacturers should ensure this and also be able to receive information from distributors. One Brazilian company mentioned that the most important issue for manufacturer’s success is to ensure that they understand the situation on the market and therefore they have to invest in good communication.

Other widely mentioned issue from Brazilian companies was manufacturer’s training for distributors and customers. The manufacturer was expected to visit customers with the distributor’s representative and give technical training related to the product.

Brazilian companies argued that manufacturer should support them on the market by providing material to support sales e.g. catalogues, price lists, and other promotional material. Two companies mentioned that all the material should be in Portuguese or Spanish. Some companies needed demo-equipments from manufacturers to support their sales.

The Brazilian companies needed financial support on promoting and expect that manufacturer partly cover the expenses of fairs and seminars. Some partnering companies argued to split in two the expenses of promotional events and in some cases the different fairs and seminars were agreed to be even on manufacturers or distributors response.

Three Brazilian companies mentioned the dealers meeting once or twice a year as an important way to communicate and develop the cooperation between manufacturer and distributors. In these meetings distributors were able to explain the problems and proposals for development to manufacturers and companies were able to find possible best practices to arrange different issues.
According to Brazilian companies, sometimes supplier can be too active on the market. One Brazilian company felt it disturbing when the manufacturer were acting straight to the final customer. The company argued that normally distributor knows the market better and the manufacturer should participate to business only through the distributor.

One Brazilian company argued that considering the new product launch, the distributors are giving the training to distributor but they don’t understand that they have to educate the markets also. The company mentioned that the manufacturers are too many times investing too little for those purposes.

One Brazilian company was looking for better technical support from the manufacturer. The company mentioned that the lack of support is more understandable from the Asian low price suppliers but excepted accurate and reliable support from the European manufacturers.

One Brazilian distributor saw the distributors’ mistakes relating to Brazil as a market. The company mentioned that manufacturers don’t see the total potential of Brazil because they don’t understand the special characteristics of Brazil. By studying better the markets, the manufacturers would achieve much better results.

One Brazilian company mentioned that the most common mistake the manufacturers are doing is promising something they can not fulfil. The company mentioned that it is usual that new manufacturers come to represent themselves and promise too much.

Two of the interviewed Brazilian companies had own sub-distributors. The companies argued that they expect to get from their distributors the market information. The local picture of the market situation. As well, they mentioned that one of the most important responsibilities of distributor is to ensure that the manufacturer get its money. The other Brazilian company expressed to invest a lot in common marketing projects with its distributor. The company mentioned that distributors growth increase their business directly.
4.3.9 Conflict resolution in partner cooperation

Overall interviewed Finnish and Brazilian companies had not faced serious conflicts in their cooperation. In problem solving, all the companies emphasized the face-to-face communication. Latin American companies did not specify any particular conflicts in their partner cooperation with Finnish companies.

For Finnish companies the most common problem was delayed payments. In addition companies had faced some other different conflicts which were all resolved after negotiations.

The problem solving strategies varied between Finnish companies. Two of the interviewed Finnish companies mentioned that problem solving with Latin American partner should be done with care and diplomacy. Both companies felt that the better results were achieved by using softer methods than in conflicts, for example, with other Finnish company. The companies felt also that in conflicts, the Latin American partner act more indirect and can concentrate on consequences of unsolved problems rather than in the problem itself.

Three of the interviewed Finnish companies argued that direct and open dialogue is the best way to solve problems also with the Latin American companies. The Finnish companies felt that Latin American partners appreciate the Finnish way to be honest and ability to speak even difficult topics directly. However one Finnish company mentioned that conflict resolution with Latin American customers might need the different approach but with the partner the approach can be direct.

“That’s the reason I have the agent….that I don’t have to think how to express myself”
4.3.10 Evaluation of partner cooperation

Usually, the evaluation of cooperation based on the measurable financial factors and companies were analyzing the situation yearly. Finnish companies analyzed the partners’ success compared to market potential of the area. Altogether, Finnish companies were satisfied with the cooperation. The changing of the partner company was really rare and most of the companies were operating with the partners they selected when entering the market.
4.4 FRAMEWORK REVISITED IN FINNISH-BRAZILIAN CONTEXT

In this chapter, the theoretical framework of this study is revisited and completed by the data from the face-to-face interviews with Finnish and Brazilian companies. As shown in Figure 33, the long term objectives of partnership for the Finnish companies were the market entry with low risk.

Figure 33: Framework revisited in Finnish-Brazilian context
The most important factor affecting to the Finnish companies’ partner selection was the distributors’ product mix. The Finnish companies were looking for the partners with the product mix which can support the sales of the Finnish company’s product. The international fairs were the most important channels to Finnish companies to search the potential partner companies. Finnish companies did analysis based on the references and face-to-face interviews. However, overall the Finnish companies preferred to start the cooperation with the new partner and evaluate the partner’s suitability and activeness through the business operations rather than analyzed partners very detailed before the cooperation.

Most of the Finnish companies gave exclusivity rights of the product for the partnering companies. Usually, the Finnish companies made a written contract with the partner companies and the evaluation of the partnership based on the quantitative and measurable factors. The Finnish companies relied on the informal control (e.g. personal relations) in their cooperation with the Latin American partner companies. The communication was arranged through email and phone and the companies had face-to-face meetings few times a year.

The most important way for Finnish companies to support their Latin American partner companies was to offer them a high quality and competitive product. As well, the Finnish companies were offering the technical support, training of the product and promotional material for their Latin American partner companies. From the partner companies, the Finnish companies were collecting market and customer information.

The Finnish companies did not have the agreed problem solving methods with their Latin American partner companies and the problem solving habits varied between companies. All the interviewed Finnish companies evaluated the cooperation with the partner company yearly but in practice partner changing was rare even the Finnish companies were not satisfied with the Latin American partner.
In summary, the framework revisited in the Finnish-Brazilian context differs partly from the theoretical framework of the study. The Finnish companies did not prepare the particular partner profile of the potential partner companies when entering into the new markets. The Finnish companies based on their partner evaluation on the cooperation at the beginning of partnership and did not emphasize the evaluation based on the references as much. Furthermore, the Finnish companies did not have the agreed problem solving tactics in their partnerships with the Brazilian companies. In the most cases, the evaluation of the partnership based on the measurable quantitative objectives. However, the unachievable objectives led to the partner company changing very rarely.
5 CONCLUSIONS

This study focused how Finnish H&W companies entering into Latin American markets should select their partner companies and what are the factors they should take into account to achieve successful cooperation with them. Based on the academic literature, the study analysed how the partner company selection should be done when entering in the emerging markets and what are the factors related to successful cooperation in the Latin American context. In addition, the study mapped out the Finnish healthcare and well-being (H&W) companies already operating in Latin American markets and how the particular companies had done the partner selection and cooperation with the Latin American partners.

5.1 PARTNER COMPANY SELECTION

According to literature, the partner company selection is based on four steps when company is entering into new markets. The partner selection starts by *Mapping out the partnership* where the long-term objectives and the nature of the partnership are defined. Before the partner searching, the profile for the potential partner should be done. Estimated issues of the potential partner company are financial and company strengths, product factors, marketing skills, commitment, and facilitating factors.

The product factors were the most important ones for Finnish companies in their distributor selection. Finnish companies avoid the distributors which were representing substitute products. Respectively, the companies were looking for distributors which had substantial product mix to support their own product’s sales. Other important factor for the distributor selection was the distributor’s size. The Finnish companies were looking for the distributors who felt Finnish companies’ products economically interesting enough. Good technical know-how, after sales services, reputation, and financial condition of the distributor was mentioned as important factors in distributor selection, as well.
Product factors were the most important ones for Brazilian companies when they were selecting a new supplier. The Brazilian companies were looking for a supplier with the product which fit in their product line or completely new innovations. The quality of the products was expected to be high. Also, the technical support of the supplier and the product’s price were important factors for Brazilian companies. However, every Brazilian company accepted the relatively high prices if they get the better and reliable support on the market. Brazilian companies emphasized the partners’ reputation more in their supplier selection than Finnish companies did.

The partner selection process continues to *Identifying and selecting partners*-phase where the potential partners are searched and interviewed. International fairs were the most important channel for Finnish and Brazilian companies to search partner companies. Other important sources were mentioned to be chamber of commerces, consulates, and the Internet. Brazilian companies relied more strongly on the personal contacts and networks in partner searching than Finnish companies. All the companies interviewed potential partners face-to-face before the selection.

Based on the literature, at the next step the partner companies negotiate about the goals of the partnership and *define the rules of engagement* and *establish metrics for success*. Most of the Finnish companies had the contract with their Brazilian distributors. Normally the contracts defined territory, products, trademarks, exclusive rights, pricing, right of commission for distributor, and responsibilities e.g. technical assistance. All the Brazilian distributors had exclusive rights for the product for some specific area. Some Finnish companies included sales objectives in the contracts but some companies thought that cooperation works better without quantitative objectives. It’s natural that the cooperation with partner company can be easier without quantitative objectives but still half of the Finnish companies were not satisfied for the partner company’s actions. By using the quantitative objectives, the partnership management is possible and the company’s goals can be achieved.
In comparison with the theory, Finnish companies prefer to start the cooperation with the potential partner companies and evaluate the partner companies through cooperation rather than evaluate the potential partners accurately by using preferences before the cooperation.

5.2 COOPERATION WITH THE PARTNER COMPANY IN LATIN AMERICA

Cultural factors and trust are the attributes of the cooperation affecting to the whole partnering process. Finnish companies realized the cultural differences more than Brazilian companies. Finnish companies argued that Brazilian companies do not respect schedules and deadlines as much as they should. Also, the Brazilians were seen not to separate business life and their personal life which was seen as a problem in some situations.

Brazilian companies were satisfied with the cooperation with Finnish companies. They argued that Finnish people are easy to contact and take seriously the business they are doing. Brazilian companies were satisfied with the Finnish way to do business with people and not just concentrating on the business side. Brazilian companies appreciated the Finnish way to do business general and mentioned that Finnish have developed a lot during the last 10 years. Overall, the reputation of Finnish companies was seen to be on the high-technology level and as a good way to do business. Brazilian companies judge Finnish ones sometimes too inflexible. They expected Finnish companies to adapt more their methods when operating in Latin America.

All the interviewed companies argued that trust is the most important topic in the cooperation with partner company. According to literature, the Latin Americans rely more than Finnish, on trustful information about the partner’s past actions in the trust building process. The interviews supported theory while the Brazilian companies based the partner selection more strongly on the information from networks and personal relations than Finnish companies. Finnish companies were more interested to start their business
first and the partner companies were evaluated considering their activeness when start-
ing business.

For all companies, the most important issues affecting the trust negatively were delayed payments and broken promises from the partner companies. Finnish companies felt it as a trust increasing action if the partner company invested on the business and gave information about the markets and customers. Brazilian companies felt that honest and open way to communicate and do the business is the best way to build the trust.

The informal control methods were mentioned to be the best way to arrange control over distributor in the literature. Most of the Finnish and Brazilian companies argued that controlling between companies based more on the informal procedures than contract or other formal procedures. Personal relations and cooperation was mentioned the most important way to control cooperation in Latin America. Partnering companies’ communication based mainly on email or phone. The overall feeling was that the communication is easy and smooth and works well between the companies. Most of the companies communicate in English and all the companies mentioned Spanish and Portuguese to be a great advantage but in communication with the partner, the English was sufficient. However, the Brazilian distributors expected that the Finnish companies gives training also to the customers of the Brazilian companies. In practice, the local customers are not familiar with the English language and need the training in their own language. Therefore, the local language skills are essential for the Finnish companies operating in the Latin American area even the communication with the partner company is done in English.

All the companies emphasized the importance of face-to-face meetings. The quantity of face-to-face meetings varied between companies from less than once a year to 5 times a year. Finnish companies expected more active communication of Brazilian companies regarding to negative topics and Brazilian companies encourage Finnish companies to be more proactive in their communication.
According to academic literature, the manufacturer or supplier should support the distributors on the market and provide them the product line with strong sales and profit potential to ensure that the distributor is motivated to work for the common goals. Finnish companies supported their distributors by giving technical support and training for them. Support was given by email or telephone and sometimes the technical person was sent on the market to help the distributor. Training was given to the distributor but sometimes to customers also. Some companies arrange training through the Internet. Also, the companies supported the distributors by providing them the material to support sales e.g. catalogues, price lists, and other promotional material.

The Brazilian companies expected that the manufacturer support them by communicating more clearly and quickly. The information of the product should transform effectively from manufacturer to distributor and further to customers. The manufacturers should ensure this and also be able to receive information from distributors. The Brazilian companies expected the manufacturer or supplier to give the training to the customers. Brazilian companies argued that manufacturer should support them on the market by providing material to support sales e.g. catalogues, price lists, and other promotional material. The prices of the Finnish companies’ products were relatively higher compared to, for example, their Asian competitors. However, the Brazilian companies were ready to pay these higher prices if the Finnish companies’ support on the market were reliable and accurate.

The academic literature suggest that the companies should prepare for the conflicts in partnerships and create the group norms how the conflicts will be resolved. Overall the interviewed companies had not faced serious conflicts in their cooperation. In problem solving, all the companies emphasized the face-to-face communication. The problem solving strategies varied between Finnish companies. Two of the interviewed Finnish companies mentioned that problem solving with Latin American partner should be done with care and diplomacy. Three of the interviewed Finnish companies argued that direct and open dialogue is the best way to solve problems also with the Latin American com-
panies. By having the agreed norms for problem solving, the companies can avoid uncertainty related to problem solving and communication with the partner company.

Usually, the companies evaluated their cooperation based on the measurable financial factors and companies were analyzing the situation yearly. Even, most of the companies emphasized the importance of the financial results, some of the companies operated without quantitative and measurable goals. In practice, some Finnish companies preferred the easiness of cooperation rather than aiming to achieve the particular financial goals on the market. According to the online questionnaire, half of the participated Finnish companies were not satisfied to the Latin American partner company. Without clear goals the partnership management is difficult and dissatisfaction will occur between partnering companies.

The change of the partner company was really rare and most of the Finnish companies were operating with the partners they selected when entering into the Latin American markets. The Finnish companies felt it difficult to change the partner company and preferred to continue the cooperation even they were not completely satisfied for the partner company’s performance. However, the partner company changing is sometimes important if the goals are not achieved. Even the partner company changing stop the business and incomes for awhile, it becomes profitable very soon if the yearly incomes increase.

5.3 FINNISH HEALTHCARE AND WELL-BEING COMPANIES IN LATIN AMERICA

The most common operation mode for the Finnish H&W-companies in Latin American markets was exporting and the most of the Finnish companies were represented in Latin America through local partner companies.

Overall, the most of the Finnish H&W-companies which participated in the study were small or medium sized firms having relatively limited resources for the internationaliza-
tion processes, which explain the strategy to rely on partner companies’ support in their operations in Latin America. As well, the exporting and operating through local sales representative/agent were the most interesting operation modes for the Finnish companies interested in the Latin American markets.

The Finnish companies already operating in Latin America had entered primarily in Brazil, Chile, Mexico and Argentina which were also the most interesting countries among the companies interested in Latin American markets. Overall, the Finnish companies operating in Latin America did not feel the area very important market for their business even they were succeeding there moderately and were going to develop the business further in the area. Respectively, the Finnish companies which were not operating in the area were interested in the markets because of its big size and growth.

The big size and growth of the markets don’t explain completely the Finnish companies’ interests of Latin American countries. For example, Chile is relatively small and slowly growing market compared to Columbia but still the Finnish companies selected Chile as a much more interesting country than Columbia. In addition to market potential, the other factors (e.g. easiness of market entry) affect to the Finnish companies interests of different Latin American countries. It is also possible that the Finnish companies don’t have accurate market information of Latin American countries and they prefer traditionally strong Latin American countries.

Finnish H&W-companies considered the local partner relations extremely important for a successful business in Latin America. However, many times the Latin American partner had taken the initiative which shows that Finnish companies can be more active in the partner searching process. Finnish companies established the contacts to the partner companies in international fairs. Only a few companies mentioned to exploit the tips from the third companies which imply that Finnish companies could do the networking with other companies more effectively.
Finnish H&W-companies were mainly satisfied with the Latin American partners and cooperation with them. The finding appropriate partner company was the biggest challenge for successful business in Latin America in all Finnish companies (companies operating in the area and companies interested in the area). As well, many of the Finish companies which were not interested in the Latin American markets considered the finding of a good partner company problematic. However, the Finnish companies which were not operating in the area supposed the partner finding to be more difficult than the Finnish companies already operating in the area. This refers that the companies which were not operating in the area can have prejudices and wrong expectations about Latin American markets and the potential Latin American partner companies.

The Finnish companies interested in Latin American markets were worried about the country risks and administrative and bureaucratic challenges of the Latin America much more than Finnish companies operating already in the area. This refers that some of the Finnish companies interested in Latin American markets might have wrong expectations about the Latin American countries.

Over a half of the Finnish companies operating in Latin America and two thirds of the Finnish companies interested in the area needed external help in the partner company searching. Also, over a half of the interested Finnish companies were looking for external help in the partner selection and gathering market information in Latin American markets. Almost half of the interested Finnish companies expected the external help in regulation, legislation and customs clearance.

For Finnish companies, the finding local partner company was seen as the most important impulse to start the business in Latin America. Notably less important impulses were, for example, results of the market research which supports the market entry. Based on this we can assume that Finnish companies do not analyze the markets in advance but start operations in the area and follow how the business develop then.
5.4 MANAGERIAL IMPLICATIONS

When entering into the new markets, Finnish companies prefer to start the business operation rather than analyze markets and possible partner companies more exactly. Comparing to Brazilian companies, the Finnish companies could analyze the potential markets more detailed and through that build a reliable profile for a potential partner. According to the partner profile, the Finnish companies could analyze the preferences of potential partner companies more detailed before to start the cooperation with them. Beside of the market analysis, the company’s own competitiveness on the particular markets should be analyzed when selecting a new market to enter. The Finnish companies should select the markets to enter where the both dimensions (market potential and company’s own competitiveness) support the entering decision.

If the Finnish company’s internationalization is in the beginning, the potential new markets to enter should be evaluated carefully. Even the market potential of Latin American countries is high, the countries with lower geographical and cultural distance to start international business operations can be probably found closer (e.g. East-Europe).

To achieve competitiveness on the Latin American markets, Finnish companies have to concentrate and invest on the support of the distributor. While the prices of the Finnish manufacturers are relatively higher than their competitors from Asia for example, the Latin American distributors and customers expect to get more supportive operations along with pure product. Especially, the Latin American companies were looking for a quick and effective communication from the suppliers to support the customer service.

As well, the Finnish companies should improve their flexibility when operating in the Latin American markets. The operation methods should be adapted to the needs of the local markets and customers. By improving the market information collection from the distributors, the Finnish companies can understand and follow the Latin American markets better and as needed make adaptations in their operations in the area. The Brazilian companies expected that Finish companies visit in the local market more often. Through
the visits and face-to-face meetings the extremely important trust can be improved and the Finnish companies are able to understand the local market needs and habits.

5.5 SUGGESTION FOR FURTHER RESEARCH

Theories and the framework presented in this study can be used to assist internationalizing companies in their entering processes into the new markets. As well, the framework helps the Finnish companies to prepare for the cooperation with Latin American partner companies. However, the successful market entry necessitates the analytical market and customer analysis before the partner company selection can be started. There are plenty of academic researches related to foreign market analysis and customer segmentation. However, from the viewpoint of small and medium sized enterprises, the comprehensive model for the internationalization and foreign market entry is needed. The further research should combine and construct the model which helps the small and medium sized companies to start their internationalization process from the beginning.
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INTERVIEWS

APPENDIX 1.

Kysely suomalaisten terveys- ja hyvinvointialan yritysten liiketoiminnasta Latinalaisen Amerikan alueella

Tämän tutkimuksen tavoitteena on selvittää suomalaisten terveys- ja hyvinvointialan yritysten kiinnostusta laajentaa liiketoimintaansa Latinalaisen Amerikan markkinoille sekä kartoittaa alueella jo toimivien yritysten liiketoiminnan laajuutta.

Tutkimuksen toteuttavat Helsingin kauppakorkeakoulun Kansainvälisten markkinoiden tutkimuskeskus CEMAT (Center for Markets in Transition) ja Finpro. Kyselyn teknisen toteutuksen tarjoaa Webropol Oy.

Kysely koostuu erilaisista kysymyssarjoista. Kysely ohjaa teidät automaattisesti oikean kysymyssarjan kohdalle.

Vastaukset käsitellään luottamuksellisesti.

Onko yritykselläne liiketoimintaa Latinalaisen Amerikan alueella?

- kyllä
- ei
Missä Latinalaisen Amerikan maissa yritykselläne on liiketoimintaa ja minä vuonna toiminta on alkanut?
(Valitse kaikki maat joissa yritykselläne on liiketoimintaa. Täydentääkää oheiseen tyhjään tilaan minä vuonna toiminta kyseisessä maassa on alkanut.)

- [ ] Argentina
- [ ] Brasilia
- [ ] Chile
- [ ] Kolumbia
- [ ] Meksiko
- [ ] Peru
- [ ] Uruguay
- [ ] Venezuela
- [ ] muut Latinalaisen Amerikan maat

(Mikäli valitsette "muut Latinalaisen Amerikan maat", täsmentääkää oheiseen tyhjään tilaan mikä maat ja minä vuonna toiminta kyseisessä maassa alko.)
Millaista toimintaa yrityksellä on tällä hetkellä Latinalaisen Amerikan markkinoilla?
(Voitko kaikki ne toimintamuodot, joita yrityksenne harjoittaa alueella. Kirjoittakaa oheiseen tyhjään mistä maissa yrityksellä toimintaa harjoitetaan.)

- vienti
- projektivienti
- oma jälkeluokana
- paikallinen jälkeluokana
- paikallinen myyntiedustaja / agentti
- tytäryritys
- yhteisyritys
- lisensointi
- franchising
- alihankinta
- tuotanto
- jotkin muut toimintamuodot

(Mikäli valitsette "jotkin muut toimintamuodot", täsmentäksä oheiseen tyhjään mitä toimintamuodot ja missä maissa kyseisiä toimintamuotoja käytetään.)

Miten yrityksenne on mielestänne kokonaisuutena menestynyt Latinalaisen Amerikan markkinoilla?
(Tässä tutkimuksessa menestymisellä tarkoitetaan tuloudellista menestymistä.)
1=erittäin huonosti, 2=melko huonosti, 3=hyvin eikä huonosti, 4=melko hyvin, 5=erittäin hyvin

erittäin huonosti

Miten tärkeä markkina-alue Latinalainen Amerikka on yrityksellenne?
(Tässä tutkimuksessa tärkeyttä mitataan Latinalaisen Amerikan liiketoiminnan osuutena yrityksenne kokonaisliikevaihdosta.) 1=ei lainkaan tärkeä, 2=ei kovin tärkeä, 3=neutraali, 4=melko tärkeä, 5=erittäin tärkeä

ei lainkaan tärkeä

Kuninka monta prosenttia Latinalaisen Amerikan liiketoiminnon muodostavat yrityksenne kokonaisliikevahdosta?
(Voitokaa prosenttivälihaku oheisesta alasvetovalikosta.)

|0.1%
Onko teillä partneriyrityksiä Latinalaisen Amerikan alueella?
(Tässä tutkimuksessa partneriyrityksillä tarkoitetaan toimijoita, jotka kantas yrityksene harjoittaa liiketoimintaa Latinalaisen Amerikan alueella. Partneriyrityksiä ovat esimerkiksi myymäläomistajat, jokelijot ja alihankkijat.)
- kyllä
- ei

Seuraavat kysymykset käsittelevät yrityksen ja partneriyrityksien välistä yhteistyötä.

Kuinka monta partneriyritystä yrityksellänne on Latinalaisen Amerikan alueella?
- 1
- 2
- 3
- 4
- >5

Missä Latinalaisen Amerikan maissa toimitte paikallisten partneriyritysten kanssa?
(Valitka kaikki ne maat, joissa yrityksenne toimii paikallisten partneriyritysten kanssa.)
- Argentiina
- Brasilia
- Chile
- Kolumbia
- Meksiko
- Peru
- Uruguay
- Venezuela
- muut Latinalaisen Amerikan maat (Tasentakaa maiden nimet oheiseen tyhjään tilaan.)

Kuinka tärkeää merkitsy paikallisilla partneriyrityksillänne yleisesti on yrityksenne menestymisen kannalta Latinalaisen Amerikan markkinoilla?
(Tässä tutkimuksessa menestymisellä tarkoitetaan taloudellista menestymistä.)
- erittäin tärkeä
- melko tärkeä
- neutraali
- ei kovin tärkeä
- ei lainkaan tärkeä
Kuinka työkyvyissä kokonaisuutena olette paikallisten partneriyritysten toimintaan ja yhteistyöhön heidän kanssaan?

- erittäin työkyvyinen
- työkyvyinen
- ei työkyvyinen, mutta ei työkyvymättäkin
- työkyvmätön
- erittäin työkyvmätön

Kirjoittakaa alla olevaan tyhjään tilaan vähintään kolme syytä miksi olette tai miksi ette ole työkyvyissä paikallisten partneriyritysten toimintaan tai yhteistyöhön heidän kanssaan:

(Voitte vastata kysymyksen jokaisen partneriyrityksen osalta erikseen mikäli kokemuksenne yhteistyöstä vaihtelevat eri partneriyritysten välillä.)

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Kuinka valitsitte paikalliset partneriyrityksenne Latinalaisen Amerikan markkinoilta?

(Valitkaa kaikki neli valintovaloja, joita olette käyttäneet partneriyritysten valinnassa.)

- partneriyrityksistä olivat tattuja ja aiemmista yhteyksistä
- partneriyrityksistä valittiin keskustelut tai muista vastaavista tilaisuuksista saaduista kontakteista
- partneriyrityksistä etsittiin internetin valityksellä
- partneriyrityksistä valittiin toiselta yritykseltä saadun vihjeen perusteella
- partnerivalinta perustui yrityksemme omaan tutkimukseen
- yrityksemme käytti ulkopuolista opas partneriyritysten hauassa ja valinnassa
- yrityksemme pyydettin partneriksi
- muuten (täsmennä oheiseen tyhjään tilaan kuinka valitsitte partneriyrityksenne.)
Mitkä ovat yrityksen liiketoiminnan kehittämis-suunnitelmien LATINALAISET AMERIKAN alueella seuraavien 1-3 vuoden aikana?
□ liiketoiminnan kehittäminen nykyisissä kohdemaissa
□ liiketoiminnan laajentaminen maantieteellisesti (Tasmentäkää oheiseen tyhjään tilaan mihin mihin.)
□ liiketoiminnan jatkaminen nykyisellä
□ liiketoiminnan aupistaminen (Tasmentäkää oheiseen tyhjään tilaan missä maissa.)
□ liiketoiminnan lopettaminen (Tasmentäkää oheiseen tyhjään tilaan missä maissa.)
□ muut liiketoimintasuunnitelmat (Tasmentäkää oheiseen tyhjään tilaan milla muuilla tavalla aiotte kehittää liiketoimintaanne ja mitä Latinalaisen Amerikan maita suunnitelmat koskevat.)

Mitkä näette suurimmaksi ongelmiaksi/haasteiksi liiketoimintanne menestymiselle Latinalaisessa Amerikassa?
(Valkitka kaikki ne vaihtoehto, jotka koette ongelmiaksi/haasteiksi.)
□ alueen riittämätön taloudellinen potentiaali
□ luotettavan markkinaketjan saanti
□ asiakkaiden loytaminen
□ sopivien liiketoimintakumppanien löytäminen
□ myyntikonven AA rakentaminen
□ markkinointi (esim. teknologian kopointi, maksamiseen liittyvät riskit)
□ liiketoimintaympäristön hallinnolliset ja byrokraattiset haasteet
□ osaavan työvoiman löytäminen
□ alueen turvattomus
□ yrityksemme riittämättömät rahoitusmahdollisuudet
□ yrityksemme riittämätön markkinointonäköaseman (esim. markkinoidon tuntemus, asiakkaiden) tuottavuus)
□ yrityksemme kilpailukyky
□ menestyksellisen liiketoimintasuunnitelman kehittäminen
□ menestyksellisen strategian kehittäminen
□ liiketoiminnan käynnistämisen (esim. rekisteröinnit, partnerin koulutus tai tuotteiden lanseeraus)
□ liiketoiminnan operatiivinen kehittäminen
□ yhteistyö partneriyrityksemme kanssa (esim. kommunikointi, luottamus, yhteisymmärrys toimintatauvusta)
□ muut ongelmat tai haasteet (Tasmentäkää oheiseen tyhjään tilaan muut ongelmat/haasteet.)
Missä asioissa yritykset on tarvetta ulkopuoliselle (esim. Finprom) avulle liiketoimintanne kehittämiseksi Latinailaisessa Amerikassa?

- markkinatiedon hankkiminen
- asiakkaiden haku
- partneriyritysten haku
- partneriyritysten valintaprosessi
- liiketoimintasuunnitelman tekeminen Latinailaisen Amerikan alueelle
- yhteisprojektien kehittäminen muiden suomalaisyritysten kanssa
- vieninrukaan muodostaminen
- neuvonta rahoituskysymyksissä
- neuvonta lupa-avoiesta, lainsäädännöstä, tulliaksesta
- muut asiat (Täsmennäkää oheiseen tyhjään tilaan missä muilla asioilla näette tarvetta ulkopuoliseen avulle.)

Ulkopuolisen avulla ei ole tarvetta.

Milä mieltä olette Latinailaisen Amerikan markkinoista liiketoimintanne kannalta katsottuna?

- Yrityksellämme ei ole kiinnostusta toimia kyseisillä markkinoilla.
- Latinailaisen Amerikan kiinnostaa kohdealueena, mutta yrityksellämme ei ole vielä suunnitelia liiketoiminnan aloittamiseksi alueella.
- Yrityksellämme on suunnitteilla liiketoiminnan aloitus Latinailaisen Amerikan alueella.

Mikä näette suurimmiksi ongelmiiksi haasteiksi, jotka vähentävät kiinnostustanne Latinailaisen Amerikan markkinoilta kohtaan?

- alueen riittämättömän taloudellisen potentiaali
- luottovan markkinatiedon saanti
- asiakkaiden loytaminen
- sopivien liiketoimintakumppanien löytäminen
- myynnikavaran rakentaminen
- maariskit (esim. teknologian kopiointi, maksamiseen liittyvät riskit)
- liiketoimintavuorot tahollisuus ja byrokratiaiset haasteet
- osavaston työvoiman löytäminen
- alueen turvallisuus
- yrityskemme riittämättömät rahoituskahdellisuudet
- yrityskemme riittämättömän markkinaosuamien (esim. markkinoiden tuntemus, asiakassuhteet)
- yrityskemme kilpailukyky
- menestyvän strategian kehittäminen
- liiketoiminnan käynnistäminen (esim. rekisteröinti, partnerin kouluus tai tuotteet lenseeraus)
- liiketoiminnan operatiivinen kehittäminen
- yhteistyö partneriyrityksemme kanssa (esim. kommunikointi, luottamus, yhteisymmärrys toimintataistelu)
- muut syyt (Täsmennäkää oheiseen tyhjään tilaan muut syyt, joiden takia yrityksenne ei ole kiinnostunut Latinailaisen Amerikan markkinoista.)
Mikä ovat merkittävimmät syitä yrityksenkiinnostukseen aloittaa liiketoiminta Latinalaisen Amerikan alueella?

(Valitse kaikki ne vaihtoehdot, jotka vaikuttavat kiinnostukseenne.)

☐ tarve laajentaa markkinoita
☐ olemassa olevat asiakkaat tai kontaktit Latinalaisessa Amerikassa
☐ mahdollisuus siirtää omia tuotantosalueita
☐ mahdollisuus ostaa tuotteita
☐ mahdollisuus ostaa raaka-aineita
☐ mahdollisuus ostaa komponentteja
☐ suuri markkinaluettava
☐ kasvava markkina-alue
☐ eimme aikaisemmin vähän kilpaillu kyseisellä alueella
☐ muut syt (Tämänlähde ohiseen tyhjään tilaan muut syt, kiinnostukseenne aloitata liiketoiminta.)

Millaiset toimintamuodot kiinnostavat yritystänne Latinalaisen Amerikan markkinoilla?

(Valitse kaikki ne vaihtoehdot, joita pidätte kiinnostavina. Kirjoitakaa lisäksi ohiseen tyhjään tilaan missä alueen maissa olette kiinnostuneita kyseisistä toimintamuodoista.)

☐ vienti
☐ projektivienti
☐ oma jakelukanava
☐ paikallinen jakelukanava
☐ paikallinen myymätiedustaja / agentti
☐ tytärrytyys
☐ yhteydenpyyntö
☐ lisensointi
☐ franchising
☐ alihankinta
☐ tuotanto
☐ muut toimintamuodot
Kuinka kiinnostavilta seuraavat Latinalaisen Amerikan maat vaikuttavat yrityksesse liiketoiminnan kannalta?

1=ei lainkaan kiinnostava, 2=ei koivin kiinnostava, 3=neutraali, 4=meleko kiinnostava, 5=erittäin kiinnostava

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Mikäli taulukossa ei ollut kaikkia liiketoimintanne kannalta kiinnostavia Latinalaisen Amerikan maita, lisätä ne oheiseen tyljään tilaan:


Mikä ovat mielestänne kolme parasta kimmoketta aloittaa liiketoiminta Latinalaisen Amerikan alueella?

- [ ] asiakkaiden löytäminen
- [ ] sopivien paikallisten partneriyritysten löytäminen
- [ ] markkinatutkimuksen tulokset, jotka tukevat markkinointileivoa
- [ ] rahoitusten järjestäminen
- [ ] Latinalaisen Amerikan liiketoimintaympäristön tuntevan työntekijän löytäminen
- [ ] yhteisprojekti muiden yritysten kanssa
- [ ] vientirengas muiden suomalaisyritysten kanssa
- [ ] muut kimmokkeet (Tasmentäkää oheiseen tyljään tilaan mahdolliset muut kimmokkeet liiketoiminnan aloittamiseksi):
Mikä asiat tuntuvat etukäteen ongelmallisilta liiketoiminnassa Latinalaisen Amerikan maissa?

(Vaihda kaikki ne vaihtoehtot, jotka tuntuvat ongelmallisilta.)

☐ alueen riittämätön taloudellinen potentiaali
☐ luottavan markkinatiedon saanti
☐ asiakkaiden löytäminen
☐ sopivien liiketoimintakumppanien löytäminen
☐ myyntikanavan rakentaminen
☐ maariskit (esim. teknologian kopiointiriski, maksamisaen liittyvät riskit)
☐ liiketoimintaympäristön hallinnolliset ja byrokrattiset haasteet
☐ osoavan työvoiman löytäminen
☐ alueen turvattomuus
☐ yrityksemme riittämättömät rahoitussuhdollisuudet
☐ yrityksemme riittämätön markkinointihyvinvointi (esim. markkinoiden tuntamus, asiakassuhteet)
☐ yrityksemme kilpailukyky
☐ menestyvän liiketoimintaasuntosuunnitelmien kehittäminen
☐ menestyvän strategian kehittäminen
☐ liiketoiminnan kannattaminen (esim. rekisteroinnit, partnerin kehittäminen tai tuotteen laajentaminen)
☐ liiketoiminnan operatiivinen kehittäminen
☐ yhteistyö partneriyrityksemme kanssa (esim. yhteisymmärrys, yhteisöliiketoimintakäytäntö)
☐ muut ongelmat tai haasteet (Tasmentakaa oheiseen tyhjään tilaan mahdolliset muut ongelmat ja haasteet.)

Missä asioissa yrityksellämine on tarvetta ulkopuoliselle (esim. Finpron) avulle liiketoiminnan aloittamiseksi Latinalaisessa Amerikassa?

(Vaihda kaikki ne vaihtoehtot, joihin yritykseemme kalpaisi ulkopuolista tukea.)

☐ markkinatiedon hankkiminen
☐ asiakkaiden haku
☐ partneriyritysten haku
☐ partneriyritysten valintaprosessi
☐ liiketoimintaasuntosuunnitelmien laatiminen Latinalaisen Amerikan alueelle
☐ yhteisprojektien kehittäminen muiden suomalaisyritysten kanssa
☐ vientirekisteröinnin muodostaminen
☐ neuvonta rahoituskysymyksissä
☐ neuvonta lupa-säästö, laimasaadannosta, tullauksesta
☐ muut asiat (Tasmentakaa oheiseen tyhjään tilaan missä muissa asioidissa näete tarvetta ulkopuoliselle avulle.)

☐ Ulkopuoliselle avulle ei ole tarvetta.
Mitkä ovat merkittävimmät syty yrityksenne kiinnostukseen aloittaa liiketoiminta Latinalaisen Amerikan alueella?

(Valitse kaikki ne vaihtoehdot, jotka vaikuttavat kiinnostukseenne.)

- tarve laajentaa markkinoita
- olemassa olevat asiakkaat tai kontaktit
- mahdollisuus siirtää omaa tuotantoa alueelle
- mahdollisuus ostaa tuotteita
- mahdollisuus ostaa raake-aineita
- mahdollisuus ostaa komponentteja
- suuri markkina-alue
- kasvava markkina-alue
- oma ala toistaiseksi vähän kilpailu kyseisellä alueella
- muut syyt (Tässä merkitään oheiseen tyhjään tilaan muut syyt kiinnostukseenne aloittaa liiketoiminta.)

Millaisia toimintamuotoja suunnittelette Latinalaisen Amerikan markkinoilla?

(Valitse kaikki ne vaihtoehdot, joita suunnittelette aloittavanne. Kirjoittaa lisäksi oheiseen tyhjään tilaan missa alueen määrä kyseisiä toimintamuotoja suunnitteillaan aloitettavaksi.)

- vienti
- projekt vienti
- oma jakelukanava
- paikallinen jakelukanava
- paikallinen myyntiedustaja / agentti
- sytäryritys
- yhteisyritys
- liikennepalvelut
- franchising
- olihankinta
- tuotanto
- muut toimintamuodot
Kuin kä kiinnostavilla seuraavat Latinalaisen Amerikan maat vaikuttavat yrityksen liiketoiminnan kannalta?

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Mikäli taulukossa ei ollut kaikkia liiketoimintanä könnalta kiinnostavia Latinalaisen Amerikan maita, lisätäkää ne oheiseen tyhjään tilaan:


Mikä ovat mielestänne kolme parasta kimmoketta aloittaa liiketoiminta Latinalaisen Amerikan alueella?

- [x] asiakkaiden löytäminen
- [ ] sopivien paikallisten partneriyritysten löytäminen
- [ ] markkinatutkimuksen tulokset, jotka tukevat markkinoihella menoa
- [ ] raholtuksen järjestäminen
- [ ] Latinalaisen Amerikan liiketoimintavälineen tuntavaa työntekijän löytäminen
- [ ] yhteisprojekti muiden yritysten kanssa
- [ ] vientirengas muiden suomalaissyntyisten kanssa
- [ ] muut kimmokkeet (Täsmennä oheiseen tyhjään tilaan mahdolliset muut kimmokkeet liiketoiminnan aloittamiseksi Latinalaisen Amerikan alueella.)
Mikä astat tuntuvat etukäteen ongelmallisilta liiketoiminnan aloittamisessa Latinalaisen Amerikan maissa?

(Valitkaa kaikki ne vaihtoehto, jotka tuntuvat etukäteen ongelmallisilta.)

- alueen riittämätön taloudellinen potentiaali
- luotettavan markkinointiedon saanti
- asiakkaiden löytäminen
- sopivien liiketoimintakumppanien löytäminen
- myyntikanavan rakentaminen
- maarialkit (esim. teknologian kopiointiriski, maksoamiseen liittyvät riskit)
- liiketoimintaympäristön hallinnolliset ja byrokrattiset haasteet
- oseavan työvoiman löytäminen
- alueen turvattomuus
- yrityksen riittämätomat rahoituskahdellisuudet
- yrityksemme riittämätön markkinointimee (esim. markkinoiden tuntamus, asiakassuhteet)
- yrityksemme kilpeläuky
- menestyvän liiketoimintasuunnitelman kehittäminen
- menestyvän strategian kehittäminen
- liiketoiminnan käynnistäminen (esim. rekisteröinnit, partnerin koulutus tai tuotteet lanseeraus)
- liiketoiminnan operatiivinen kehittäminen
- yhteistyö partneriyrityksemme kanssa (esim. kommunikointi, luottamus, yhteisymmärrys toimintataukoista)
- muut ongelmat tai haasteet (Tässä tarkoita oheiseen tyhjään tilaan muut ongelmat/haasteet.)

Mikä asioissa yritykselläminen on tarvetta ulkopuoliselle (esim. Fipron) avulle liiketoiminnan aloittamisessa Latinalaisessa Amerikassa?

(Valitkaa kaikki ne vaihtoehto, joihin yrityksemme tarvitsee ulkopuolista apua.)

- markkinointiedon hankkiminen
- asiakkaiden haku
- partneriyritysten haku
- partneriyritysten valintaprosessi
- liiketoimintasuunnitelman laatiminen Latinalaisen Amerikan alueelle
- yhteisprojektien kehittäminen muiden suomelaissyntysten kanssa
- vientirekkaan muodostaminen
- neuvoa rahoituskysymyksissä
- neuvoa luopu-asioiden, lainosäännösten, tulouksesta
- muut asiat (Tässä tarkoita oheiseen tyhjään tilaan missä miissä asioissa näet muut tarvetta ulkopuoliselle avulle.)

- Ulkopuoliselle avulle ei ole tarvetta.
Kiitos vastaus sisänn. Lopuksi pyytäisimme Teitä vielä antamaan perustiedot yrityksestänne:

Yrityksen nimi:

Vastaajan nimi ja asema yrityksessä:

Vastaajan sähköpostiosoite:

Vastaajan puhelinnumero:

Yrityksen perustamisvuosi:

Yrityksen toimiala

(Valikkaa kaikki ne toimialat, joita yrityksen edustaa.)

☐ Sairaanhoitotaitteet
☐ Laboratoriolaitteet
☐ Diagnostiikka
☐ Lääketieteellis suussa
☐ Biomateriaalit
☐ Hannastöktieteen teknologia ja tuotteet
☐ Fysioterapia- ja ortopedi-teknologia
☐ Lääketieteelliset hyödykkeet
☐ Terveyspalveluiden informaatio teknologia
☐ Terveyspalveluiden infrastrukturi ja kalusto
☐ Terveyspalveluiden palvelut
☐ Terveyspalveluiden vaatetus
☐ Poliisias ja ensiapuasema
☐ Muut toimialat (Tässä käännökseen tyyjään laina muut toimialat, joita yrityksen edustaa.)

Mikä on yrityksen liikevaihto?

☐ alle 2 miljoonaa €
☐ 2-9 miljoonaa €
☐ 10-50 miljoonaa €
☐ yli 50 miljoonaa €
Kuinka monta prosenttia yrityksen kokonaisliikevaihdosta koostuu kansainvälisistä liiketoiminnosta?
(Valitkaa prosenttiluku oheisesta alasvetovalikosta.)
≤0,1 %

Mikä on yrityksen työntekijöiden lukumäärä?
☐ 1-9
☐ 10-49
☐ 50-250
☐ yli 250

Kuinka moni yrityksen työntekijöistä työskentelee kokopäiväisesti kansainvälisessä myynnissä?
(Valitkaa lukumaara oheisesta alasvetovalikosta.)
0