

Joonas Kukkonen

Internationalization plan for Finpeda Ltd

Utilizing Finpeda Ltd products for exporting Finnish educational system abroad

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Joonas Kukkonen
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ABSTRACT

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Author(s): Joonas Kukkonen
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Supervisor(s): Tuula Ijäs
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It's always challenging for companies to reach new markets especially with new and innovative products even then when those products are great and studied to be efficient. This thesis aims towards finding correct method for doing that from Finpeda's point-of-view and selected target area is Vietnam.

Vietnam has all the right characteristics for great opportunity to export Finnish educational system, they have huge number of students, teachers and schools and the whole education system is in that point where modernization is needed. Those needs and number were discovered thru proper research and from one interview which was conducted with professional contact from Vietnam. The aim was to get more professional comments and thoughts from Vietnam but one problem occurred at the time when those professionals were contacted. This thesis will combine those facts and numbers together and reveal possible ways for Finpeda to reach those areas.

Finpeda's CEO Pasi Mattila gave the original idea for the right exporting method and the result which this thesis gave doesn't differ from that opinion and confirms that to be the right one. This result could be confirmed via research and interview. From those we got clear picture from the state that Vietnamese education currently is and what kind of future development targets they have. Based on these findings and needs, I managed to make my succession towards using licensing as an exporting method. Second thing that this thesis will point out is proper relationships towards Vietnam. When doing business in Vietnam business relationships are important so that trustworthy connections can be established and business channels opened.

Keywords: Vietnam, Education, Licensing, Export, Business, Research, PESTEL -analysis

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1 INTRODUCTION

The meaning for this thesis is to figure out the most efficient ways to export Finnish education system abroad by using Finpeda LTD products and solutions and at the same time to figure out the what kind of potential Vietnam is providing.

In 2015 Prime Minister of Finland Juha Sipilä said that one of the main goals for this government is to increase Finnish education export rates and to remove obstacles from it. Report also highlights one major thing, enforcement in co-operation between Finnish high schools and different industries to establish the most efficient way to create new innovations and to commercialize them as well (OKM, 2015, cited 20.6.2016).

Finnish education system is highly recognized around the world and it also known to be very efficient. These two things are great tools for exporting education system to abroad in different ways. Finnish government set goal in 2015 to increase the volume of exporting the education system to 350 million euros by the year 2018 when the number was 268 million € in 2014 according to TEKES. (TEKES, cited 20.6.2016) The report which Government made also shows the true potential for exporting Finnish education systems abroad by commercializing it. It highlights few things more than others; Finnish education is highly respected around the world as one of the most efficient ways to teach social equality and democratic values and at the same time unit costs will stay at tolerable level. Report also shows that it's not only the high school education, which is respected, but the whole system itself is very efficient starting from playschool.

Education system itself is living time of change all around the world, which is caused by the digitalization. Finpeda Ltd is Finnish company, which offers multiple different tools for handling that change and even gain from it. They have three main products that they are offering as a solution for handling this time of digitalization and modernization.

This thesis will figure out those possibilities that there are to expand their services to different countries and by doing so help exporting Finnish world-class education system to as many as possible now and in the future. This thesis focus will be in expanding their services and systems to Vietnam and see if there is real potential for this and what kind of obstacles there could be, Irma Vahvaselkä (Vahvaselkä, Kansainvälinen liiketoiminta ja markkinointi, 2009) explains that when planning internalization and choosing the target country, the first thing to do is to figure out possible obstacles, which could make the internalization more difficult from the view of reaching the target market. Vahvaselkä (2009) also mentions

that the size, progressing trend and current state of competition are main things to figure out when planning internalization and expanding to new areas.

2 DIFFERENT WAYS TO REACH NEW AREAS

Internalization can be determined as strategic decisions, which will determine company actions to its environment so that the competitiveness and customer benefits are guaranteed and by so the success in the long-run is guaranteed (Vahvaselkä 2009, p. 19). In this section this study will determine those strategic choices which would be the most optimal for Finpeda to reach Vietnamese education circles and try to export Finnish education system at to their exposal and at the same time make profits out of it and learn positive things from Vietnamese educational system. Exporting operation is the most used way to do internationalization. There are three main ways to do exporting business abroad (Luostarinen & Welch 1990, p. 20).

2.1 Indirect export

Indirect method of exporting business means that company isn't doing exporting business themselves instead they are using some kind of middleman or another company, who is familiar and knows the target market area, their customs and language for example. This company could also be located in the target market so these earlier examples are already fulfilled. The company who initially started this internalization method is almost like export firm who just provide the material to local sellers. (Luostarinen & Welch 1990, p. 21).

In early stages, indirect export is the low risk option for doing internalization. Financial investments are low when doing business through indirect exports and that's why small and middle size companies are using this method when doing business abroad. (Kananen 2011, p. 47).

Luostarinen & Welch (1990, p. 21) also add positive thing for this method: company doesn't have to have any international business experience to do business abroad because they can get that expertise somewhere else, but they also highlight possible risks that may lie ahead. These risks include small percentage of profits because costs are high to do business abroad. Information flow also forms a risk for the company because feedback from the product itself is almost impossible to get. Lack of motivation to push thru can cause problems when the middleman or the exporting company faces an obstacle they may lack the motivation to push thru.

2.2 Direct export

Direct way of doing business abroad is using direct contact in the target area. This direct contact can be a special middleman who is familiar with the local markets. Middleman can be single person (agent) or company (import house or retailing company). When company decides to do direct approach to target market they need to decide only one partner from many different and utilize that as efficient way as possible. (Luostarinen & Welch 1990, p. 25)

When using direct export company also needs to have expertise to do this. Common language, knowledge from exporting process and knowledge from target markets are needed. Company needs to be able to handle situations where they are operating with local companies and doing business with them without any problems caused by the lack of expertise. Although the risks are higher when using direct exporting but also the rewards are higher. The distribution chain of exporting business is shorter so the profits are higher and the flow of information is smoother also when using shorted way. (Ahokangas & Pihkala 2002, p. 32)

2.3 Own export

This method applies when there are no external middlemen doing business between the company and customer. The distribution chain may have middlemen but they are working at the company itself but are located in the target area. (Kananen 2011, p. 45)

Exporting without any middlemen form great advantages for the company. These advantages include higher profits, information channel is clear and relationship with the customer is more open. Higher profits are coming in because company doesn't have to use any external company for doing transportation nor selling so all the money stays in the company itself. When information channel is clear it's easier to handle problems and do modifications to the product itself if needed. When doing the business by itself the company always gains new information and experience from the markets and makes it possible to adapt their business accordingly if competition is closing or markets are changing somehow. (Luostarinen & Welch 1990, pp. 25 - 27)

Company's own experience and skills are in high value when using this method. Company must have the knowledge and expertise to operate abroad and handle all the situations they are facing. When handling everything by themselves they must be able to meet all the necessary steps to guarantee shipments and deliveries. Large number of exporting staff is needed and stock needs to be large enough so that small difficulties in manufacturing can be handled. (Luostarinen & Welch 1990, p. 28)

2.4 Licensing

Licensing is one of the most flexible ways to do business abroad. In the agreement for licensing a product include that the ownership doesn't change but only the privilege of using the name and the product itself is been given for use. The agreement is carefully written so that company can manufacture and sell the product in the certain areas of the world and own the rights to do so. The most known licensing company that is doing this kind of business is Coca-Cola Company, which has done contracts for certain marketing areas one by one for manufacturing and selling their products with exclusive right. (Ahokangas & Pihkala 2002, p. 35)

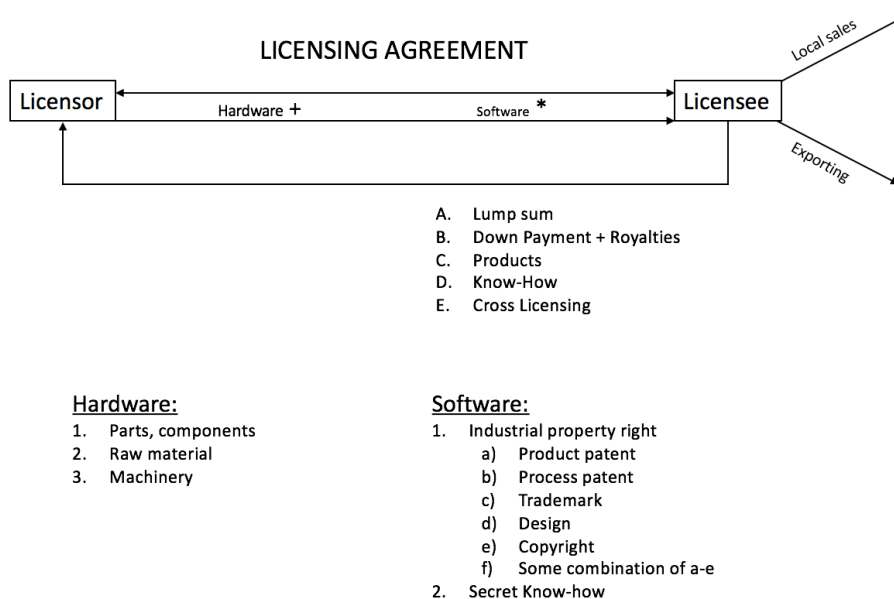


Figure 1 Licensing as a Mode of International Business Operations. (Luostarinen & Welch 1990, p. 32)

When choosing licensing as a way of internalization it is very important to make sure that immaterial property rights are in place. Product needs to be patented so that it is properly covered by law and the ownership of the product stays at the right place. At those countries where immaterial property right law isn't as efficient as in western countries licensing is hard and almost impossible because product cannot be properly protected by law. (Ahokangas & Pihkala 2002, p. 35)

Turnkey services can be licensed under one license. The core of the license can include: patent, trademark and know-how. Next step to license are the services: Installation, maintenance and education and finally the hardware and machinery are licensed. These three parts create a big concept where everything is included.

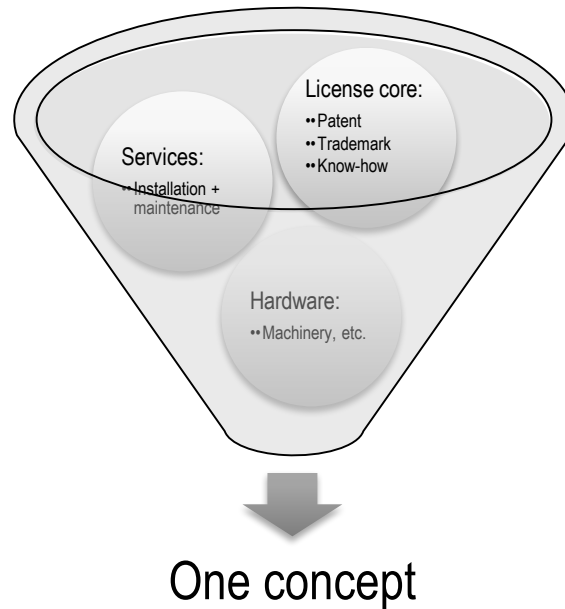


Figure 2 Licensing as a Software Core in Turnkey projects (Luostarinen & Welch 1990).

When selling license to someone there are different payment types that the company can use when selling the rights for the license usage:

- Lump sum payment
- Annual royalty
- Lump sum and annual royalty

Payment method is determined separately in every case because there are so many factors which may have affect to it. For example, the lump sum – option is the most suitable for those kinds of situations where the monitoring of sales revenues is difficult and political risks are. (Kananen 2011, p. 65)

2.5 Franchising

When using franchising option for internalization there are many similar things compared to licensing. Franchising means that the whole concept of business is sold in one big standardized baggage. The most typical examples are found in service business area. McDonald's and Shell are the most known franchising companies. Franchising companies aren't restricted just to services providers but these companies can be found in almost every sector of business operations in the world. (Ahokangas & Pihkala 2002)

Often franchising is very similar to licensing but with few differences. The focus in actions are in marketing because there usually is ready business concept behind and when licensing the focus is in manufacturing. When franchisee makes the franchising agreement with the franchising company, that agreement often contains the obligation to buy starting stock and other stuff from the mother company. The whole image and brand are already designed very carefully so all the franchisee must do is the marketing section. The agreement also gives all the products with rights to trademark and copyright usage to franchisee but usually that agreement obligates the mother company to train the staff and give all the necessary information to franchisees. The responsibility for mother company is to maintain the brand image, develop new products and things and make clear guidelines how to do the marketing. (Seristö 2002, pp. 108 - 109)

2.6 Subsidiary operation

Usually the term FDI (Foreign Direct Investment) is linked to this method of exporting business to abroad. From 2001 to 2016 the FDI average in Vietnam was 3.68 billion U.S. dollars. (Trading economics 2017, cited 13.12.2016) This figure tells that it's quite popular to invest in Vietnam thru subsidiary operations.

Normally this method is linked to long-term plan where company wants to gain more visibility and market share in certain areas of the world and in some situations, the subsidiary company is the only way to reach certain markets. The role for this company can vary a lot and it can be very multiform company. Subsidiary company can be involved in form buying and logistics to research and developing new things. One main action is also very popular and that is to gain new capital for the company so the company can start production abroad also. (Ahokangas & Pihkala 2002, p. 42)

3 FINPEDA – INNOVATIONS IN EDUCATION

Our mission is to offer you tailor made solutions for “concept of school” and education system, pedagogy, physical learning environments and technology definition. (Finpeda 2016, cited 14.12.2016)

3.1 Services

Finpeda offers new kinds of solutions for education. They offer three main services for the modernization of the school system:

- Pedagogy
- Architecture
- Technology

These services can be combined into one big concept and create modern and inspiring school or they can be implemented separately where ever they are needed (Finpeda 2016, cited 14.12.2016).

3.1.1 Pedagogy

In-service training and pedagogical models are one product that Finpeda is offering. These models include different types of learning methods from project work to collaborative learning. Education technology studies in different levels are done depending how deep education is needed from this subject. Finpeda also offers special education and multicultural studies for different purposes. (Finpeda 2016, cited 14.12.2016)

Human resources and professional development are included in pedagogy services. They offer new ways to co-operate in teaching and team development. Finpeda also teaches how to handle conflicts, emotions and stress situations (ibid).

Leadership and competence management is one section of pedagogy services. In these services Finpeda offers strategies and innovation process management. Strategic leadership and change in working culture teachings, school development tool, research study and innovation pilot implementation plan are included under leadership and competence management (ibid).

3.1.2 Architecture

Finpeda offers new solutions for architectural purposes when it comes to building complete new school or renovating the old one. Their services include designing classrooms, corridors and lobby areas as efficient as possible for educational purposes. Services also include tools for involving all the participants into learning environment planning process. (Finpeda 2016)

Interior design can be efficient way to increase the effectiveness of learning. Finpeda will help designing the optimal environment for learning situations without forgetting the ecology issues like energy efficiency, well-being and efficient community use of the space at hand. (ibid)

Technology is one section of their services but architecture side is important also when it comes to new technologies. Environment where new technologies are used is also important and Finpeda will design these locations as optimal as possible for these new technologies. (ibid)

3.1.3 Technology

Technology side is evolving all the time and lot has changed in school environments during past decade. Technology side is relatively easy to implement also into old schools and Finpeda has created services for these upgrades (Finpeda 2016).

Network infrastructure, technology devices and media environment devices are included into ICT infrastructure and devices planning section. New ways to handle digital learning materials and how to implement those in efficient ways and how to handle teaching in e-learning environments are those expertises where Finpeda is representing the leading edge of the education modernization business. Learning games and game-like applications which help making learning easier and more fun are also offered from Finpeda services. (ibid)

E-learning environments are playing an important role for Finpeda. They have created and innovated new solution for virtual reality learning by using 3D technology and augmented reality solutions. They have their own virtual reality space called "The Finpeda Virtual Space". (ibid)

3.2 Turnkey-policy

Finpeda is designing complete packages where all the new and modern technologies are combined with the most efficient pedagogical and architectural innovations.

Table 1. Differences between old and new according to Finpeda. (Mattila 2016)

Old School		New School
Old Fashioned	→	Modern
Bureaucratic	→	Flexible
Standardized	→	Personalized
Teacher centered	→	Student centered
Text book based	→	ICT supported learning
Subject	→	Project Based
Teaching based	→	Learning based

Finpeda is already helping designing new schools in Finland using these new technologies in every area. New schools have been designed so that all above things are applied and learning is efficient as possible. Finpeda is doing co-operation with local construction companies and they are designing and prototyping new ideology to whole education construction business. Finpedas expertise in learning or education combined with the Finnish high quality and safe construction skills have created these complete packages. (ibid)

3.2.1 Concept school

This school type is for small schools, it's designed for 250 to 500 pupils. All the designs in the school are already made so that the production of this type of school models would be cheap and fast as possible. Concept type school include all the rental services and training services. This means that the staff is trained to use all the available technologies and things concerning learning and teaching methods. (Mattila 2016)

3.2.2 Log school

This type of school already exists in Pudasjärvi, Finland. It is the biggest log school in the world and Finpeda has been part of designing and making it. This design is healthy new way to build schools using pure wood in the form of logs. School is designed for 400 – 600 students and the design is made so that the spaces are as useful as possible. Usage of wood makes this school type very ecological which is trendy nowadays and at the same time it's extremely safe. This structure can for example withstand earth quakes. In- and outdoor spaces are designed so that the learning situation is as optimal as possible. It's safe, ecological and the most efficient environment for learning. (Mattila 2016)



Figure 3 Log school in Pudasjärvi, Finland (Arkkitehtitoimisto Lukkaroinen, 2014).

3.2.3 Design school

High-end architecture makes these schools unique. These schools are designed for 600 – 800+ students depending on the need. All the new and innovative technologies and architectural designs are implemented in these constructions. (Mattila 2016)



Figure 4 Design school in Oulu, Finland (Nykyri 2014).

3.3 FEST – Finnish Education Study Tours

Finpeda is organizing educational trips to Finland where people from all over the world can familiarize themselves in Finnish educational systems and spaces and not forgetting the latest innovations in technology which are making the education as efficient as possible (Finpeda 2016, cited 14.12.2016).

FEST is arranged four times per year and it's divided into semesters. These tours offer great tool for experiencing modern education environment in Finland from new school buildings which are using latest technologies and pedagogical solutions to Finnish culture itself by meeting the Santa Claus at Santa Park in Rovaniemi. Specific themes are applied to these tours and those are (ibid):

- Less is more – Introduction to Finnish education system
- Equal opportunities to all – Getting familiar with basic education
- Setting the direction for life – Overview of upper secondary school and vocational education
- What are Finnish Teachers made of? – A peak to teacher training and university studies
- Expedition to the arctic circle – The biggest log school in the world and Santa Claus Village

Finpeda is also arranging tailor-made FEST-tours for those who are interested. The basic structure is almost the same as in productized ones but every case is unique when they are planned and designed so that they meet the requirements for those who are participating. Different types of people want to see different things or focus on different issues, so these tailor-made tours are perfect opportunity for those to get to know Finnish education and culture.

4 PESTEL - ANALYSIS

PESTEL analysis is good tool for mapping the environment, which can be used to clarify in political, economic, socio-cultural and technological factors which are normally out of reach of the control that the company has and these can create even serious threats to business in that area were exporting is going to happen. (Vahvaselkä, Kansainvälinen liiketoiminta ja markkinointi 2009, p. 112)

4.1 Political factors

Vietnam, a one-party communist state, has one of the south-east Asia's fastest-growing economies and has set its sights on becoming a developed nation by 2020 (BBC MONITORING, 2016).

Vietnam joined WTO (World Trade Organization) January 2007 and since then foreign investment has grown. Vietnam has successfully attracted large volumes of foreign direct investment (FDI), sustaining levels of around \$10-12 billion per year over the last six years (U.S. Department of State, 2014, cited 12.12.2016). Same report also states that Vietnam is very interesting target for investors because the geographical position, it's close by to global supply chains, political and economic situations are stable and labor resources are very abundant. Foreign investors also see following possible threats:

- Corruption and weak legal infrastructure
- Financial instability
- Inadequate training and educational system
- Conflicting and detrimental bureaucratic decision-making

Even though investors name the weak legal infrastructure as one of the weak point there is no policy discrimination against foreign investors according to U.S Department of State (2014, cited 13.12.2016).

The Corruption Perception Index ranks countries and territories based on how corrupt their public sector is perceived to be. A country of territory's score indicates the perceived level of public sector corruption on a scale of 0 (highly corrupt) to 100 (very clean). (Transparency International, 2016, cited 12.12.2016) Vietnam scored 31 points in 2015 at this scale and the level hasn't changed since 2012. At the same time 31 points is the all-time high for Vietnam and that number isn't flattering if you compare that number for example to Finland index which is 90 points.

Vietnam has gradually been transforming itself into a more open, more market-oriented economy and is beginning to enjoy the benefits of its steady but slow integration into global commercial system. (The Heritage Foundation 2016, cited 13.12.2016) The Heritage Foundation is keeping score how free countries' economies are and Vietnams rank is 131st out of 178.

4.2 Economic factors

Vietnam is a developing economy in the Southeast Asia. In recent years, the nation has been rising as a leading agricultural exporter and an attractive foreign investment destination according to Trading Economics (Trading Economics 2016, cited 13.12.2016). Vietnam is at steady grow path and that can be seen from the GDP rate which is growing at steady rate. In 2015 the Gross Domestic Product amount (GDP) in Vietnam was 193,6 billion US dollars and if that rate is turned into per cent rate its 6,4 %. Growth rate has average of 6,17 percent from 2000 until 2016.



Figure 5 Vietnam GDP (Trading Economics, 2016).

4.3 Socio-cultural factors

The population in Vietnam is 91,7 million (General Statistics Office of Vietnam 2015, cited 13.12.2016) and the population in Ho Chi Minh City was 8,2 million and alone in there is 1,16 million pupils who are under the influence of the general education. If you compare the number of students at the general education for example to Finland where there are 550 200 pupils in the whole country, the potential for education

business can be seen right away. Age structure in Vietnam is pyramid shaped and the median age is 30.1 years. (CIA Factbook 2016, cited 13.12.2016)

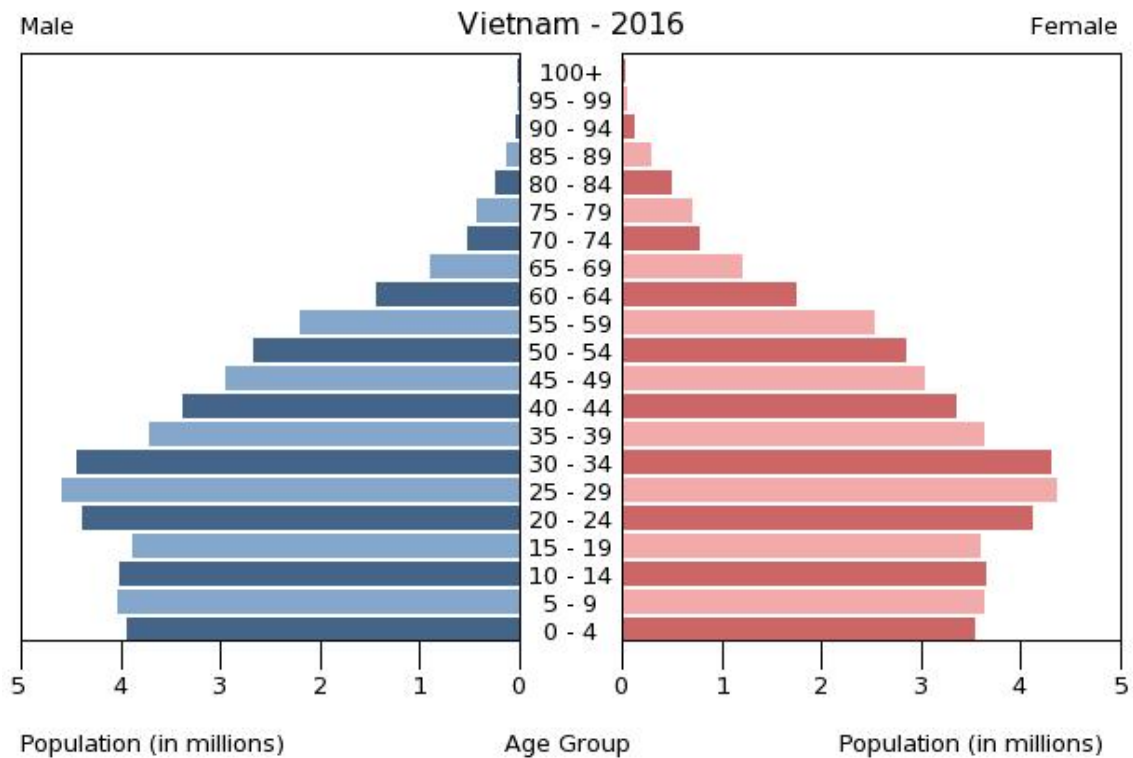


Figure 6 Age Structure in Vietnam (CIA Factbook 2016, cited 13.12.2016).

Urbanization in Vietnam is one of the fastest in the world. The total number of people living in urban areas in 2005 was 27,28% and it grew to 33,59 % to year 2015. The rate of urbanization has been 2,95 % per year since 2010. (The Statistics Portal 2016, cited 15.12.2016)

4.4 Technological factors

Technology in Vietnam is developing all the time. Internet usage has grown year by year and in 2016 it reached 51,5 % coverage of the whole population in Vietnam and is little bit higher number than in the rest of the Asian area 45,6 %. Same statistics show that in EU that number is 73,9 % and in Finland that number is 93,5 %. (Internet World Stats 2016, cited 15.12.2016)

Technology industry is growing in Vietnam fast phase. Reason for this fast growth is found at the labor force that Vietnam is offering, in 2015 Vietnam produced over 40 000 new graduates form IT-related

schools adding them to the total number of 107 472 software developers and 77 487 digital content specialists. Large number of specialists has launched also new investments in Vietnam, one of the most notable investment is the 40 million U.S. dollar investment to improve tech education at Vietnamese universities by Higher Education Engineering Alliance Partnership. Another big investment is done by Vietnam-German University, who is planning to build new campuses for 12 000 new university students. (www.apiumtech.com 2015, cited 15.12.2016) Same article also highlights that one of the most growing area is e-commerce in Vietnam. In 2012 business-to-customer sales produced million U.S. dollar revenues and in 2014 the same number was already 2,97 billion U.S. dollars.

4.5 Environmental factors

Vietnam is located at the east side of Indochinese peninsula in Southeast Asia. Country has a unique shape of S covering over 517 000 square kilometers. Boarder neighbors Vietnam has three, at north it shares border with China and west side border is shared with Cambodia and Laos. Vietnam has significant amount of coast line at the east side of the country, it facing to the East sea and the Pacific Ocean. (Vietnam: A Global Studies Handbook 2002, p. 7)

Climate in Vietnam is tropical and has the monsoon seasons from May to September. There are two types of monsoon seasons: the south monsoon and the north monsoon. These seasons get their names from the direction of the wind at that time. Only rainy season in Vietnam is during the south monsoon phase and it lasts from May to September. Rain amount vary from 1000mm to 2500mm depending the location. Coastal areas are those areas which get the most of those rains. (National Environment Agency 2016, cited 15.12.2016)

Vietnam has also had its part from natural disasters in the recent years. The area is very prone to get floods and storms, which cost huge amounts of money to Vietnam's economy. Between years 1990 and 2009 natural disasters have taken 1,3 percentages from GDP totaling 3,85 billion U.S. dollars annually. In 2011 those disasters affected the lives of 700 000 peoples because 70 % of Vietnamese people are living in those kinds of areas which are vulnerable to disasters. (The Asia Foundation 2012, cited 15.12.2016)

4.6 Legal factors

Legal issues and laws are influenced greatly by socialism and the heritage from French civil laws. The Communist Party of Vietnam is in central point in every important organization and institution which are

involved in legal issues and it's considered to be the force leading the state and community. (Luu 2006, cited 17.1.2017)

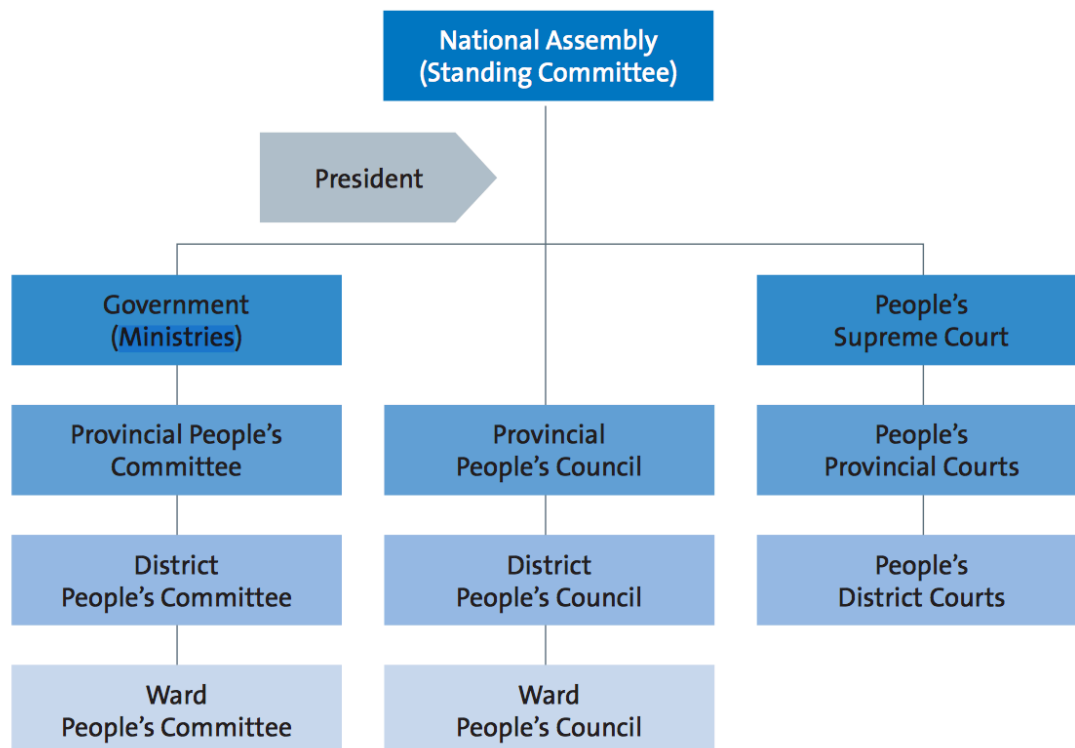


Figure 7 Vietnam hierarchy map (Allens 2010).

The national assembly of Vietnam is the supreme order when it comes to legislation issues. It's the only committee which can make constitutional law changes and make new laws. National assembly is the centralized power in Vietnam which delegates all the issues to its subdivisions. Vietnam has had many different reform in past years and here are the few most important ones when it comes to investing in Vietnamese markets.



Figure 8 Key development considering foreign investors (Allens, 2010).

Vietnam is showing real interest towards foreign investors after it was accepted into WTO and at the same time looking for boost to its international economics by signing numerous agreements with different unions, including Eurasian Economic Union, the European Union, South Korea and the Trans-Pacific Partnership. (World Bank 2016, cited 16.1.2017).

5 EDUCATION SYSTEM IN VIETNAM

Education system in Vietnam is controlled by Ministry of Education and Training. The government was spending 6,3 % of GDP in 2012 straight to education and it is producing the result which can be seen worldwide. Closer look at OECDs PISA result at 2015 reveal that Vietnam produces high quality teaching.

The Programme for International Student Assessment (PISA) is a survey which was created by OECD for comparing and evaluating educational systems around the world for 15-year-old students (OECD 2016, cited 14.12.2016). Vietnam managed to get good results in 2015 PISA tests. From mathematics Vietnam scored 495 points when the OECD average was 490. Reading gave 487 points and the OECD average was 493 and science section went well for Vietnam and they scored 525 points and the OECD average was 493. (Business Insider 2016, cited 14.12.2016)

5.1 Primary education

Primary education starts at the age of 6 and continues to at the age of 11 if pupils don't have to repeat anything. The school system at the primary school consists five grades.

Grades 1-3 study subjects:

- Vietnamese language
- Mathematics
- Natural and Social Sciences
- Moral Education
- Physical Education
- Art

Grades 4-5 have 7 subjects which include all the same as previous grades plus history and geography.

There were 15 254 primary schools in Vietnam at 2015 and total of 7,79 million pupils and 396 900 teachers (General Statistics Office of Vietnam 2015, cited 13.12.2016).

5.2 Secondary Education

This level of education in Vietnam has been divided into two different levels: lower and upper secondary. Lower level includes the grades from 6 to 9 and the upper includes grades 10 to 12. Lower level is universal and every primary school student can go there after primary school completed. Upper level has an entry exam so lower level students don't have automatic right to go there. The selection has three different ways to pass: exam points, learning achievements at grade 9 or both previous combined and the selection is done by People's Committee representatives at every state or province. (World Bank 2016, cited 16.1.2017)

Secondary education consists these subjects:

- Literature
- History
- Geography
- Mathematics
- Physics
- Chemistry
- Biology
- Foreign Languages,
- Politics and Citizenship
- Physical Education

There are 10 312 solely lower secondary schools in Vietnam. That number doesn't include those schools which also have lower and upper schools combined together.

Secondary school system is divided also to different kind of school structures. Usually secondary schools are in different locations but there is also exception where they are combined or primary school also is also combined to secondary school. Vietnam has:

- 10 312 lower secondary.
- 2 399 upper secondary.
- 597 primary and lower combined.
- 389 lower and upper secondary.

Lower secondary school system educated 5,13 million students at 2015 and upper secondary school educated 2,4 million students. There are 464 400 teachers teaching those students at lower and upper secondary schools. (General Statistics Office of Vietnam 2015, cited 15.12.2016)

5.3 Education after secondary school

The career path after secondary education in Vietnam is quite similar compared to in Finland. Students can go into working life if they have studied some certain subject in secondary school or they can continue to university level studies, if they pass entrance exams.

Before the reform in higher education system in Vietnam students took two different exams for applying to colleges or universities but since 2015 there is only one exam. Students who participate to high school final exams use their points from that to graduate first and then use those points to apply to university or college of their choosing. (TUOI TRE News 2015, cited 16.1.2017)

Vietnam has huge amount of different universities and colleges where large number of students are studying and naturally large number of teachers are required also to make sure teaching is done properly.

- 445 Universities and Colleges
 - From those 88 are private schools
- 2,118 million students
 - 271 400 in private sector
- 93 500 teachers
 - 17 400 in private sector

Huge number of students graduate every year in Vietnam. The number of graduates was 353 600 in 2015 (General Statistics Office of Vietnam 2015, cited 15.12.2016).

The costs for studying in higher level institutions in Vietnam varies a lot. The difference between public and private institutions can be quite large depending where to study. According masterstudies.com (MasterStudies.com 2017, cited 12.1.2017) tuition fees in public schools for Vietnamese students are 1 000 U.S. dollars and for international students from 1 000 to 2 500 U.S. dollars. Private sector then is more expensive costing from 30 000 to 40 000 U.S. dollars.

5.4 Differences between Finnish and Vietnamese education

Basic education is free in Finland. School gives all the necessary equipment for studying and lunch is served every day. Even school trips are paid by the education system if there is big cap between school and home. In Vietnam, basic education is free but you can buy a better school place for your children. In every level, parents must buy books and stuff for their children if they want to study properly. In year 2000 almost all of those who were eligible to apply to primary education enrolled there. Enrolment rate was 92 percent but from those only two out of three graduated from the fifth grade because of financial situation. Families especially in rural areas don't have enough money to cover all the tuition costs and books and school uniforms. Financial problems are the biggest reasons for dropping out from the school. The difference between rural areas and cities is huge, when in rural areas only 10 to 15 percent continue studying after third grade, in cities like Ho Chi Minh 96 percent of students continues after fifth grade. (Hays 2008, cited 17.1.2017)

Basic structure of the education system is quite similar than in Finland. The structure of Finnish education system is described below.

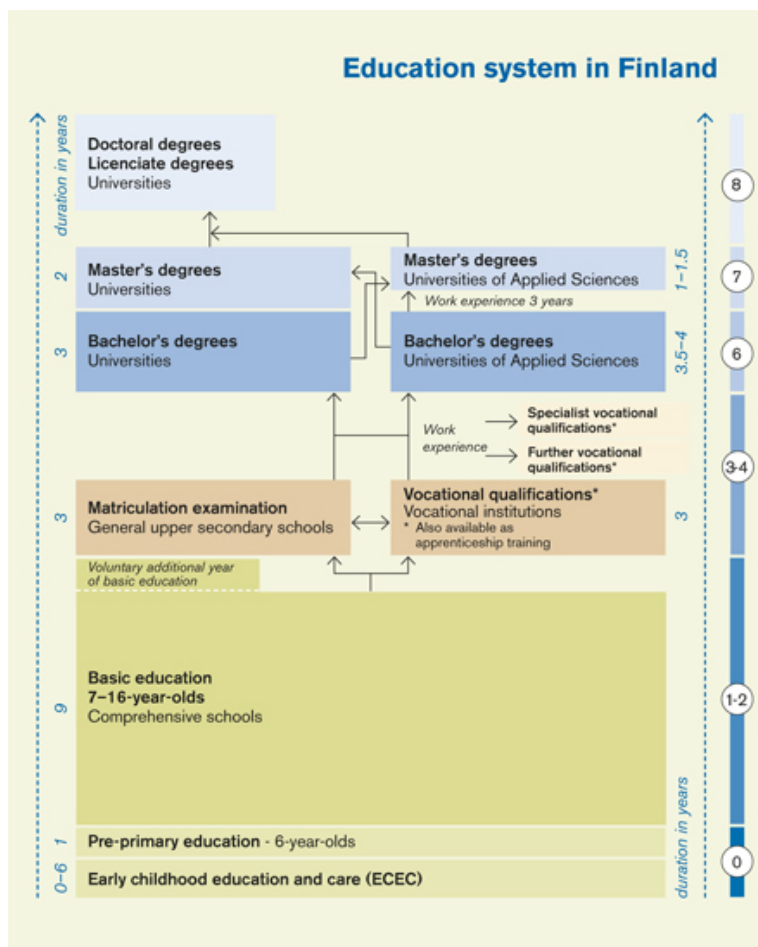


Figure 9 Finnish education system (Finnish National Agency For Education 2016).

Finnish education system includes compulsory education, which is between ages 6 and 16 and after that students can decide by themselves if they are going to study more is higher level.

In upper secondary school students don't have to pay any tuition fees but books and pencils they have to provide by themselves. After upper secondary school students can apply to universities or universities of applied sciences. Normally studies in universities of applied sciences are free but in university level students must pay tuition fee to local university students union. University of Oulu has tuition fee of 109€ per year which cover also health care (University of Oulu 2016, cited 17.1.2017). Education is basically free in these institutions but students must buy all the books and stuff themselves. After secondary school level, school meals aren't free anymore so everyone have to buy their own meals by themselves but the prices are low because Local Insurance Institution (KELA) gives aids for students to cover the meal expenses. They don't pay the whole meal but the remaining price is low. (KELA, 2016, cited 17.1.2017)

6 STEPS TOWARDS VIETNAM MARKETS

Together with Finpeda's CEO Mr. Pasi Mattila we decided to be in contact with Vietnamese authorities in Ho Chi Minh city and with few local contacts via email (appendix 2). Meaning of this was to get clear picture from current state of Vietnamese education system and see if there would be a possibility to utilize Finpeda's products when it comes to modernizing the school system and upgrading teacher's qualifications.

6.1 Marketing materials

Virtual room was created for demonstrating Finpeda's products (appendix 1). The purpose for this was to give first-hand experience from the opportunities that Finpeda can offer. All previous works were added there with other key information that would attract as much as possible interest toward Finpeda and their virtual products. All their products with all the important written material was transformed into virtual space and it's available there for possible future customers.

Virtual reality only works in Google's Chrome –browser so all the necessarily information how to use it were also added into the email so recipients know how to enter the room. In the case that problems occur, also traditional promo leaflets were attached to those emails so that all important information would be available.

6.2 Contacts

The contact personnel were decided from Mr. Mattila's previous experience in Vietnam and utilize already existing contacts there. Among those persons was Eija Tynkkynen, she is commercial counselor in Finpro Vietnam at Ho Chi Minh city and her areas of responsibilities include education and learning issues there. She was vital source of information at that point. Finpro is Finnish organization which helps Finnish companies to grow and succeed in foreign markets. Finpro focused on small and middle sized companies and help them in internalization matters. Finpro is operating under Finnish government (Finpro 2017) Eija's knowledge of the situation that Vietnamese education is right now would be helpful when it comes to offering certain solution for possible future customers.

Other personnel who was contacted where local including private company contacts and government officials. This is the channel where the true potential could be found. Emails were formed so that Finpeda's products would be in the spotlight so that they would attract real interest towards this thesis and possible future business opportunities for Finpeda LTD.

Questions which were sent included these questions (appendix 2):

- What kind of technological products are utilized in Vietnamese educational system?
- At what level teacher's education lies in Vietnam? Is there room for improvement by adding and upgrading their qualifications and what kind of impact that could cause in general level to Vietnamese education system?
- Is there any interest towards generating new ways to teach and learn by using virtual reality?
- Do you think Vietnamese education system could benefit from virtual reality in schools, and what kind of impact this would cause considering modernization of Vietnamese school system?

With these questions aim was to find out personal opinions about education system itself and maybe find out also if there is real interest to modernize those systems.

6.3 Findings

We were only able to get in contact with Eija Tynkkynen from Finpro Vietnam. She has good knowledge and opinions concerning Vietnamese education. She mentioned that the school system there is far behind if compared to Finnish school system. Main problem according to her is that there is no money to start any new systems or innovations, even though that change would be really much needed and Vietnamese authorities and people know that. (Tynkkynen 2017)

Two years ago, new implementation plan for developing the educational system started but nothing new hasn't been done towards that. The plan had two main points:

1. Curriculum
2. Teachers education

Criticism toward educational system has been growing in Vietnam all the time and the level of that has even grown so much that it's been even in English language media. Criticism has created pressure for

those who are making the decisions but lack of money is the main point why that change is slow, but Tynkkynen (2017) said that it's coming.

One of the biggest problems Tynkkynen (2017) said is the quality of teaching in different areas. Rural areas and low population cities don't have the same quality in teaching than larger cities have. Teachers who are young and have little bit more modern education are usually located in bigger cities. Rural area teachers are older and they don't have same modern educational background than the younger ones have. But Tynkkynen added here that even the education that those younger ones get can be improved and this has been set as a goal for the development plan. (ibid)

People in bigger cities get better education but people with extra money in bigger cities get even better. The equality among students isn't perfect. Class sizes are around 40 to 50 students per class so it's impossible to give equal education to everyone, so those who have extra money get private teachings from teachers at weekend time or those who have money can go to private schools. The number is growing in Vietnam because the wealth among people is growing every year and education is highly respected in Vietnam. People use their extra money to go to private schools and get the better education there, because they are not able to get from public sector. Private sector is the place where is money and real interest towards modernizing educating systems. (ibid)

Tynkkynen mentioned also that biggest education institutions have started to think towards pre-school based idea of education system. This way schools can guarantee the education for the future students and this model has been proved to be very desirable among those who can afford to it. People who have money to put their children to private pre-schools are interested from this. This means that private school institutions are interested of creating that kind of school system which would tie every preschooler to their own institution for the whole education time. (ibid)

According to Tynkkynen key thing for the future for Finpeda is to create good business relationships with Vietnamese. The culture of making business is different from our so the key for successful cooperation would be good relationship with local authorities.

Other contacts were unavailable when we tried to contact them via email. Vietnamese people were celebrating their new year. Local new year, Tet is also time for national holidays in Vietnam and that's why other contacts were unavailable at that time.

6.4 Step-by-step offer

Easy way for marketing these products would be to offer 5-step plan how to modernize school. Finpeda could simplify their process in the eyes of the possible customers by offering this kind of pre-made planning schedule.

1. Contact Finpeda.
2. Have opening discussions where the need would be discovered.
3. Start planning phase.
 - a. Building designs
 - b. Technological solutions
 - c. Pedagogical training for staff how to use modern teachings
4. Inspecting and approving design solutions.
5. Finalize staff training and get certificates.

This guide is fictional and needs to have closer look at the time if it's needed but the purpose would be to make the decision progress as clear as possible for the buyer. Finpeda would guide the customer all the way and try to guarantee happiness for the customer throughout the whole progress. The meaning for this would be to find the best solution for everybody and provide easy channel for customer to do so. As simple as it is the first step would be to contact Finpeda and start the whole process from there. After connection is established then next step would be a meeting face-to-face or meeting in virtual reality where the need would be figured out and preliminary timetable established. When the need is figured out then it would be easy for Finpeda to make offers from their products and services, and start creating new modern and innovative school environment for the customers together with them.

7 CONCLUSION

When thinking the outcome of this thesis few things rise above all. The need for modernizing education system and upgrading teacher qualifications is real in Vietnam. Educational system is living time of change right now and there is need for someone who can deliver those systems and methods. Only issue that slowing the change is the money. Teachers education is one main point of development in the future and the number of teachers is enormous in Vietnam so this would be perfect opportunity to utilize Finpeda's products and whole Finnish education system to fulfill those needs.

The enrolment rate to the early on education in Vietnam is impressive when numbers were analyzed but the biggest problem in that sector is the dropout rate in rural areas. There could be an opportunity to utilize technological products and services in areas where dropout rates are big. Using virtual reality so that people can participate into lectures from home via computer could help making education cheaper. This would cut that kind of cost which are making people to dropout from schools, school uniforms and lunches etc. The PISA-result in 2015 are showing that the education in Vietnam is at good level but if those dropout rates are taken on to account those results cannot be automatically compared to Finnish numbers. One reason for that is that in Finland every 15-year-old student take that test and the situation in Vietnam isn't the same. So there are not same amount of pupils taking part to the final exams that started the school.

When it comes to Finpeda and their products and services, the licensing action as the approach method would be the most efficient one. Finpeda is quite small company but the experience and knowledge behind the company is enormous. Licensing operation would be efficient for them because investments in Vietnam or in other countries could be minimized and only technological solution and know-how would be then transferred to target areas. Architectural solutions could be implemented into local school buildings case by case so every culture and way of life would get their own. By doing so the local architectural companies should be involved into the process combined with Finnish expertise. This is the way to get modern and pedagogically correct school environments in every situation spiced with latest technological solutions so that learning situation will be as efficient it can be.

Tynkkynen mentioned that money for improvements can be found from private sector companies and private investors. Even the parents who are searching preschool places for their children can be private investors. Second interesting fact about private sector is that those institutions who have the capability to create full service educational platform are starting to form that kind of ideology where students will enter into their system at the age of six and leave when they graduate from university. By doing so they guaran-

tee high quality education to them and at the same time they can make sure that their school records will be excellent. That will be one way to select the best individual or those who have the deepest pockets.

Finnish education is well-known and respected among those who have high education. Tynkkynen mentioned that in Vietnam there is an alumni-group of over one thousand people who have studied here in Finland and they are spreading automatically the good word about Finnish educational system. That is priceless advertisement for Finnish companies who are trying to enter Vietnamese markets with educational products.

Next steps for Finpeda:

- Create reliable contacts in Vietnam.
 - Hire someone to take care of that or use local consulting services for that.
- Try to find suitable partners.
- Figure out how to license their products so that they are easily modified to meet demands in different countries.
 - Every country has different type of legal system.
- Although Vietnam offers huge number of potential in public sector the money isn't there at least yet.
 - Private sector and private investors are those where money for modernization can be found.
- Ho Chi Minh City area is the test area where government has approved pilot projects so this could be main target market.
- Ensure that project in India goes according to a plan.
 - Vietnamese people want proof that products will work also in that area of the world.

The beginning of this thesis will also be helpful for other companies. Basic information from Vietnam and PESTEL-analysis are helpful for those companies that are planning to invest in Vietnam. Rest of the thesis is done from the Finpeda's point-of-view.

8 DISCUSSION

The aim for this thesis was to create new opportunities for Finpeda to reach new market areas. Vietnam was chosen as a target area because it can provide huge opportunity for any company who would like to expand their business in this field of expertise's. Vietnamese educational system and the country itself was studied quite carefully so that the business opportunity could be seen clearly.

Contacting people in Vietnam was a challenge because of the different time zone change and because the whole culture itself differs from our own quite a lot. The lack of knowledge was one problem because when sending email through our schools email it didn't have such an impact as would company email have done. The problem was that .fi ending email addresses went so spam mail even in Finpro's email system so that might be the same case also for those Vietnamese contacts. Second big obstacle was the timing of these questionnaires, the Vietnamese new year celebration Tet, was held at the same time and national holidays were kept at the same time. That's why I only managed to get one contact from Finpro and I think that contact prove to be priceless when it came to confirming these original findings. I think these two: approaching and different times to holidays were those main problems when it came to get answers from Vietnamese officials.

Knowledge base in this thesis was done mainly from online sources because written material concerning Vietnamese educational systems were hard to find from Finnish libraries and online information showed potential to be optimal for this work. All the statistics were found from reliable sources so there were no issues when it came to finding correct information.

For the future aspect, there I have one point to be highlighted. Reliable and trustworthy connections to target areas are very important things for creating new business opportunities around the world. This thesis showed that It's hard to create those connections but still if you want to find new customers this is the most important channel for getting correct information and suitable partners from those new business locations. Like the challenge in this thesis showed to us that if you don't have those connections it hard to get the specific information from target areas. Eija Tynkkynen confirmed this fact. In Vietnamese culture key thing is to create proper connections with local people and those who are trying to get into Vietnamese markets should use some sort of local help for doing so. For example Finnish companies who are offering educational products could use some sort of consulting company who already has the contact list available.

Although this thesis didn't show any specific calculation for backing up my recommendation for the right method of approach these could be done in the future also so that all the necessary information could be available when deciding future target areas and the ways how to get there. All the other pieces Finpeda already have, the products they are selling is world class and the need for that around the world is real. This is the reason why I think this company will succeed.

I found this thesis to be challenging enough for me and I can say that I learnt a lot when doing this. Our studies don't necessarily aim automatically towards this kind of things so I had to find a lot of information from books and databases and I learnt something every day when doing this. One fact supported me throughout this thesis together with those people who I was working with. Second thing that supported me in this process was my practical training time in DevLab –program in OUAS. That program grew my research skills and it gave me new tools for business world.

Future development ideas or future researches could dig deeper into Vietnamese markets by using some sort of consulting company where all the necessary contacts could be found and use those channels to find correct personnel among of those who are in that kind of positions who can make those investments and generate something totally unique into their education system. That research could also include calculations if Finpeda manages to productize all their products and have specific prizes for them.

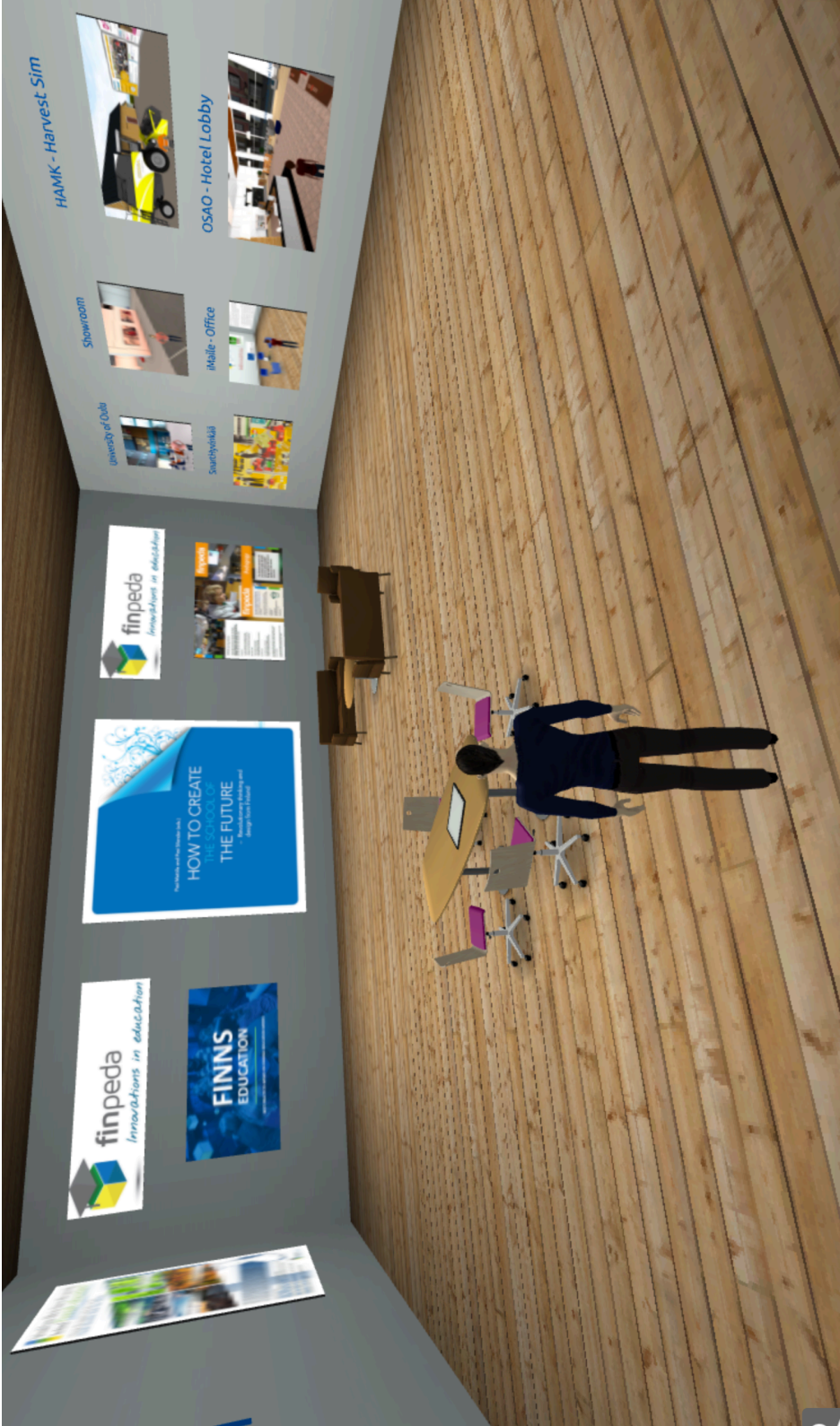
Thesis planning and timing didn't go accordingly to a plan at the beginning, but after I managed to start this research everything went according to plan. I got this subject and idea from my supervising teacher Tuula Ijäs when I was searching suitable thesis subject for me. The subject and the company whom was part of this thesis presented themselves already at the beginning of summer 2016 and original timetable was to start researching Vietnam at the beginning of autumn period of 2016 and continue from there to writing and complete the work before Christmas holidays. I would like to thank Tuula for her efforts towards my success in this thesis and from that fact that she understood when I had small lack of motivation at autumn time when I was having a hard time for finding the motivation for studying and working towards my goals. Finpeda has shown also real interest towards this thesis and they have supported and helped me a lot by providing information and materials which I needed. Eija Tynkkynen from Finpro Vietnam helped me a lot by giving me good information from local situation when all the other channels were not available.

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Dear Sir,

This is my second email to you and I hope you can spend few moments of you time.
I'm Business Information Technology student from Oulu University of Applied Sciences here in Finland and I'm doing my thesis about Exporting Finnish educational system abroad using Finpeda Ltd products and I'm hoping to get answers to my questions concerning that.

First let me introduce little bit about the company.

Finpeda is one of the most advanced educational company in Finland and as well as in the World. Finpeda's ~~expertises~~ are in School Architecture, Pedagogy and Technology. Finpeda is involved in creating the **Worlds most advanced** digital learning platform and technology. Finpeda has been training the teachers in Finland for the past few years and has built most advanced and innovative schools in Finland through its architectural ideas combining with pedagogy and technology. Behind Finpeda is Mr. ~~Pasi Mattila~~ CEO of Finpeda. Mr. ~~Pasi~~ is internationally renowned educational expert. ~~Pasi~~ has served as the advisor for educational policy making for governments and institutions across the globe.

I hope you can spare little bit of your time and answer to these questions.

- What kind of technological products are utilized in Vietnamese educational system?
- At what level teacher's education lies in Vietnam? Is there room for improvement by adding and upgrading their qualifications and what kind of impact that could cause in general level to Vietnamese education system?
- Is there any interest in Vietnam towards renovating school system toward modernization by using latest technologies and pedagogical solution in school environment?
- Are you interested about generating new ways to teach and learn by using virtual reality?
- Do you think Vietnamese education system could benefit from virtual reality in schools, and what kind of impact this would cause concerning modernization of Vietnamese school system?

If you are interested to hear more about Finpeda and their products,

please visit the Virtual showroom by clicking the link below and realize that only sky is the limit when it comes to virtual reality.

<https://fvs.meshmoon.com/?id=95d7ca067d15885e8666e26745aa354e>

Make sure to use Google ~~Chrome~~ -browser. There you can move around by using arrow keys and by clicking images around the space. From those you can get more information about Finpeda's products and services.

Key information about Finpeda can also be found from the attachment which I added here.

Puhelinpalaveri Eija Tynkkysen kanssa 25.1.2017

Eija toi esille seuraavanlaisia asioita:

Tärkeimmät asiat Vietnamilaisessa koulutusjärjestelmässä ja siihen kohdistuvista muutoksista:

- Julkinen koulujärjestelmä on vanhanaikainen verrattuna yksityiseen puoleen
 - Ei uusia ratkaisuja, vanhoilla mennään
- Opetussuunnitelman muutos/kehittäminen
 - Nuori kansa joka vaatii uutta.
 - Kovaa kritiikkiä julkisesti vanhasta, jopa englanninkieliseen mediaan
 - 2 vuotta sitten tullut päätös, jolla koulujärjestelmää aletaan kehittämään peruskoulu tasolla, mutta vielä ei ole suuria muutoksia näkynyt.
 - Opettajien koulutus ja opetussuunnitelman muutos keskiössä tässä muutoksessa
 - Tehokkaampi ja modernimpi opetussuunnitelma ja opettajien koulutustaustaa parannettava
 - HCMC alueena mukana pilottikokeilussa, jossa alueelle on annettu mahdollisuus kokeilla uusia asioita valtion luvalla
 - Muuten todella vaikeaa, koska alueellisilla päätäntäelimillä puuttuu oikeudet kokeilla mitään uutta.
- Kouluja rakennetaan uusia koko ajan, mutta mennään vanhalla kaavalla rahan puutteen vuoksi.
- Kulttuurilliset erot suuria tällä hetkellä
 - Isot luokka koot → Minimi määrä n.40oppilasta/luokka
 - Tavoite huomattavasti pienempi (30)
 - Opettajien ylivalta → Opettajien opettama on tosi
- Maaseudulla huonompi opetuksen laatu kuin suurissa kaupungeissa
 - Kaupungeissa paremmat opettajat ja rahavirran suunta on sinne.
 - Rahalla suuri vaikutus opetuksenlaadussa. Rahakkaat oppilaat menevät yksityiskouluihin, tai saavat opetusta yksityisopetuksena viikonloppuisin.
 - Suuria ja kalliita yksityiskouluja (European International school, Korean school)
 - Näihin yksityisiin kouluihin oikeaan aikaan yhteydessä, jos he ovat alkamassa laajentamaan. Mahdollisuus soveltaa Finpedan tuotteita.
 - Rahaa investointeihin on yksityisellä puolella
- Yksityiset koulujärjestelmät ovat alkaneet olemaan entistä kiinnostuneempia kokonaisvaltaisesta järjestelmästä opiskella, sama malli kuin Suomessa, että esikouluopetuksesta lähtien olisi sama koulu. Näin koulu saisi vaikuttaa tulevaisuuden oppilaisiinsa ja taata opetuksen laadun.
 - Muutenkin "Pre-school" –ajattelutapa heräämässä.
 - Rikkaita yksityisiä rahoittajia, koska rikkaiden lapsille suunnattuja.
 - Ajatusmaailma on, että siellä on tulevaisuutta, eli tulevaisuuden kehittämiskohde Vietnamissa.
- Halu kehittää järjestelmää on kova ja suomalainen opetusjärjestelmä on tunnettu oppineiden piireissä.
 - Raha ratkaisee, ei ole varaa kokeilla uusia systeemejä julkisella puolella