

FINNISH COMPANIES ENTERING AND SUCCEEDING IN THE GERMAN MARKET

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Abstract

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Abstract <p>Compared with the Finnish market, the German market is vast. The Finnish and German cultures are relatively similar. In Finland, Germany and Germans are viewed positively. Since 2014, Germany has been the biggest trading partner of Finland. There seem to be many reasons for Finnish companies to enter the German market. Nevertheless, the amount of people studying the German language is decreasing in Finland, and not many companies are taking the opportunity to enter the German market.</p> <p>The purpose of the thesis is to help companies from Finland to find reasons, ways, and the right tools to enter the German market. After finding suitable reasons, different ways of entering the German market are examined. After joining the market, companies need to find out the right organizational capabilities that are needed in the German market.</p> <p>The thesis uses scientific articles and Hofstede's cultural dimensions theory to examine the reasons to enter the German market, best ways of entering and the most important organizational capabilities. The thesis utilizes qualitative research and interviews. Qualitative research is chosen to gain insights and opinions on the theoretical findings.</p> <p>The thesis provides a list of reasons, different ways, and organizational skills that can be used by Finnish companies as they join the German market. The thesis could be used as a guideline for Finnish companies who want to enter the German market.</p>		
Keywords Finland, Germany, Organizational Capabilities, German market, Connections, Interaction Skills		

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1 INTRODUCTION

1.1 Background of the thesis

The writer of the thesis has a deep interest in the relationship between Finland and Germany. The reason for this comes from the desire to learn about different cultures, connections, and relationships between countries. This desire has come from studying international businesses in Lahti University of Applied Sciences and taking courses relating to cultures and communication. For this reason, the writer has taken every opportunity provided by the university to improve cultural learning and understanding. This was the reason for an exchange period in Taoyuan, Taiwan and completing an internship in Karlsruhe, Germany. To deepen the understanding of the relationship between Finland and Germany, the writer has stayed in Karlsruhe after the internship. These are the reasons why these two countries, Finland and Germany, were chosen to be studied in this thesis.

1.2 Introduction of the thesis

Globalization is an uprising trend that brings many economic benefits. Jobs are being created, even small companies can compete better against already existing bigger companies, products become more affordable and companies can save on logistics costs. (Erixon 2018.)

Finnish companies often oversee the opportunities that the German market could offer. Even though Germany is the biggest trading partner in import and export to Finland, not many companies take the opportunity to enter the German market. Finland's government has set a goal of doubling small and medium-sized enterprises' export by 2020. The goal is to grow especially in the neighboring countries, including Germany. The thesis is created to help Finnish companies understand the opportunities that the German market offers. (Välimäki 2018, Saarinen 2017.)

In order for Finnish companies to enter the German market, they need to prove their place as an interesting partner. Even though Germany has been Finland's number one trading partner for decades, it does not mean that Finland has been the same for Germany. Companies coming from Finland need to make an effort to succeed in the German market. (Leino & Rajaniemi 2018.)

1.3 Objectives of the thesis

The objectives of the thesis are to find out the reasons, methods, and organizational capabilities needed for Finnish companies to succeed in the German market. Before entering any foreign market, the company has to know the reason behind the decision to enter this exact market. No company can enter nor succeed in other markets if the desire to enter the market is missing. It is also important to understand the reasons behind this decision in order to focus and thrive in the chosen market. The reasons behind Finnish companies already operating in the German market will be studied through interviews.

After finding suitable markets and the reasons for entry comes the next phase which includes finding the right tools to enter the desired market. For the thesis, the ways to enter the German market are studied by examining scientific articles that have researched the different methods of entering the German market. Afterward these ways are compared through interviews of companies that are already in the German market.

The next part of the thesis focuses on examining what the organizational capabilities are, that companies require when entering the German market in order to succeed. It is important to know what skills are required to be successful in Germany. These capabilities are studied in the thesis through theory and through interviews of employees of companies that are already in the German market.

The main research question of the thesis is:

- How can Finnish companies enter and succeed in the German market?

To answer the main research question of the thesis, the following sub-questions were also answered:

- What are the reasons behind Finnish companies choosing the German market, and why?
- What are the most successful ways for Finnish companies to enter the German market?
- What are the most important organizational capabilities for Finnish companies in order to successfully operate in the German market?

1.4 Limitations of the thesis

All the interviews for the thesis were conducted via phone. The reason for phone interviews was a lack of time and different locations of the interviewees. Some of the interviewees lived in Germany and some in Finland and it would have been impossible to organize a face-to-face meeting with all of them. Phone interviews bring certain limitations for the thesis due to the lack of real connection and not being able to sit down and have a longer conversation about the questions. Phone interviews were chosen instead of e-mail interviews to get closer to the interviewees and be able to have a more natural conversation about the questions. On the other hand, phone interviews allowed to interview people in different parts of Finland and Germany, who have deep personal knowledge of the subject that was studied.

1.5 Structure of the thesis

The thesis is divided into four chapters. Theoretical framework which includes all the theory of the thesis. Methodology that explains what methods were chosen to be used and why. Interview results that answer to the thesis questions. Conclusion where everything is brought together, and final conclusions of the whole thesis are made.

The thesis will follow three topics throughout the thesis; reasons to enter the German market, ways of entering the German market and organizational capabilities needed in order to enter and succeed in the German market (Figure 1).



Figure 1 Structure of the thesis

The first chapter, theoretical framework, will go through all the three main topics that are presented in Figure 1. First, Germany is looked at as a country and as a market. In order to even better understand Germany, the culture is also studied and compared to the Finnish culture, to find out the similarities and differences. These theoretical parts were chosen to be studied to find out Finnish companies' reasons to enter the German market.

The second part of the theoretical framework focuses on entering the German market. There, the ways of entering the market are studied and looked from Finnish companies' perspective. Trade fairs and Chamber of Commerce are examined in more depth.

After finding out the ways of entering the German market, comes the part of organizational capabilities. It is important to examine which of these capabilities are needed for Finnish companies to succeed in the German market.

2 THEORETICAL FRAMEWORK

2.1 Reasons for entering the German market

In order for any company to succeed in a foreign market, there has to be a reason for the decision to enter foreign markets. To be successful in Germany, Finnish companies must first understand Germany as a country. For this reason, different parts of Germany were examined.

2.1.1 Germany overview

After World War II Germany was able to rise and become an economic giant. During World War II Germany was divided into two parts, i.e., west and east parts. West Germany was able to become the richest country in Europe. Even though Germany is now united as one Federal Republic of Germany, the eastern part is still lacking behind. (BBC 2018.)

Currently, Germany has over 83 million inhabitants, the largest amount for the first time in history. It is located in central Europe and has the most direct neighboring countries in all of Europe. Germany is seen as an ideal business partner from both strategic and innovative points of view. (Zeit Online 2019.)

Germany consists of 16 different federal states. Approximately half of Germans live in the three biggest states and only about four percent live in the three least populated states. Each of the federal states has their own capital city and their own regional characteristics. Mostly in each state, they speak a different dialect of German. The people are proud of their regional traditions and ways of living. When Finnish companies decide to enter the German market, they also need to consider which of these 16 states is the best option for their company. In order to better understand how big differences, the different states of Germany have, two of these states are introduced. (The Federal Government 2019.)

Each state has its own perks. For example, Baden-Württemberg is one of the most modern industrial locations in the world. It has a low unemployment rate and strong economic strength. (The Federal Government 2019.)

Other states offer different advantages such as Thuringia that is the home for small and medium-sized companies. It is at the moment growing and is considered as a top location in the center of Europe. (The Federal Government 2019.)

In Figure 2, the map of the German federal states is shown. Baden-Württemberg is located in the southwest (mustard yellow) and the capital city is Stuttgart. Thuringia is located in the middle (green), and the capital city is Erfurt. From the figure, the neighboring countries of Germany can also be seen. These are Poland, Czech Republic, Austria, Switzerland, France, Luxemburg, Belgium, Netherlands, and Denmark. When Finnish companies are considering joining the German market, they can already think of the benefits that these many neighboring countries might bring. The opportunities to expand from Germany are great. The easiest way is to expand to other German-speaking countries like Switzerland or Austria.



Figure 2 The federal States of Germany (Naanoo 2019)

2.1.2 German economy

Germany constitutes 21 percent of European GDP, and with that, it is the biggest economy in Europe. Due to Germany's central location in Europe, its skilled workers and the ability to innovate, it is the most attractive business location in Europe. (Bozoyan 2019.)

In order to better understand the German economy, it is important to know about the meaning of the Mittelstand. However, there is no exact definition for Mittelstand, the European Commission defines them as small and medium-sized enterprises, SMEs. German federal government, however, uses the definition by the Institut für Mittelstandsforschung in Bonn. They define Mittelstand as an enterprise having up to 500 employees and an annual turnover of no more than 50 million. With this definition the total assets are irrelevant. The Mittelstand is in many cases described as the heart of the German economy. The reason for this description comes from the fact that middle-sized companies contribute greatly to the German economy. They employ the most workers, account for the major share of the economic output and take part in contributing significantly to the corporate tax revenues in Germany as seen in Figure 3. (Wehnert 2016.)

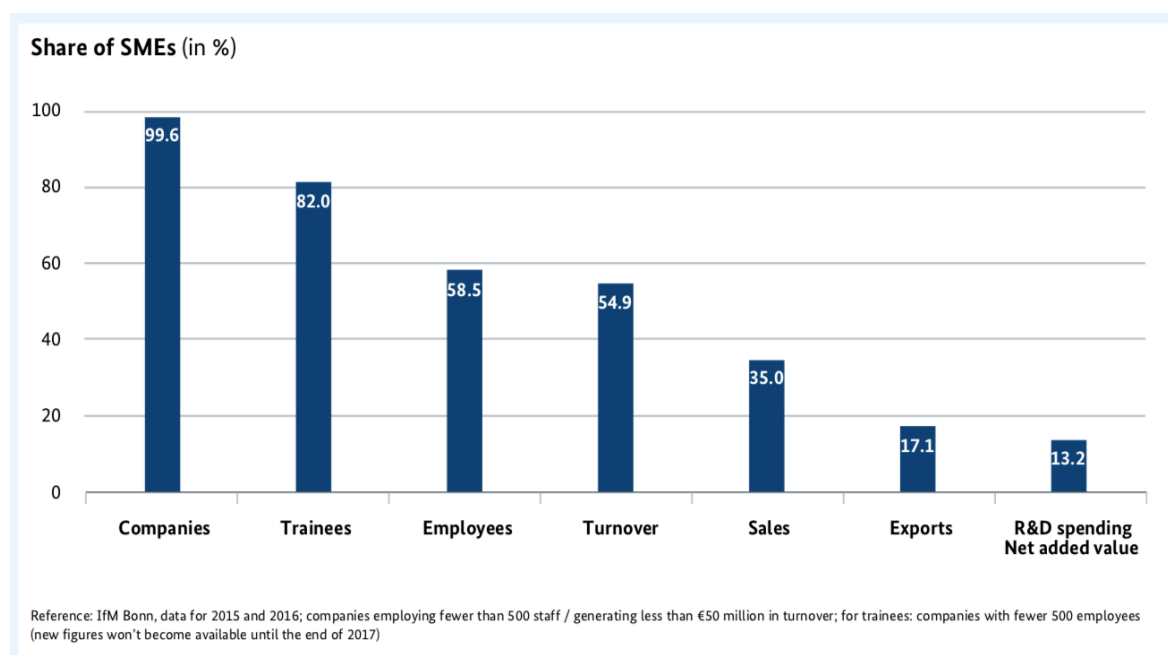


Figure 3 Share of SMEs in the German market (The Federal Ministry for Economic Affairs and Energy 2017)

According to the Finnish ambassadors in Germany, Mittelstand companies are also considered important to understand. They see Mittelstand as companies that also take social responsibility by for example offering apprenticeship trainings. This is true as Mittelstand

companies in Germany offer many apprenticeship opportunities and thus make the German workforce knowledgeable and work oriented. (Välimäki 2018.)

2.1.3 German culture

German culture is well-known around the globe since Germany is the most populous country in Europe. The Germans are often seen as target-orientated, punctual and organized people. In the working culture, German people tend to focus on one task at a time. Also, during meetings, you are guaranteed to get the full attention of the participants. Germans are also strict with agreements and dates: when something is agreed on, it is a serious commitment. (Flamini 1997, 26,54.)

The nature of German culture can also be seen in the language. The importance of order 'Ordnung', is seen in everyday language use. A common question asked, "How are you?" is: 'Alles in Ordnung?' - Is everything in order? Everything needs to work as planned; everything has to be in order. Another example of seeing the German culture through the language is the word 'Handschuh' which literally means hand shoe, glove. The words are built to be clear and easily understandable. These types of words tell how the Germans appreciate precision and clarity. (Flamini 1997, 11.)

In German culture, the way you address people also shows the importance of hierarchy and order, using first names in business is not something common at all. Especially when you meet people for the first time it is important to stick with last names. Also, the titles are important to Germans as they are proud of what they have accomplished and want to show it with titles like doctor or professor. (Flamini 1997, 57.)

2.1.4 The differences between German and Finnish culture

Finnish culture is not so well-known as the German culture since Finland is a country with only 5,5 million inhabitants. Finnish people have a strong sense of national identity and appreciate it when people know something about Finland. When people want to impress a Finnish person, they should learn something about Finland, and they would instantly have a good connection with the Finnish people. In Finnish culture, listening is important and Finnish people tend to be better in listening than at talking. There are many unwritten rules among the Finnish people that everyone knows, like interrupting another speaker is considered extremely rude, and breaks in conversation are not a bad thing. Silence is considered as a part of the conversation. The Chinese proverb "Your speech should be better than silence, if it is not, be silent." could also be something that the Finnish people

came up with. It also refers to the fact that unnecessary small talk is not something that Finnish people practice. It could also refer to the fact that when speaking, Finnish people tend to go straight to the point, the way of speaking is very direct and straightforward. When something is said it is really meant. People act accordingly to what they have said. Finnish people value honesty and equality. Everyone must be treated fairly, and freedom of speech is important. Finnish people have strong values and they hold on to those values tightly. Privacy and own space are important to Finnish people and that is something that many foreigners have heard about Finland. Independency is considered important and that can be seen in the way families raise their children, the children are expected to move on their own relatively young and become independent. (Alho 2010.)

There are many similarities between Finland's and Germany's culture. Punctuality is one of them. For both countries, it is highly important to be on time. When something is agreed on it is binding, and people trust that what is said keeps. (Alho 2010.)

There are also differences between these two cultures. In Finland, using forenames is more common, also at formal situations, whereas in Germany people act more formally. Finnish people are proud of their titles, but it is not so common to mention them or show off. In Germany, people are proud of their accomplishments and they want to show them. In Finland, it might be considered rude since people do not like to stand out too much. German people might think Finnish people are rude, on the other hand, during conversations, when people tend to express themselves with as little as possible. Finnish people can express the same thing in four words that German people would take three minutes to say. Finnish people also wait until it is their turn to talk, when German people might talk over each other during a conversation, which is something that Finnish people would consider rude. (Alho 2010.)

To understand the differences between Finnish and German culture even more, the Hofstede's cultural dimensions' theory is used in the thesis. It consists of six dimensions, that are seen in the Figure 4.

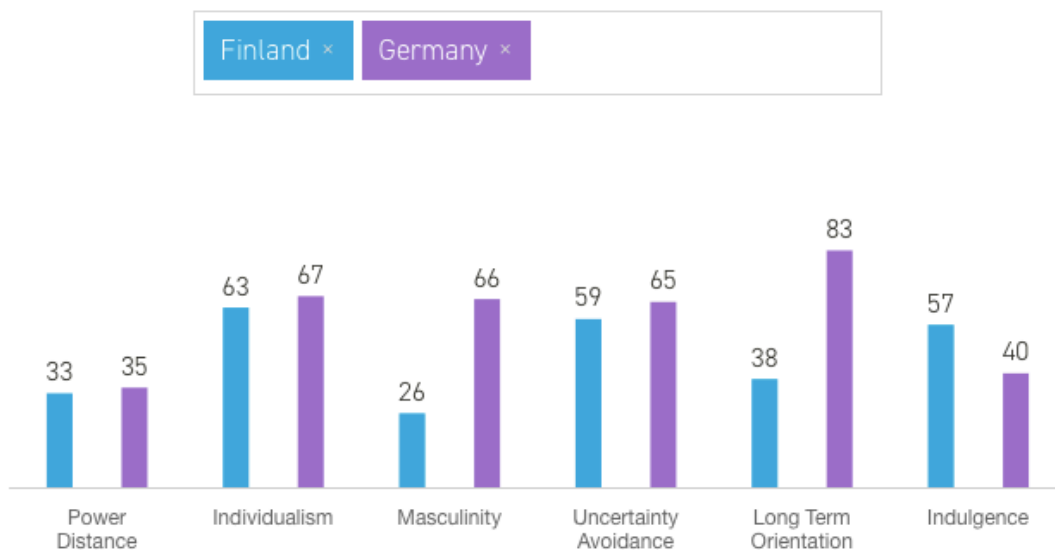


Figure 4 Hofstede Insights 2019

Power distance

In Hofstede's cultural dimension theory, power distance stands for the amount of inequality that exists and is accepted in a given society. A high score in power distance dimension shows that the country's society accepts the unequal hierarchical distribution of power. In high score society, people are not equal. In high score countries hierarchy is more complex and there are large gaps in compensations. A low score in power distance shows the opposite; that power is shared and widely spread among the workers. The society of low scores will not accept occasions in which power is not distributed equally. In low score countries, organizations have flatter hierarchy and supervisors and employees are almost equals. (Hofstede insights 2019.)

Finland and Germany rank closely to each other for power distance dimension, with Finland being only two points lower. In Finland equal rights are essential, and for employees it is important to feel valued and appreciated. A flat hierarchy is normal, and managers trust their team members. In most companies, managers are informal, and first names are widely used. Germany shares with Finland the low score in power distance. In Germany, it is seen by how leadership position shows capability and it is accepted when it is based on actual expertise. Germans appreciate direct and participative communications and shape their meetings accordingly. There should not be many misunderstandings between Finland and Germany when it comes to power distance. (Hofstede insights 2019.)

Individualism

Individualism defines how strong the ties are between the people within their community. It shows the degree of independency, e.g., do the people in the society think in terms of “I” or “we”. In a high score country, people look out only for themselves and their direct family. In a low score country, the mindset is more collectivist; people belong “in groups” and they take care of one another’s well-being. (Hofstede Insights 2019.)

Both Finland and Germany are individualist countries. In both countries’ individuals are expected to take care of themselves, and of their immediate families. Communication is expected to be direct and honest. People are assumed to respect each other’s privacy. Work-life and private life are not too often mixed. Since Finland and Germany are both individualist countries it is assumed that they can relate to each other better. (Hofstede insights 2019.)

Masculinity

This part of Hofstede’s theory refers to the roles between men and women. In masculine society, the roles are not so correspondent. In these societies demonstrating success, being strong are characteristics that are seen as positive. The societies are mostly driven by competition, achievements, and success. However, in the more feminine societies, the roles between men and women are not that different. The positive characteristics are being modest and able to negotiate and compromise. In these societies quality of life is appreciated more and seen as a sign of success. Standing out from the crowd and being egoistic is not admirable. The main difference between masculine and feminine societies is what motivates people; wanting to be the best (masculinity) or liking what you do (feminine). (Hofstede Insights 2019.)

The second biggest difference between Finland and Germany is the masculinity dimension of Hofstede’s theory. Finland is considered to be a feminine society, a county where people work in order to live and not live in order to work. People value equality and quality in their work life. In the society, conflicts are resolved through compromises and negotiations. Free time and flexibility are appreciated. Germany, on the other hand, is considered a masculine society. There, performance is highly valued. It can be seen already from school-age when children are separated into different school types depending on their skill level. There, people get self-esteem from their work, and status is often shown, by cars, watches and using of titles. In this aspect, there can be many misunderstandings between

the Finnish and the German people. It is important to understand that the cultures are very different in terms of Hofstede's masculinity. (Hofstede Insights 2019.)

Uncertainty avoidance

In this dimension of the theory, the ability to cope with anxiety is measured. How the society handles the fact that the future can never be known. Different countries might try to control the future, and some let it happen. Different countries have also found different ways of dealing with anxiety. The countries that score highly on uncertainty avoidance attempt to make life as predictable and controllable as possible. In high uncertainty avoidance countries, people are more expressive in showing emotions like anger or other emotions if it is considered necessary. In countries with a low score on uncertainty avoidance, people tempt to be more open to changes, more relaxed and more inclusive. (Hofstede Insights 2019.)

Both Finland and Germany are countries that scored highly on avoiding uncertainty. There are emotional needs for rules, being punctual is a norm and feeling secure is an important motivation for individuals. In Germany details are seen as highly important, the law and regulations are also vital to Germany. In this aspect, there should not be many complications between Finland and Germany. (Hofstede insights 2019.)

Long term orientation

Long term orientation dimension describes how every country maintains links to the past while dealing with challenges of present and future. In a high scoring country, saving is encouraged, and a lot of effort is spent into modern education in order to prepare for the future. While a low score in this dimension shows countries that prefer to maintain traditions, norms, and principals. Societal change is viewed with suspicion. People tend to emphasize principles, consistency, and truth, people are typically modest and nationalistic. (Hofstede Insights 2019.)

In this dimension, Finland and Germany have the biggest difference. Finland scores low points which makes it a normative culture. Finnish people show great respect towards traditions and act in modest ways, talking too much about yourself is not admirable. People are ready to make compromises. Germany, however, scored high on this dimension which makes it a pragmatic culture. People believe truth is dependent on the situation and it can change with context and time. They can adapt traditions and change their

conditions, they have a strong desire to save and invest. People are less willing to compromise since it might be seen as a weakness. In this aspect, there is the biggest chance of misunderstanding each other. (Hofstede insights 2019.)

Indulgence

This part of the theory shows the extent that people have when controlling their desires and impulses, depending on how they were raised. A country can be called “indulgence” when the control is weak and “restraint” when the control is strong. Countries with a high score of indulgence are optimistic, freedom of speech is important, and they tend to focus on personal happiness. Cultures with a low score, the so-called restraint countries, are pessimistic and act in more controlled and stiff way. (Hofstede Insights 2019.)

Finland scored relatively high on this dimension which makes Finland an indulgent country. They tend to possess a positive attitude and are more towards optimism. They appreciate leisure time and act more freely. Germany scored low and therefore is defined as a restrained country. Which suggests Germany to be more pessimistic and cynic. Leisure time is not seen as important. In this aspect, there are also different views between Finland and Germany which may cause misunderstandings. (Hofstede insights 2019.)

Figure 5 shows how the thesis structure is progressing. After this chapter, it is clear to see the reasons that Finnish companies may have for entering the German market.

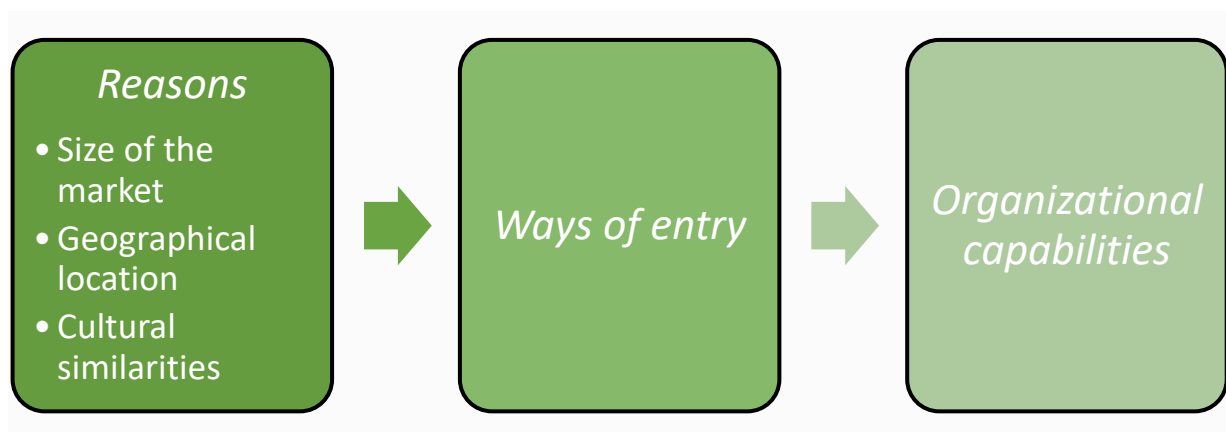


Figure 5 Reasons to enter the German market

2.2 Entering the German market

Germany has been Finland's most important trading partner for goods already since 2014. In 2017 a new record of 18 billion euros of trade was made. This made Finland's trade with Germany more important than with both North and South America. Germany's part of Finnish export was 14% and import 15%. For Germany, Finland was the 24th most important trading partner. From Finland, the most important export goods have been from the forest industry: paper, cardboard, and pulp, as well as iron, steel and data communications equipment. Figure 6 shows the amount of Finland's trading to Germany in euros from 2008 until 2017. (Suomen suurlähetystö 2019.)

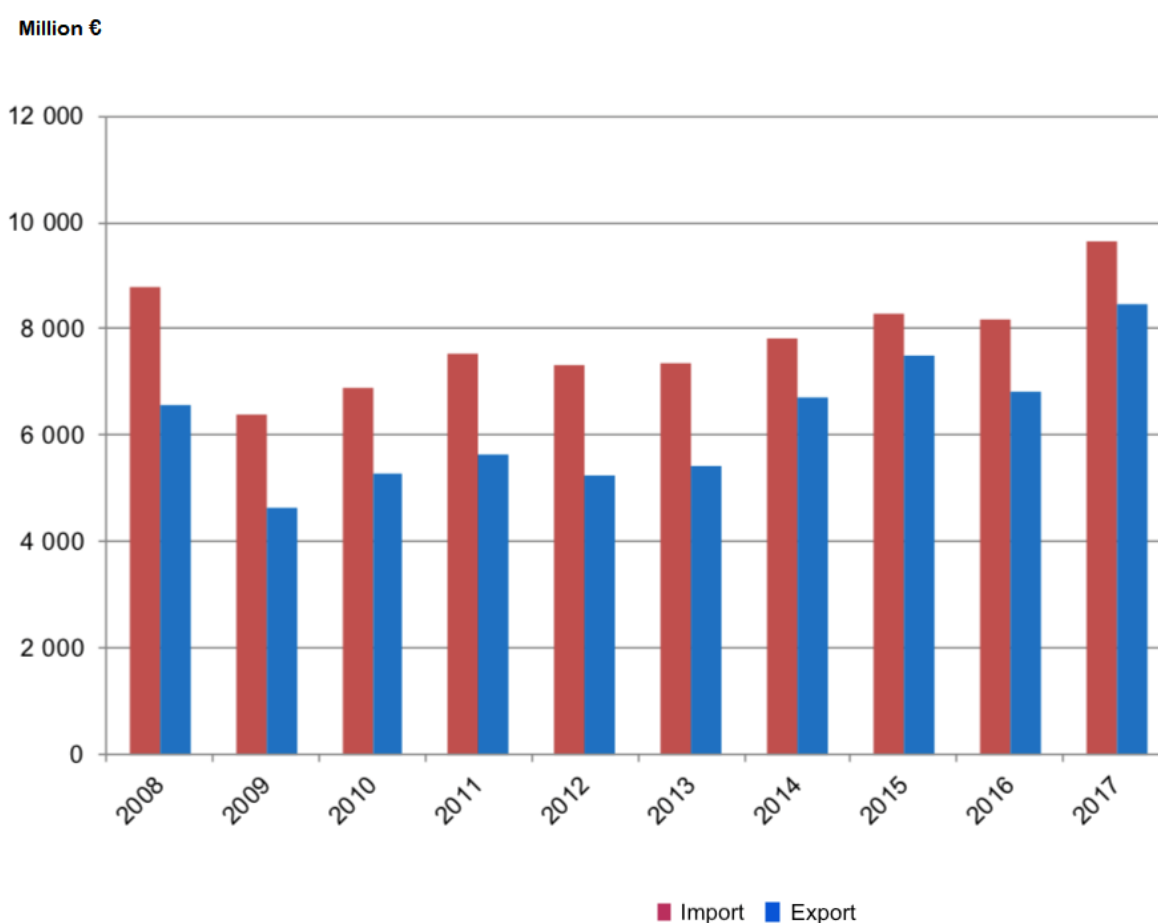


Figure 6 Import and Export of Finland to Germany (Tulli 2018)

In order to maintain a good relationship between Finland and Germany, regular visits both ways are important. They help to keep the political, cultural and economic relationships in order. Even though these countries share many political meetings already, by being members of the European Union, they also share many company visits. These company visits

are conducted to build recognizability and make new contacts. (Suomen suurlähetystö 2019.)

It is also important to share the same values in order to keep a good relationship with one another. During the time that Finland has been a member of the EU, the policies and interests of these countries have often been the same. Also, in foreign and security policy, the views have been very similar to each other. International rights and multilateral cooperation are the cornerstones for both Finland and Germany's foreign policies. (Suomen suurlähetystö 2019.)

Every good relationship requires an understanding of the partner. That is the reason why it is important to know how these two countries feel and think about each other. It is important to recognize the assumptions and prejudices to know what approach to take when conducting business with each other.

Finland's view of Germany is often seen to be more positive than the view of other European countries. The positive attitude that Finnish people have towards Germany and Germans can be seen to come from many different sources. Finland and Germany share a great amount of cultural and societal similarities. They also share a long history, which includes Germany helping Finland during hard times. (Forsberg 2000.)

Germans, on the other hand, appreciate Finnish people's open and efficient way of working. They see Finland as a so-called model country in terms of competitiveness, innovation, quality of education and the way Finland's welfare works and how it is constantly developed. (Business Jyväskylä 2019).

Even though Finland is in some respects appreciated in Germany, it is still seen as a pretty neutral country. There's not much news about Finland. When there is news about Finland, they are neither positive nor negative but mainly neutral. Only because a company comes from Finland, it is not enough for it to succeed in the German market. Companies need to prove that they are worth the German consumers first. (Suomen suurlähetystö 2019.)

After studying the relationship and previous history of these two countries, the methods to enter the German market are easier to understand. Since the base relationship is on solid ground, it might be easier to enter the markets of one another. Even though Germans might see Finland as a neutral country, the possibilities are there.

2.2.1 Finnish companies operating in Germany

As a part of the thesis, it was important to examine what companies are already operating in Germany. Since the author of the thesis is based in Karlsruhe, in the state of Baden-Württemberg, the best option was contacting the IHK office in the capital city of Baden-Württemberg. Stuttgart IHK Chamber of Commerce provided a list of Finnish companies operating in Germany.

Another resource for companies was the Grüne Woche trade fair, which took place in Berlin at the beginning of the year 2019. Finland was the main collaboration partner of the trade fair. The trade fair was a great opportunity for Finnish companies to find new contacts and business opportunities. The importance of trade fairs to the German market is explained later in greater detail. (MTK 2019.)

2.2.2 European Union

European Union (EU) is the largest economy in the world. Germany was one of the founding countries of the EU and Finland joined two years later in 1995 (European Union 2019). Being a member of the European Union and The Economic and Monetary Union (EMU) gives Finland and Germany many advantages. They both belong to the eurozone, which includes 19 of the 28 European member countries. Having the same currency euro makes trading more convenient. Additionally, since free trade was one of the EU's founding principles, it also makes business easier between Finland and Germany. (European Union 2019.)

The EU accounts for 59% of Finland's exports. For Germany it is the same amount of 59%. (European Union 2019). Even though Finland is a country with only 5,5 million inhabitants, being part of the European Union supports to become internationally competitive. Since the EU is a much bigger operative, it can negotiate more and better agreements than Finland itself ever could. (Ylikarjula 2016.)

Free movement and working inside the European Union allow companies to hire professionals from other EU-countries. This way companies will benefit from the highly educated workers who are all over the EU and can get people from different backgrounds that will also benefit the companies. It is also easier to expand outside of the company's boundaries while the EU guarantees free movement and working. (Ylikarjula 2016.)

2.2.3 Chamber of Commerce

Getting help from the Chamber of Commerce is one way for Finnish companies to start their journey to the German market. They offer market analysis, competition analyses and help the companies to find possible collaboration partners from Germany. From the market analysis, companies can see market structures, what pricing would be suitable and all the other aspects to take into consideration. From the competition analysis, companies can see how big the competition is at the moment and can start figuring out ways to stand out from the mass. With the help of the Chamber of Commerce, companies can also get help on finding out suitable partners. They can help through the whole process, e.g., from finding the right partners to providing help in follow up negotiations. From the Chamber of Commerce, companies can also get help for taking part in trade fairs. With professional help, companies will be able to take the most advantage from the trade fairs. For legal, personnel and taxing issues help is as well provided. (AHK 2019.)

2.2.4 Trade fairs

Germany is an internationally leading country for organizing trade fairs. Approximately 2/3 of the world's most important trade fairs take place in Germany. Four of the world's ten biggest trade fairs take place in Germany. (Hyvärinen 2019.)

There are some 160 to 180 trade fairs organized in Germany every year, with the amount of 10 million visitors and 180,000 exhibitors. German trade fairs can connect partners from all around the world. Explicitly for small and medium-sized companies, the German trade fairs are a perfect opportunity to find marketing opportunities and partners. There is no wonder that German companies use over 45% of their B2B marketing budgets on trade fairs. (Auma 2016.)

To find possible business partners from Germany, trade fairs are a huge opportunity for Finnish companies. They are a great chance to find suitable connections. It is as important to take part as it is to know who from the company to send, to present the company. It should be a person who knows most about the products and the innovation behind it since many Germans join the trade fairs to know what is coming rather than buying. (Saarinen 2017.)

The companies should also take the contacts they make, before even joining the trade fairs into consideration. Recently also these connections have started to be valued as

highly important aspects of the trade fairs. The number of trade fairs in Germany during 2018 can be seen from Figure 7. (Välimäki 2018.)

Trade Fairs in Germany 2018				
Total result				
	Number of events	Exhibitors	Stand space in sq. m.	Visitors
Total	350	250,924	8,780,966	15,538,800
International / national trade fairs	178	194,815	7,130,830	9,572,767
Regional exhibitions	172	56,109	1,650,136	5,966,033

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Figure 7 Trade Fairs in Germany 2018 (AUMA 2018)

From Figure 8, the development of the theoretical framework can be seen.



Figure 8 Ways of entering the German market

2.3 Organizational capabilities of Finnish companies in the German market

To find out how the companies from Finland can succeed in the German market this research looks at the answers from organizational capabilities. In other words, which organizational capabilities have been important for Finnish companies in order to enter and stay in the German market.

2.3.1 Finding the right organizational capabilities

The main organizational capabilities vary from company to company. An article from Harvard Business Review states that there is no magic list of capabilities, but that for every company different capabilities are significant (Smallwood & Ulrich 2004).

This makes it interesting to find out what kind of capabilities are needed for Finnish companies entering the German market.

For companies, it is important to find out the capabilities that are the most needed in order for the company to succeed, rather than finding out the weakest points and trying to boost them. One of the best-known companies to succeed in choosing the right capability is Apple. They have clearly chosen innovation as their main priority to improve and develop. They have engaged their customers to their products with constant innovation and providing the customers' value by these products, like no other company. (Das 2017, 5.) After identifying these most valuable capabilities, the company can collect feedback on how well it is already performing, regarding these capabilities. (Smallwood & Ulrich 2004).

Companies should only choose at most three carefully targeted capabilities that the company will focus on. Then use all the resources in order to make two of those capabilities world-class. Throughout the time of focusing on these chosen capabilities, it is also important to understand and acknowledge that no capability stands on its own. Which means that they are dependent on each other. When selecting the capabilities to develop, companies must also consider what other capabilities are immediately required to be paired with the chosen capabilities. As an example, choosing speed, the capability to act fast when there are opportunities approaching, will most likely need to be combined with fast learning, fast innovation or fast collaboration. (Smallwood & Ulrich 2004.)

2.3.2 German language

In Germany, the saying “buying works in English but selling requires German knowledge” is very true, according to Koukku-Ronde Finnish ambassador operating in Berlin. She is worried about the Finnish people’s knowledge of the German language. In many other Nordic countries, the German language is invested in, but that is not the case in Finland anymore, even though German language knowledge is appreciated and is still, in many cases, a requirement for doing business in Germany. (Välimäki 2018.)

Studying the German language is decreasing in Finland. The number of university students that take long-term German courses has declined since the year 2007 from over 1,600 students to 600 students. Also, the number of students who choose short-term German courses is declining. This decline is making it harder for Finnish people who want to work in Germany to succeed. It is vital to know German in order to work there. (Mähönen 2016.)

In Figure 9, the last part, organizational capabilities are added. From this chapter, the importance of German language knowledge has been seen to be the most important capability.



Figure 9 Organizational Capabilities needed in the German market

3 METHODOLOGY

In this part of the thesis, the used methods and the ways of collecting the data are explained. In the last chapter, the analyzing of the collected data is further explained.

3.1 Methods

For one purpose, each research is conducted: to search for facts that help to find solutions to known problems. Researches can be used to enhance knowledge or study something completely unknown. There are two main methods of conducting research, quantitative and qualitative. (Adams 2007, 20.)

Quantitative research methods are used when research requires gathering quantitative data, which then can be sorted, classified or measured. The goal is to find answers to questions such as 'how many' or 'the degree of which'. (MacDonald & Headlam 2009, 11.)

Qualitative research methods are used to offer rich and detailed information about the research topic. Qualitative method is used as the name refers to understand the quality of the gathered information. The method is used to know how people feel or think about the topic. Furthermore, it is used to understand the reasons and motivations of the actions. The interviews for this study were conducted with the qualitative method, to provide insights to the problem, generate ideas and hypotheses. In Figure 10, the differences between qualitative and quantitative research can be seen in more detail. (MacDonald & Headlam 2009, 9, 35.)

	Quantitative	Qualitative
Aim	The aim is to count things in an attempt to explain what is observed.	The aim is a complete, detailed description of what is observed.
Purpose	Generalisability, prediction, causal explanations	Contextualisation, interpretation, understanding perspectives
Tools	Researcher uses tools, such as surveys, to collect numerical data.	Researcher is the data gathering instrument.
Data collection	Structured	Unstructured
Output	Data is in the form of numbers and statistics.	Data is in the form of words, pictures or objects.
Sample	Usually a large number of cases representing the population of interest. Randomly selected respondents	Usually a small number of non-representative cases. Respondents selected on their experience.
Objective/ Subjective	Objective – seeks precise measurement & analysis	Subjective - individuals' interpretation of events is important
Researcher role	Researcher tends to remain objectively separated from the subject matter.	Researcher tends to become subjectively immersed in the subject matter.
Analysis	Statistical	Interpretive

Figure 10 Qualitative and quantitative research (MacDonald & Headlam 2009)

The qualitative research method was used in order to get insights and opinions for the questions that were based on the theoretical findings of the thesis. The theoretical part of the thesis offered some assumptions that needed to be confirmed. The qualitative research method was also used in order to discover new strategies of entering and operating in the German market.

The thesis studies how organizations develop and focus on understanding the reasons of how companies develop and why companies want to develop. It is essential to understand the motives behind the company's reasons to develop and how they can make the development happen. Here qualitative research comes in play and helps to find out the reasons behind these decisions and the ways that companies have used to develop. (Doz 2011, 583.)

The qualitative research method was additionally chosen to examine the differences between the two countries. This method allows these differences to be studied. Qualitative research is also used in order to study the neglected phenomena and find the importance of it. Qualitative research offers inspiration for new ideas and research agendas. In the thesis, using the qualitative method has helped to find out the importance of trade fairs

and has created opportunities to help Finnish companies understand the importance of these trade fairs in order to enter and succeed in the German market. (Doz 2011, 584.)

3.1.1 Interview questions

The interview was created from the information gathered from theoretical research. From all the material there came a way to conduct an interview that would help further understand the ways and requirements for Finnish companies entering the German market. The interview is based on three open questions and continued by six defining questions. For all three open questions, there were two defining questions to focus on and to get deeper knowledge from each topic.

The first interview question was:

What was the reason to enter the German market?

This question was created to better understand the reasons for Finnish companies to enter the German market. The reason behind the decision needs to be fully thought out in order to succeed in the market. This was a way to show other companies that might be considering entering the German market, but for one reason or another are hesitating with the decision. From the answers to this question, companies can see what reasons companies that are successful in the German market had and can gather the courage to join as well.

The second interview question was:

What entryways has your company used in order to enter the German market?

After having the reason to join a foreign market, it is important to find out how to get there. This is the reason why it was important to find out if the theoretical findings match the answers of the companies that are already operating in Germany. This question was also chosen in order to understand and know the ways that companies can use in the future in order to enter the German market.

The third interview question was:

What are the most important organizational capabilities needed in order to enter and succeed in the German market?

After finding the right ways to enter the market, the company has to find its strengths in order to grow and succeed in the market. This question was chosen to find out the organizational capabilities that Finnish companies require in order to succeed in the German market. It will also provide needed information for Finnish companies who are planning to enter the German market.

The six defining questions were;

Two questions defining the reasons to choose to go to the German market.

1. How important is Germany's geographical closeness?
2. How important is the size of the German market?

Two defining questions of how to enter the German market

3. How important is it to take part in the trade fairs?
4. How important is the help from Chamber of Commerce?

Two defining questions of what organizational capabilities are needed in order to succeed in the German market.

5. How important is it to know German language?
6. How important is it to know German culture?

The answers to all these six questions were based on a Likert scale of one to five as seen in Figure 11.

1	2	3	4	5
Unable to rate	Not at all	Slightly important	Important	Very important

Figure 11 Answer scale of interview

4 INTERVIEW RESULTS

The interviews for the thesis were conducted between the 26th of September and 19th of October 2019. There were in total six interviewees. In these interviews, the age, gender or the field of business did not matter. The interviews were conducted in order to find out deeper information about the thesis questions. The interviews were conducted over the telephone. Each interview lasted approximately 20 minutes. The interviews were conducted in Finnish language since all the interviewees were Finnish. The answers were translated to English by the author of the thesis. The answers from the interviews all pointed in the same direction.

The findings of this thesis show that the field of business did not seem to make a considerable difference in the answers what the interviewees provided. However, it is still important for the credibility of the thesis to provide information about the interviewees and about their organizations. All of the interviewees were CEOs or members of the board. It was important to interview experienced people in high positions in their companies because they had personal knowledge about the key questions of this research: why go to the German market, how to enter this market and what capabilities are most important in the German market. The interviewed companies were operating in different fields, consulting, manufacturing and reselling, engineering and IT-services. For the purposes of this research, it was valuable to hear views from experienced executives who represented different kinds of organizations. The common character between interviewees was their personal knowledge about the matters which were in the focus of this research.

The first open interview question was "What was the reason to enter the German market?". The answers to this question were similar to each other. Almost all of the interviewees stated that the size of the German market was one of the main reasons. Compared to Finland, the German market is huge and the opportunity to enter and succeed is much more possible than in small markets. The other reason for choosing the German market was having knowledge of Germany and the German market due to living and working in Germany already. Having the knowledge of the German market made the decision to choose Germany easy since there were already contacts that could be used and knowledge how to act and work in the German market. The knowledge that Nordic countries have, was also a reason to enter the German market, since in some fields Germans have not reached the same levels that Nordic countries have, which makes bringing the know-how to Germany a logical reason to enter and eventually succeed in Germany. The purchasing power in Germany is high which makes it a great country to start doing

business in. Some companies also have goals to grow in international markets and since Germany is in Europe and part of the EU it is an easy country to target.

For every open question, there were two defining questions, to get an even deeper understanding of the topic. For the first question, these were “How important is Germany’s geographical closeness?” and “How important is the size of the German market?”. These questions were chosen in order to find out if these are among the biggest reasons for Finnish companies to enter the German market.

Germany and Finland are both European countries and part of the EU, from the theoretical part it was already clear that this is a huge advantage for Finnish companies who want to enter and succeed in the German market. That is why the question of the geographical closeness was chosen to find out the importance of the role it plays in order to enter the German market for Finnish companies. The answers were given on a scale of one to five to better understand the importance.

The geographical importance was found not to be among the *very important* reasons to enter the German market. It was still considered to be *slightly important* and *important*. Most of the interviewees pointed out that the field of the company will change the importance of the geographical closeness. If the company is offering services or data, the closeness is not as important. Whereas for companies who are manufacturing and selling, the closeness will play a more important role. Many interviewees also pointed out that since Germany is part of Europe and a member of the European Union it is easier for another European country like Finland to enter and succeed in Germany. Compared to Asia, entering a country from Europe is an easier way. The interviewees also stated that the closeness of Germany was not the most important reason to enter the German market. Figure 12 shows the answers for the first defining question.

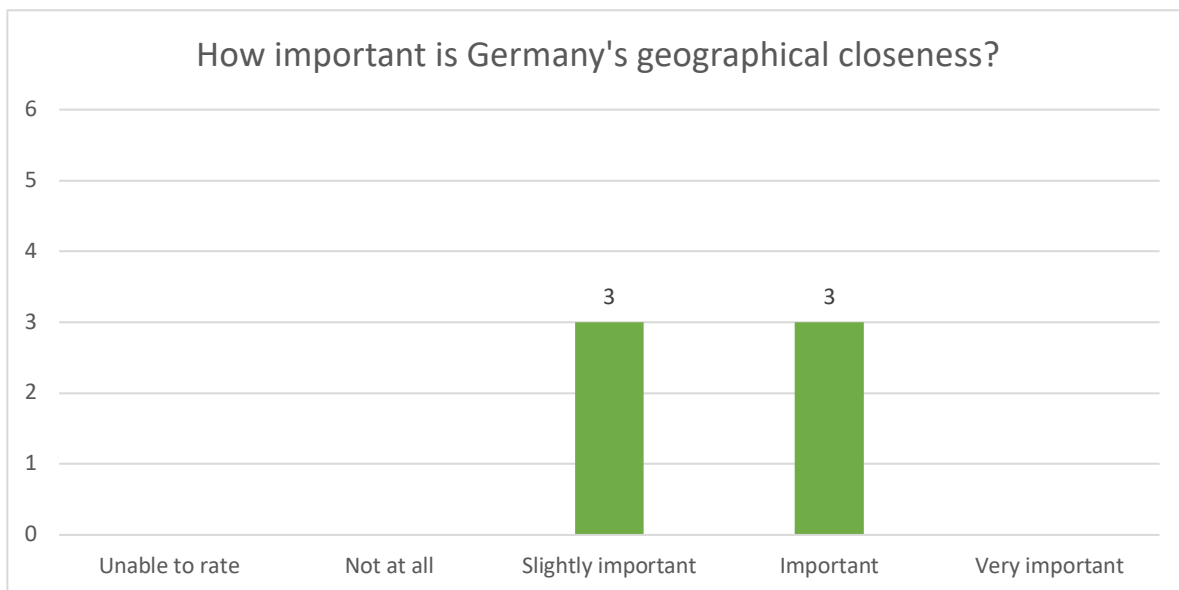


Figure 12 How important is Germany's geographical closeness?

From the theoretical part of the thesis, the size of the German market seemed to be a big reason for companies to enter the German market. The defining question was aimed to examine if it would be the same for Finnish companies.

Almost all the interviewees stated that the size of the German market is *very important*. Compared to Finland, the German market has much more potential and opportunities to succeed and grow. Germany also shares neighboring countries where German is spoken, which makes it easy for companies that succeed in Germany to enter these neighboring countries, like Switzerland and Austria. From these answers, the conclusion is, that the size of the German market is among one of the biggest reasons for Finnish companies to enter the German market. Figure 13 shows the answers for the second defining question.

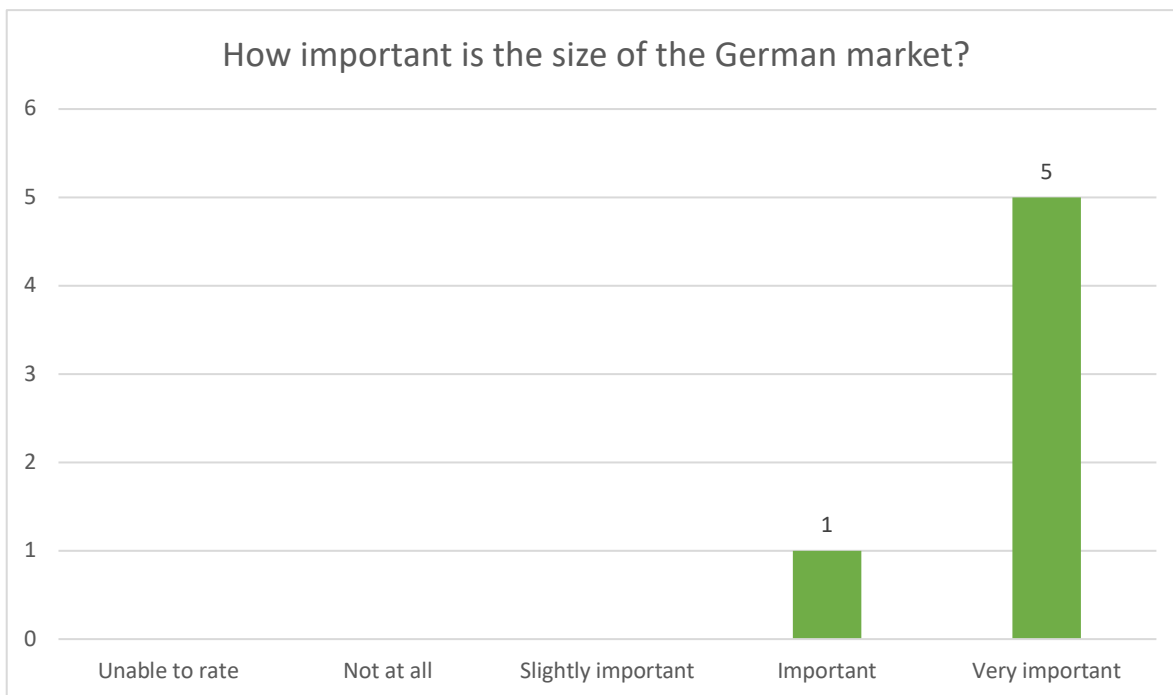


Figure 13 How important is the size of the German market?

The second question was “What ways has your company used in order to enter the German market?”. The best ways to enter the German market usually vary, depending on the field of the company. The most important way to enter the German market, based on the answers of the interviewees, was definitely connections. It is the most important tool to enter and be able to succeed in the German market. The ways to gather these connections vary from taking part in trade fairs or different events and using the connections that the person or company already has gathered during the time of living and working in Germany. Using and belonging to organizations that have connections in Germany was found out to be helpful as well. Taking part in the trade fairs offers a great platform for making connections and making the company known in the German market. It is important to be present in Germany and make yourself and the company known. That way, gathering connections and succeeding in the German market is nearly guaranteed. For some companies, acquisitions can be an important way to enter the German market. That way the company will already have a customer base, the company is already making a profit, and it will be faster to get a hold on to the markets.

The defining questions for entering the German market were “How important is it to take part in trade fairs?” and “How important is the help from the Chamber of Commerce?”. These questions were chosen to find out what ways Finnish companies mostly used when entering the German market. From the theoretical part of the thesis trade fairs became to

be one clear advantage that Germany has. Germany is known as the country where the most important trade fairs are held. The question was to find out how many of the Finnish companies use this advantage and if it is an important way for the Finnish companies to enter the German market.

For some interviewees trade fairs have lost their value compared to different events that relate more accurately to certain fields. For some companies, trade fairs were not the most important way to enter the German market. The interviewees also stated that trade fairs work best for the companies, that are just building their visibility and contacts in Germany. The interviewees also acknowledge that trade fairs are not for selling but more to collect contacts and customers for later state selling. Trade fairs are especially important for business-to-business contacts. Trade fairs are an important tool to create genuine contacts, nowadays it is extremely important to have contact in real life, to build trust and working relationships. It is easy to take part in trade fairs with small investments as well. Trade fairs also are a great tool to advertise your company.

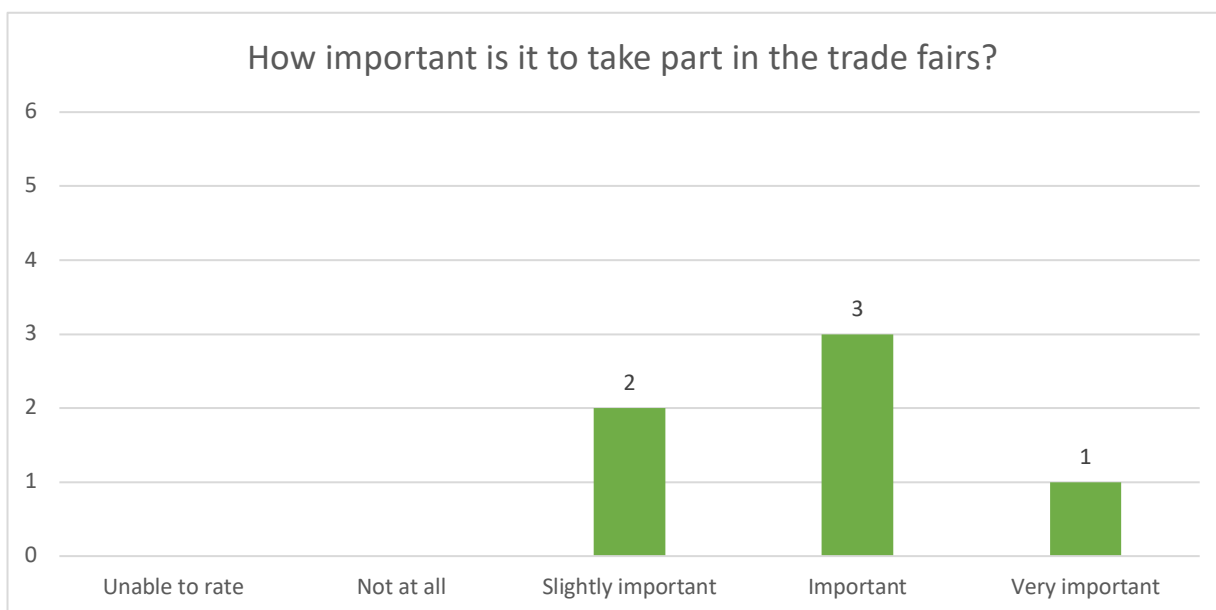


Figure 14 How important is it to take part in the trade fairs?

The second defining question for entering the German market was about the Chamber of Commerce. This question was chosen since, in the theoretical framework, the Chamber of Commerce has been part of many articles and seems to be a tool that could offer a lot of help for the Finnish companies who want to enter the German market. With this question, the importance and use of Chamber of Commerce was studied.

Many of the interviewees have not used the help from Chamber of Commerce. Especially if the company already has the needed connections, the help from outside is not needed anymore. The interviewees, however, acknowledge the possible importance of the Chamber of Commerce when companies have no contacts or knowledge about the German market. Especially the analyses and the connections and knowledge of different events that they offer can have real importance for some companies, especially for small companies. For different fields, the Chamber of Commerce may not be as helpful, since if the field the company focuses on, is something very specific, they might not have the right resources to offer help.

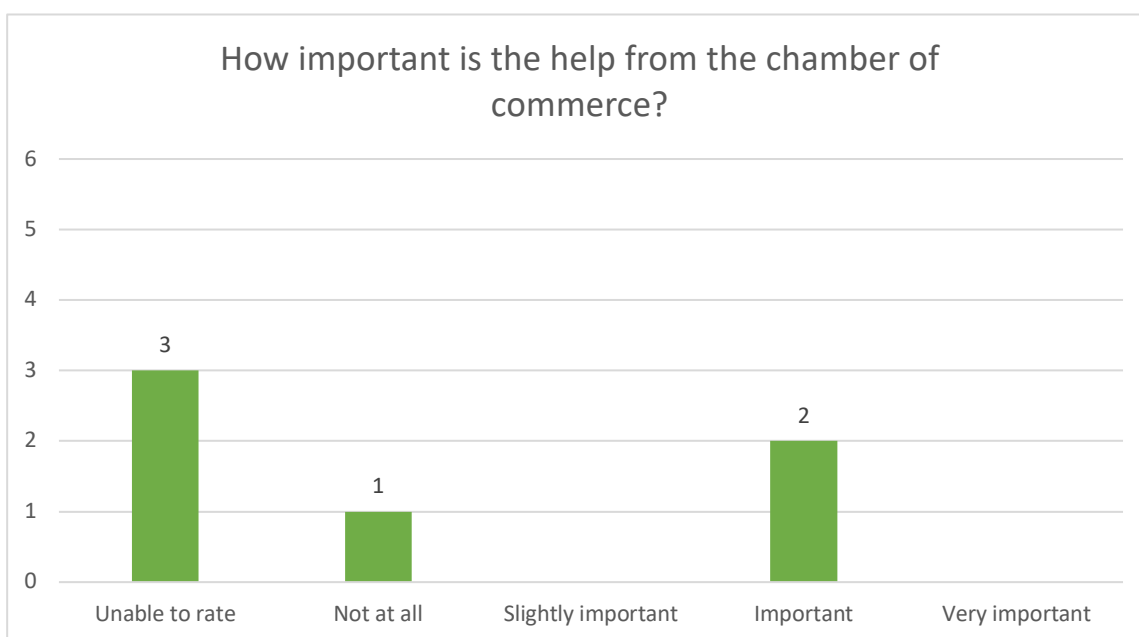


Figure 15 How important is the help from the Chamber of Commerce?

The third question was “What are the most important organizational capabilities needed in order to enter and succeed in the German market?”. All of the interviewees stated that being able to communicate in German language was one of the most important skills to master. Being able to communicate in German will open many doors and will make the connections between the company and the people more natural and more trustworthy. Even though the companies that would only operate and work with big organizations where English is also widely spoken, think that being able to communicate in German with the workers is very important.

Germany is nowadays on the way of becoming more and more international which makes speaking English easier and more possible. The small and medium-sized companies are behind in this development and working with them requires German language since they

might not know how to speak English or do not want to communicate in English. In bigger and more international companies it might be the other way, when one of the participants does not speak German the whole meeting is then conducted in English. Knowing the German culture is an important factor when doing business with the Germans. This, however, is for Finnish companies usually not a problem, since the cultural differences are not that big. There is no reason to turn into a German, but it is important to show interest and try to understand the different ways of working. For almost all the interviewees, having good interaction skills was an ability that is required in order to succeed in the German market. For this reason, the language also plays a big role, since interacting in German will provide a better base for the whole communication. Making and sustaining the relationships in Germany requires good interaction skills and that is the way a company can make themselves known. It is important to maintain and grow relationships and connections when working in the German market. The most important interaction skills are talking and making connections as well as being able to communicate with the workforce. Knowing the market of your company is an important tool as well, it gives the company a good base to be able to succeed in Germany. According to the interviews, experience from working in the German market was also one important capability to have. It is important to gather experience and knowledge, to be able to know how to act in Germany and with the German people and always be interested in learning more. Companies also need enough resources to internationalize. For Finnish companies going and succeeding in Germany is relatively easy, since the cultural differences are not huge. Finnish companies are also often seen as trustworthy. The values and expectations are similar between Finnish and German people.

The defining questions for the needed organizational capabilities were “How important is it to know German language?” and “How important is it to know German culture?” These questions were chosen to deepen the understanding of what is needed from the company to be able to succeed in the German market.

German language was seen in the theoretical part as an important skill to have in order to operate fully in the German market. The question aimed to find out if the German language is still as important, even though Germany is also becoming more international, especially in big corporations. In order to find out if being able to communicate in German is a must for Finnish companies, this question was asked.

All of the interviewees stated that knowing German language is *important* or *very important*. It is not a requirement, but it is a huge plus and will open many doors in Germany.

It also depends on the field; some fields and bigger companies are becoming more and more international and might be able to communicate in English as well but knowing German will give the communication a whole new level. Knowing German language will help to make the connections and communication more practical. Especially important when selling is to know German.

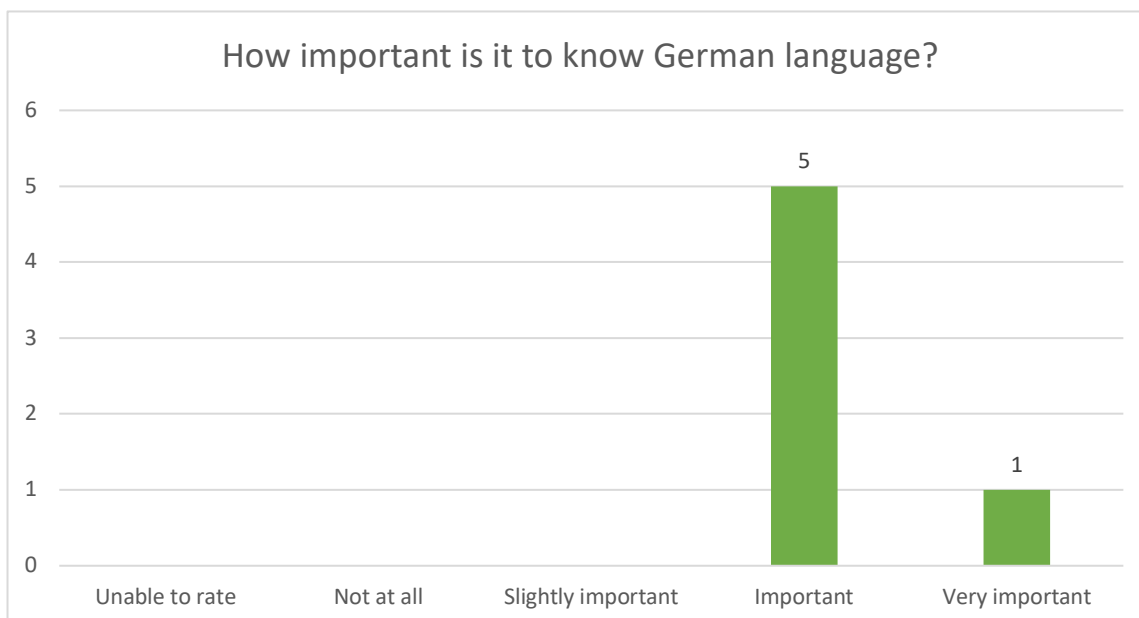


Figure 16 How important is it to know German language?

The second defining question was chosen to outline the importance of knowing the German culture. Finland and Germany have similar cultures, but there are still some differences. The question was aimed to find out how important it is to know these differences and how they might affect doing business in the German market.

Many interviewees pointed out that the cultural differences are not that big, especially in the northern part of Germany. Knowing how to act in business situations is important since Germans have a stricter way to behave compared to Finnish people. The culture will change the way people behave and also how people work. That is the reason why knowing the culture is an important aspect. Being interested in learning about the culture will carry for long. It is also important to acknowledge that different parts of Germany have different ways of behaving.

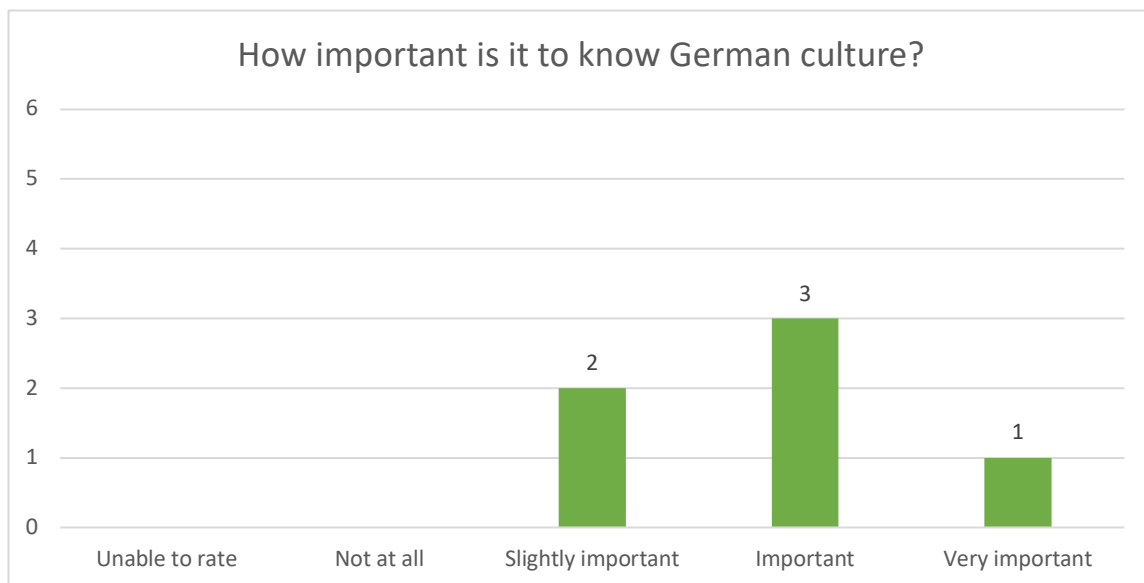


Figure 17 How important is it to know German culture?

5 CONCLUSIONS

The objectives of the thesis were to find out what are the reasons, the methods, and the organizational capabilities needed for Finnish companies to succeed in the German market. The reasons have been studied through theoretical material and through interviewing companies that have entered the German market.

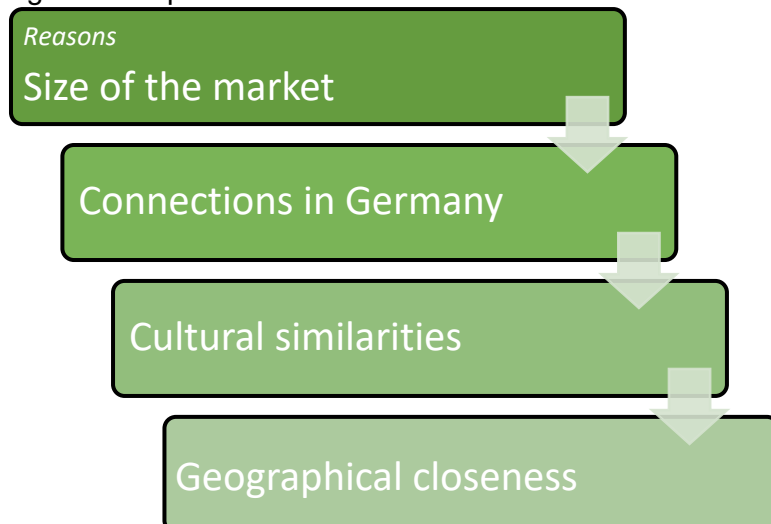
The thesis can be used as a guideline for Finnish companies that have thought about entering the German market. It can also help companies realize that they already have the needed capabilities to enter the German market. The companies can also learn the different ways of entering and think about what way suits best for the company and the level that their company is on now.

In order to find out the reasons to enter the German market, the thesis studied Germany as a country, the characteristics as well as the German market. During that chapter the German market was seen to be huge and successful, which made it interesting to find out how much it contributes to Finnish companies' decision to enter the German market. The size of the German market was found out to be one of the most important reasons. Germany's market is huge compared to the Finnish market, and Finnish companies are able to provide Germans knowledge that they do not yet have. For example, Finland's knowledge of digitalization is compared to Germany on a whole other level.

Germany's culture was also studied and compared to the Finnish culture. In the interviews, the importance of knowing German culture was also studied. The differences between the cultures were seen to be not too vast. Knowing the culture, however, will help better understanding the people and the workers in Germany. It is also important to acknowledge parts of the culture that are connected to conducting business in Germany. It is important to be polite, respectful and on time when doing business in Germany.

In Figure 18, the importance of different reasons is shown. The most important reason for Finnish companies to enter the German market according to the theoretical part and the interviews is the size of the German market. The second most important reason is connections in Germany, third cultural similarities and the least important geographical closeness.

Figure 18 Importance order of the reasons to enter the German market



Ways of entering the German market was the second question of the thesis. Which ways can companies use when entering the German market and what ways have the Finnish companies that were interviewed used. The theoretical part of the thesis has found how important Germany has been to Finland. Germany is the most important trading partner already since the year 2014. The thesis also found that because Germany is in Europe and is a member of the European Union it is easier for countries like Finland to do business with Germany.

Chamber of Commerce was one aspect that was studied in the theoretical part. It seemed to be one of Finnish companies' best ways to enter the German market. However, many of the interviewed companies had not used the help from the Chamber of Commerce, but still recognized the importance it can have with small companies that are starting with no knowledge of Germany.

Trade fairs were the biggest entranceway that was found in the theoretical part. Germany is the most important country when looking at trade fairs. The most important trade fairs are held mostly in Germany. For the interviewees, however, the trade fairs were not the most important way when entering the German market. The most important way for the interviewees was connections. Having the right connections and knowing how to build them was far more important than trade fairs, even though trade fairs are also a great way to get the right connections. It is extremely important to be present and know how to connect with the Germans in order to enter and succeed in the German market.

In Figure 19, the most important ways of entering the German market are seen. The most important way is connections, the second most important trade fairs and the least important Chamber of Commerce.

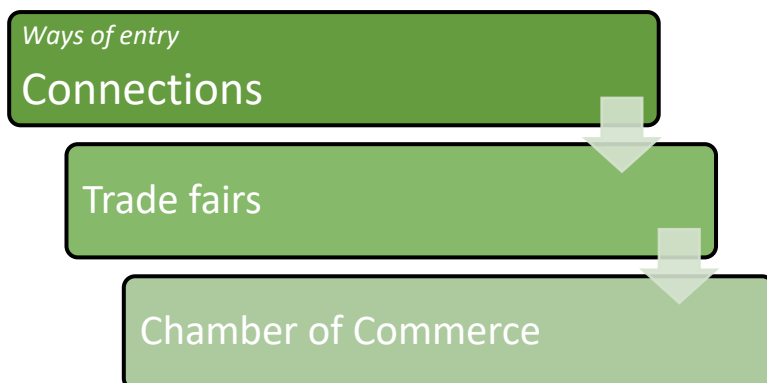


Figure 19 Importance order of ways of entering the German market

The next chapter focused on the question of what the most important organizational capabilities for Finnish companies are to acquire in order to succeed in the German market.

Every one of the interviewees stated that knowing German language is essential. This is one of the important capabilities that the organization must master or at least know the basics of. Knowing the German culture is also an important capability, but because the cultures between Finland and Germany are so similar it does not create big challenges for Finnish companies who are operating in Germany. Among the most important capabilities were also interaction skills. It is important to be able to communicate and make connections with good interaction skills in the German market.

In Figure 20, the most important organizational capabilities that Finnish companies require in order to enter and succeed in the German market are seen. The most important capability is interaction skills, the second most German language knowledge and the least important cultural knowledge.



Figure 20 Importance order of organizational capabilities

5.1 Answers to the Research Questions

The thesis has managed to find answers to the questions presented in the thesis. The most important reason for Finnish companies to enter the German market is the size of it. The best way for Finnish companies to enter the German market is connections. Companies need to find the right connections in Germany and be able to use them in order to acquire more connections and get deeper into the German market. The biggest organizational capability that Finnish companies require, is interaction skills and knowing German language. It is extremely important, once the company has made connections in Germany, to be able to properly interact with these connections. This is also where the knowledge of the German language plays a big role. It is clear to see that all these steps are linked to each other. Everything comes down to human connections. In order to enter and succeed in Germany, the company has to have a people-oriented mindset.

5.2 Reliability and Validity

Both qualitative and quantitative research are formed on different ideas about reliability and validity. The main objective of qualitative research is to reach a deep understanding of the study. The main goal is to write the study in a way where the reader can see what the researcher has seen. This creates trustworthiness which ultimately creates validity and reliability for qualitative research. (Golafshani 2003.)

5.3 Suggestions for Future Studies

For further studies, it is suggested to study why many Finnish companies do not see the possibility of entering the German market. It is possible that in Finland many companies are overlooking the opportunities that the German market offers. It would be important to educate the Finnish companies about the possibilities that Germany offers. For Finnish companies, entering the German market is relatively easy due to many similarities in the culture and due to the close geographical location, as well as both, being members of the European Union.

Another study could also be examining why many Finnish companies do not see trade fairs as important as they might be. Is there a possibility that Finnish companies are overlooking the possibilities that trade fairs offer? Could it also be possible that the Finnish companies do not know how to take full advantage of trade fairs by not knowing how to act and communicate in them?

The importance of real connections in Germany could be studied even deeper. It is clear that communication skills and interaction skills are extremely important when doing business in Germany. The reasons behind this could be studied further and if there is a connection between the importance of connections in Germany and the fact that trade fairs are so important in Germany.

5.4 Own learning and reflections on the thesis

From the thesis, the importance of connections and having good interaction skills have clearly risen to be the most important topics. This brought the concept of guanxi to the surface. The writer has spent their exchange period in Taiwan where guanxi is commonly practiced.

Guanxi is in Chinese a general term for social networking. It is often translated in English with the words: relationship or connection. It often means that businesspeople first built personal relationships with their potential customers and once the deeper connection is built, business then follows. (Golemon, Chen, Wang, Hung 2009, 235.)

The best way to describe guanxi could be with the old expression "it is not what you know, but who you know that is important" Could Germany also share this mindset of guanxi? It could possibly be the reason why trade fairs are that important in Germany. Germans also require this real connection before doing business and put a high value on those real face-to-face meetings.

6 SUMMARY

The thesis was aimed at finding out how Finnish companies can enter and operate successfully in the German market. To find the answer to this dilemma, the thesis uses scientific articles and Hofstede's cultural dimensions theory. Interviews are also utilized in the thesis. The chosen research method that was used throughout the thesis was the qualitative method. The purpose of the thesis is to provide information for Finnish companies that are considering entering the German market. The thesis can be used as a guideline for Finnish companies to enter and succeed in the German market.

The thesis starts with an introduction where the goals and objectives are explained in greater detail. The main research question and the sub-questions are also introduced. The thesis structure is also clarified. The thesis was divided into four main parts: theoretical framework, methodology, interview results, and conclusion.

In the first part of the thesis the reasons for joining the German market, the ways of joining the German market and the needed organizational capabilities are being studied. To find out the reasons to enter the German market, Germany has been studied as a country. The cultures of both Finland and Germany are studied and differences and similarities of these cultures are explained. The different possible ways of entering the German market are explained.

The second part explains the chosen methods, qualitative research, and interviews. Qualitative research approach was chosen to gain insights and opinions on the theoretical part's findings. The thesis offered assumptions that needed to be confirmed. The method was also used in order to discover new strategies for entering and operating in the German market. Interviews were chosen to be used in order to get opinions and insights from the companies that are already successful in the German market.

The third part offers the interview results, the answers from the interviews are examined closely. The answers from all the interviews were all pointing in the same direction. The biggest reason to enter the German market was the size of it. The best way to enter the market was having the right connections. The most important organizational capability was interaction skills.

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APPENDICES

Appendix 1 Interview questions in Finnish

1. Mikä oli syy lähteä Saksan markkinoille? Mistä tämä syy syntyi?
2. Mitä keinoja yritys on käyttänyt Saksan markkinoille tulemiseen? Mitkä keinot toimivat parhaiten?
3. Mitkä yrityksen toimintakyvyt ovat olleet tärkeimpiä? Mitä osaamista on vaadittu?

Aihe saksan markkinoille tulon syyt;

4. Kuinka tärkeänä pidät Saksan maantieteellistä läheisyyttä
5. Kuinka tärkeänä pidät Saksan markkinoiden kokoa

Aihe saksan markkinoille tuleminen

6. Kuinka tärkeänä pidät messuille osallistumisen
7. Kuinka tärkeänä pidät kauppakamarien avun (saksan IHK tai Saksalais-suomalaisen kauppakamarin AHK)

Aihe saksassa menestymisen taidot;

8. Kuinka tärkeänä pidät Saksan kielen osaamisen
9. Kuinka tärkeänä pidät Saksan kulttuurin tuntemisen

Vastaukset kysymyksiin 4-9 asteikolla; 1-En osaa sanoa 2-Ei ollenkaan 3-Hieman tärkeänä 4-tärkeänä 5-erittäin tärkeänä

Appendix 2 Interview question in English

1. What was the reason for applying for German markets? Where did this reason come from?
2. What ways has your company used in order to enter German markets? What ways worked out best?
3. What were the most important organizational capabilities needed in order to enter and succeed in German markets?

Reasons to choose to go to German market.

4. How important is Germany's geographical closeness?
5. How important is the size of German market?

How to enter the German market

6. How important is it to take part in the trade fairs?
7. How important is the help from Chamber of Commerce?

What organizational skills are needed in order to succeed in German market.

8. How important is it to know German language?
9. How important is it to know German culture?

Questions 4-9 in a scale of 1-Unable to rate, 2-Not at all, 3-Slightly important, 4-Important, 5-Very important