FORMULATING A FEASIBLE BUSINESS IDEA IN FINLAND

Case: Silta Consultancy Oy

LAHTI UNIVERSITY OF APPLIED SCIENCES
Degree Programme in International Business
Bachelor's Thesis
Spring 2011
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Bachelor's Thesis in International Business, 97 pages, 8 pages of appendices

Spring 2011

ABSTRACT

The purpose of the thesis is to formulate a feasible business idea and create a preliminary dynamic business model for a start-up company in Lahti, Finland. The case study is focusing on the cleantech sector, both in Romania and Finland. Nowadays the cleantech sector shows a great potential both in emerging but also developed countries.

The theory part emphasizes the importance of business planning; therefore a business idea model will be used including the following elements: market need, target market, services, image and mode of operation. Moreover, for a better understanding of the Romanian target market, a PEST analysis will be applied. Furthermore, a SWOT analysis will be also conducted in order to highlight the strengths, weaknesses, opportunities and threats of the cleantech sector in Romania. The cleantech sector is described generally throughout the study.

The research is a case study that concentrates on creating a preliminary business plan. Primary data collection was carried through unstructured interviews and meetings. Several persons from different organizations in Finland were interviewed in order to determine the potential of the case company. Moreover, the acquisition of secondary sources was gathered through written books, articles and internet web pages.

Even though the Romanian market provides high potential for foreign investment, the authors' business idea requires further investigation in order to determine whether this particular moment is suitable for their start-up business.

Keywords: business planning, Romanian market, cleantech sector, business start-up

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GLOSSARY

B2B	Business to Business
BPO	Business Process Outsourcing
CBD	Central Business District
CEE	Central and Eastern Europe
Cleantech	Clean technologies
Duuni expo	Annual fair for networking and job opportunities.
Dyna	Dyna-MeetUp is a variation of OpenCoffee for entrepreneurs and students in Lahti area.
EEA	European Economic Area
EIM	European Investment Monitor
Est.	Estimated
ETLA:	the Research Institute of the Finnish Economy
EU:	European Union
FDI	Foreign direct investment
FFI	Fiscal Flexibility Index
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GII	Global Innovation Index
ICT	Information and communication technologies
IEE	Intelligent Energy Europe program
IUSES	Intelligent Use of Energy at School
MW	Megawatt
NATO	the North Atlantic Treaty Organization
OECD	Organization for Economic Co-operation and Development

PEST	Political, economical, social and technological factors analysis
PPP	Purchasing Power Parity
R&D	Research and development
SMEs	Small and Medium businesses
SWOT	Strengths, weaknesses, opportunities, threats
VAT	Valued Added Tax
WESEE	Wind Energy Service East Europe

1 INTRODUCTION

1.1 Starting point

The starting point of the authors' thesis subject arises from previous courses that the authors have studied during their Degree Program in International Business, namely Business in Europe, International Marketing and Distribution.

One important reason why the authors thought about the subject which will be presented further on, was the fact that they have been living in Finland for the last 6,5 years, gathered enough information about the culture and the the business life, which they hope to apply in order to fulfill their thesis objectives.

The aim is to establish a business link between Finland and Romania. Thus in order to achieve this, the authors would like to set up a consultancy agency, which will provide vital information and services for Finnish SMEs that are interested to invest in the Romanian market and possibly also help Romanian companies to establish business in Finland.

Young entrepreneurs should have the ability to put in practice their ideas and business knowledge and most importantly taking risks when choosing different paths for their business.

The authors want to create a strong business bridge between Finland and Romania. Based on the knowledge that the authors have about both markets, they consider that now might be the most appropriate time to establish this type of business between the two countries.

The concept was born while studying and thinking about the graduation date, which should always be a new beginning in terms of work life for students. Therefore the authors started to concentrate their energy on ways to connect the countries better, in terms of business life. Some could wonder why the authors intend to connect the countries, and the answer could be very clear and easy to

understand. They were trapped between the two countries, societies and cultures making their future perspective more complicated if they couldn't manage to find a way to correlate Finland and Romania as a whole.

At the moment a few big Finnish companies are established in Romania, like Ruukki, Sanoma Group, Nokia; therefore the first contact with Romania was done by the big “guys”, leaving enough room for small and medium sized companies to start their business in a new and expanding market.

Romania was often described as the tiger of Southern Europe, therefore transforming it into an interesting market for expanding businesses. (Economy of Romania 2010).

Romania has always been there in terms of business, but recently it is more visible with huge market potential, especially since the acceptance of Romania in European Union. After joining EU, Romania also gained more credibility for foreign investments.

The unexpected global recession, affected heavily also the Romanian economy. Although the hit felt strong into the economy there are also plusses when considering the downturn. One of the biggest advantages of stepping into the Romanian market at the moment is the lower prices of renting places/land, etc. As to enforce the previous statement, big international companies decided to open their business doors in Romania, once they realized that prices are lower than what they used to be several years ago, in some circumstances even reaching 30 percent. (Daily Business 2010.)

On the bright side, Romania became, in 2010, one of the most attractive countries to invest in renewable energy/green energy. Thus, importing cleantech solutions/products from Finland to Romania could turn out to be an attractive investment for the next coming years. (Business Magazin 2010.)

1.2 Main objectives, research questions and limitations

Main objectives:

The main objectives of the thesis are creating a successful business idea and formulating a feasible model for a preliminary business plan. Moreover, the secondary aim is to study the cleantech sector in Finland and the potential of that specific area in Romania. The reason for approaching the cleantech sector in Finland is based on the fact that it is one of the fastest growing sectors but at the same time offers wide internationalization perspectives.

Research questions:

Why is business planning needed?

Where and how to get guidance and financial help for the start-up business in Finland?

What are the reasons which encourage young entrepreneurs to start a business in Finland?

What makes the Romanian market attractive for Finnish companies?

What cleantech projects are underway at the moment in Finland and Romania?

What are the services needed for the cleantech businesses?

What services can the start-up company provide for the future partners?

What is the target group of the start-up business?

What is the mode of operation of the business?

What is the potential of the cleantech sector in Romania?

Limitations:

The main target groups of the future business idea in Finland are SMEs, therefore it is considered as a very important limitation. Furthermore the authors' business will apply business to business (B2B) to cleantech companies located both in Lahti region but also nationwide.

The main feature of B2B begins with the level in which the interest of the potential customer is gradually increasing and continues with the process of the actual deal from the moment when he becomes interested until the stage of transaction (Viliavin 2011).

Another important aspect that needs to be considered is the financial limitation. The authors own financing is limited therefore they are going to adopt a way to find financial help from different governmental organizations in Finland for startup companies.

The first step before beginning to establish the company is going to be related to taking advantage of the usage of a market research, offered by one of the support organizations. The market research will be done in Finland, with the help of some important organizations, such as Business Incubator and Dyna. The findings of the market research might be questionable since it can prove to be inconclusive, and then automatically becoming a limitation.

Man power limitation is another aspect that needs to be considered. Therefore, once the authors' business model and idea will transform into reality, one important milestone could be considered finding both partners in Romania and Finland. Future partners are going to be involved in the business operations and contribute in finding suitable contacts in both countries.

1.3 Research methods and data collection

When conducting research, a vital element is gathering appropriate data. Its usage will provide essential key results. Research can be described through numerous methods when collecting data. Data collection might appear to be a laborious job, but the end result will describe a clearer picture of what is supposed to happen in short and long run. (Kajornboon 2010.)

There is no right or wrong path to achieve the desired outcome, depending on the pluses and minuses that every method of research offers. In the authors' opinion, the whole research process may be compared to the solving of a puzzle. If one piece is missing the others will not fit anymore.

Qualitative research was chosen by the authors because it is capable to provide information that will emphasize how people are going to answer the specific research questions of the topic. The researcher is free to use interpretation, intuition, and reasoning and try to categorize and see the connections.

Probably one of the most important methods of qualitative data collection is the observation method. Firstly, gaining access to the situation that needs to be studied is not an easy task. In so called "closed" settings such as companies, a lot of determination is needed to have the chance to enter the organizations for research purposes. (Lee and Lings 2008, 224.)

Observation method will be used during the whole process, since this method is able to determine whether or not the business plan idea is going on the right path in order to be delivered and operated as planned (Social research methods 2010).

Therefore, the authors are going to participate in different meet-ups related to business start-ups and business life, such as Dyna meet-ups held each month and Duuni Expo 2011. This will ensure further explanations closely related to answering the research questions of the thesis' topic.

Another method that highlights an intensive study of a specific problem is achieved through case study analysis. The case study will be used to design a strong business idea model that will transform later on into a elaborate business

plan. The case study was chosen for a solid theoretical reason, since is going to provide the necessary information for answering the research questions. (Lee and Lings 2008, 201.)

Data collection will be done through primary sources, more specifically unstructured interviews that are going to involve direct interaction between the researcher and the respondent. This technique was chosen because even though the researcher might have initial guiding questions to ask about, in fact there is no actual formal structured instrument or protocol; moreover will allow developing certain flexibility to the whole interviewing process.

Every interview is unique due to their freedom of expression, based on the interviewee's experience, opinions and knowledge.

The acquisition of secondary sources is another essential part of data collection. Written books, articles, internet-web pages of appropriate authorities will be used to gather data. The large number of sources which can be found might create confusion in the beginning, thus it is crucial to utilize and locate only the relevant ones for the authors' research. (Social research methods 2010.)

1.4 Theoretical framework

Relatively often academic research is basing its foundation on theory. Without it, the researchers would find it hard to understand how the phenomena relate to each other and why they relate to each other in the way they do. (Lee and Lings 2008, 109.)

In the theoretical part, the authors will try to find the relevant information related to their research questions. The findings will emphasize the relationship between all the variables in an understandable way for the reader.

To begin with, the authors will concentrate on the importance of business planning, both in general but also in Finland. The focus will be on formulating a feasible business idea model that will include the following elements: market need, target market, services, image and mode of operation.

Moreover, a market study for Romania will be conducted further on in chapter four. Since the authors are trying to establish a business bridge between the target market in question and Finland, a PEST analysis will be used for understanding better the Romanian market. Furthermore, a SWOT analysis will be also conducted, which will be applied to the cleantech sector in Romania.

1.5 Structure of the thesis

The structure of the thesis can be compare to the process of building a house.

Firstly, chapter one represents the initial dream of the house project, which in the thesis words can be described as the introduction.

Secondly, chapter two illustrates the first steps of planning and designing the house, which translates into business planning.

Thirdly, chapter three and four focus on finding the right materials for building the house, meaning that the authors will briefly explain some important facts and social and cultural aspects of both countries, Romania and Finland. Moreover, for a deeper understanding of the Romanian market, a PEST analysis will be used in the forth chapter.

Fourthly, chapter five is choosing the most suitable materials in order to create the desired outcome for the house. In other words, the authors are drawing a general picture of the cleantech sector in Finland.

Fifthly, chapter six represents the moment in which one needs to find the right team for building the inside and out of the house. In thesis words, the authors will concentrate on creating a business bridge between Finland and Romania

Lastly, chapter seven represents the stage after the construction, when the finishing touches are required to complete the work.

The findings and conclusion of the thesis together with the suggestions for future research will finalize the authors' work.

Chapter 7: Find out what else is needed in order to finish the house

Chapter 6: Start building the house using a good team

Chapter 5: Choose the most optimal building materials

Chapter 3 and 4: Get to know what is needed for the outcome

Chapter 2:

Planning and designing

Chapter 1:

Where all started from

FIGURE 1: Structure of the thesis

2 BUSINESS PLANNING

2.1 Importance of business planning

Nowadays, in business life, this subject is very popular, thus the authors would like to take a closer look on the importance of business planning. Before starting a new business it wise to consider planning, since this part plays a meaningful role for the new business.

In the authors' opinion, planning affects to a certain extent the success of a business. Business planning requires the construction of particular objectives for a company, but also the implementation of certain strategies needed for the company´s establishment.

New entrepreneurs are often resistant to business planning because of the paperwork it produces. This is one of the reasons why people avoid planning. Simplifying the documents is one method that could help planning. (Coke 2002, 27-28.)

The most significant reason for writing a business plan is to elaborate a guide that you will follow throughout a lifetime of the business. The blue print of the business plan is going to provide tools to analyze and implement changes that will make the business more profitable. (Pinson 2005, 2.)

Even though, there are numerous books and articles related to this subject, the question is why it is really necessary to plan the business in advance. The authors will try to examine more elaborately this question.

First few years are vital for the survival of the company. Absence of planning might be considered the main reason that companies are lacking. Managing accordingly the company´s business idea will allow longer survival on the market, thus building a business plan would be suitable in this particular case. (Suite 101, 2010.)

A high number of entrepreneurs don´t take into consideration the great influence that business plan offers. They underestimate how much having a good business plan can help a business raise money to start or expand, plan for the future, and keep tabs on how it is currently progressing. (Ford and Bornstein 2007, X.)

In order to improve the future success of the business, entrepreneurs should act more carefully, from the first step regarding their business plan. The writing of a business plan is meant to identify and prevent future problems that may appear.

Probably the business plan is the most important written document. It encompasses all crucial internal and external elements and strategies related to the path of the company's few years. Moreover emphasizes to the future investors an idea of the company's objectives, structure, and future plans, but also provides valuable entrepreneurial management practices, underlining how the company will manage risk and uncertainty. (Gcase 2010.)

Many new entrepreneurs waste too much ink and effort mainly on numbers, whereas the information that really matters to intelligent investors is left out (Sahlaman 2008, 3).

The authors will dare to compare business planning with their great pancake recipe. Before, they used to search the internet for the perfect combination of ingredients, but somehow, it was always failing. Until one point, when the perfect recipe came from grandma and never failed till date. Therefore, even if the comparison might feel silly to some, it makes perfect sense. When planning a business, like in the kitchen, you need all the right ingredients that will make the end result simply great. And the cherry on the cake is that there is no need to be the perfect chef.

Additionally, in order to have a feasible business plan, the authors should be able to determine where the company is going, the possible roads to choose from, answers to different dilemmas, and the achievement of the planned aims (FIGURE 2).

FIGURE 2: Feasible business plan

When starting writing the actual business plan, it is important to analyze the company from different angles, affiliated with finance, marketing and other operations.

2.2 Business planning in Finland

One important aspect when planning a business in Finland is to choose the right model of a business plan in order to maximize the success for receiving loans or investments. Since nowadays the number of business plan models is very high, choosing the most suitable one could be tricky to a certain extent. Most of the financial and support organizations in Finland prefer to use Seppo Hoffren's model of a business plan. (Hoffren 1999, 7-12.)

Formal planning and business performance must have a tight correlation in terms of business planning. Their relationship is somewhat weak, therefore it cannot be said that formal planning will improve the performance of a particular business. Even so, planning is not an easily defined activity, but nevertheless it can be considered as an activity that embodies both the wider strategy process of the

organization and the control strategy of an entrepreneur. (Wickham 2001, 189-190.)

Internationalization is a rapid process which is highly visible in the Finnish business life. Finland provides a great platform for start-up businesses, which attracts also foreigners and their families. Besides small start-up businesses, nowadays international corporations opened their doors to Finland. Most businesses come from the European Economic Area (EEA).

Being a resident of the EEA, simplifies all procedures when it comes to the establishment of a business in Finland, since it is not required to have a special permit for the start-up company. Same system applies also for organizations and foundations with foreign background, which have their registered office in the EEA. (Holopainen 2009. 7.)

2.2.1 Business idea model

Andrew Cox states that people do not really understand how to achieve business success, because they do not know which actions are the most appropriate to achieve particular valued outcomes, now or in the future. (Cox 1997, 22)

A business plan is a document that is able to define how a business operates. It confers strategic direction, but also communicates specific goals and the methods that could help achieving them. Moreover, the document can be associated with an umbrella for all the events taking place within the company. (Coke 2002, 26.)

Another way of sketching a business plan could be achieved through a written document that details a proposed revenue-generating activity .It includes, at minimum, a description of the activity and a comprehensive breakdown of costs and revenues. (Campuspol 2010.)

Framing a business plan is not always an easy task. A long term, family-level financial and operating plan that supports the strategic plan in fulfilling organizational objectives is translated into a business plan. It provides the high-

level detail for the strategic considerations of market, product, facility and resource positioning. (Bridge Field Group 2010.)

In the authors' opinion, a business plan is like the collection of certain goals, which sooner or later will be accomplishable only having a clear planning path for reaching those goals.

A business model idea will be presented in the following chapter via preliminary business plan using Hoffren's dynamic business model.

Seppo Hoffren is emphasizing that in order to start a feasible and successful business; there should be a strong market need for the proposed business (Hoffren 1999, 4-40).

The actual writing of a business plan consumes time and resources. It should be made to work as a useful tool for the business. If this tool is used for communication, then the business plan will communicate the potential of the company, the opportunities it faces and the method used to exploit them in an efficient, compact and productive way. Taking advantage of this tool will help in gaining interest in attracting potential investors for the business. (Wickham 2001, 190.)

An effective structure of a business plan contains valuable information that will emphasize if the company is following an achievable and rewarding path. Additionally, the business plan will prioritize a set of activities that must be undertaken, the tasks that must be accomplished and their outcomes which must be attained. (Wickham 2001, 190.)

For a business idea to become successful, it does not necessary mean that a certain talent is needed. It just needs a systematic approach that will create a path so that the light could be seen more clearly at the end of the tunnel.

Furthermore, figure three presents Seppo Hoffren's dynamic business model. It explains in a systematic and understandable way how a dynamic business model is functioning.

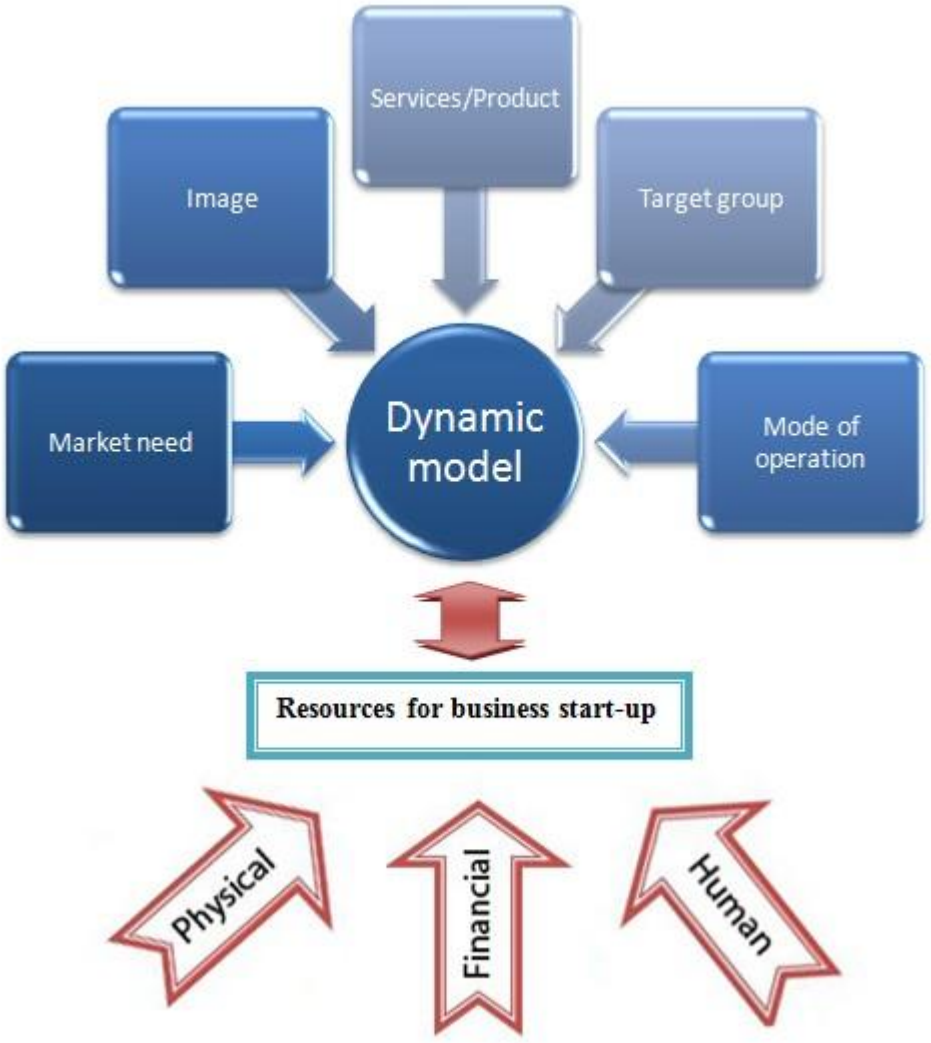


FIGURE 3: Dynamic business model (modified from Hoffren's model).

Market need

A market encompasses a set of all actual and potential buyers of a product or service. Their particular need can be satisfied through the exchange of relationships.

The most important aspect refers to understanding the customer needs and the marketplace within which they operate (Kotler and Armstrong, 2008).

In order to analyze the market need some important questions have to be asked. What customers needs are going to be satisfied by the service provided and to which target market the service will be sold to. (Pinson 2005, 58.)

It is very important that entrepreneurs understand the market in which they are operating. The success of the business depends on their ability to assist the market in a better way than the competitors. One of the most important steps which have to be taken into consideration, when making effective decisions related to their company, tells about existing market condition and the opportunities which are presented. In addition, the innovativeness displayed by the entrepreneur could offer something of great value to the market. (Wickham 2001, 240.)

Since it is not easy to penetrate an international market, that requires a large amount of market development activity, market research, and sensitivity to the foreign market factors, a vital role plays the managerial commitment (Czinkota and Ronkainen 1995, 214).

Target market

European integration could be translated as the freedom of movement for products, services, people, capital, within the EU and the EEA. As a result the economic growth is identified. (Czinkota and Ronkainen 1995, 78.)

Concentrating all the efforts of a new-to-export company to just one country, and also specializing in a limited number of export products, will give time to the company to acquire experience and obtain a strong foundation for future market expansion.

Asking for the assessment of potential target markets and their meaning, but also focusing on the right target markets are some vital questions that have to be taken into consideration (FAS USDA 2011).

Making a list with the potential target markets, and gathering all the needed information, will provide specific key issues that will help to narrow down the list and find the best prospects.

As a tool for analyzing the target market, PEST analysis will be applied. The aim is to concentrate the focus of the analysis through a balanced and methodical approach. This method can evaluate the market's potential and the direction of the business, by understanding the politic, economic, socio-cultural and technological environment that a business operates in. (Downey 2007, 6.)

Political factors include government regulations, trade restriction and political stability. Going further, the economic aspects include factors like economic growth, interest rates, inflation and currency exchange rate. The social factors consist of population's growth and demographics, which have a great impact on the consumer's needs and the potential size of the market. Technological factors can be beneficial for the business since they can emphasize the rate of technological change. (Downey 2007, 6.)

Service sector/industry

A new service could be characterized as an act or a series of acts that, which satisfy the customer's specific need or specific problem solving (Wickham 2001, 215).

Services include intangible activities and benefits offered for sale, which do not result in the ownership of anything (Kotler and Armstrong 2008, 6).

Service industry is a part of the economy that creates services and not tangible goods (Encyclopedia Britannica 2011).

Giving the fact that services differ from tangible products, in the service business the interaction is done through the frontline employee and the customer. Additionally, effective interaction plays a vital role; therefore successful service companies take special care for both the customer and employees.

To begin with, the connection between customer satisfaction and service company profits creates a service profit chain that includes internal service quality, satisfied and productive service employees, greater service value healthy service profits and growth, satisfied and loyal customers.

In order to differentiate the services from the competitors, distinctive offer, delivery and image are needed. Additionally, another differentiation could be achieved through the delivery of constant higher quality than the competition. Moreover, managing service productivity by increasing the quantity of the service and at the same dropping the quality of the service can be beneficial for the company differentiation. (Kotler and Armstrong, 2008, 238-245.)

When referring to product/service differentiations, brand identification should be created as a barrier that is supposed to force new entrants to invest heavily to overcome customer loyalty. (Porter 1998, 24)

There is great variety of service industries. There are four service characteristics that help the company to design marketing programs such as: intangibility, inseparability, variability and perishability. (Kotler and Armstrong, 2008, 238-245.)

Figure 4 shows the four service characteristics mentioned above.

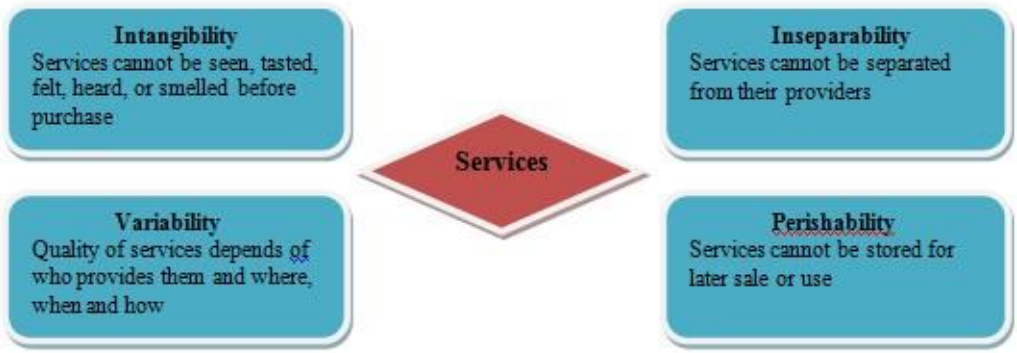


FIGURE 4: Four service characteristics (modified from Kotler and Armstrong 2008).

Image

Young educated people often establish their own company without having experience in an established organization. These entrepreneurs are often regarded

somehow suspicious, due to their lack of experience in the real business life. Even though they might have only theoretical business knowledge, this doesn't mean that they are not able to meet success with their business. Young entrepreneurs play an important role in new industries such as computing, information technology, and business services, especially among mature economies from the Western world.

Moreover, due to the necessary changes that the post communist world of eastern and central Europe is facing, the young people are expected to be the ones who take the lead and make the necessary adjustments so that they could later take advantage of the new possibilities encountered. (Wickham 2001, 50.)

Mode of operation

Choosing the right mode of operation can be very challenging step in the business process.

Globally speaking, companies use sales forces to sell their services business to business customers and final consumers. One of the oldest professions in the world is personal selling. Nowadays, the majority of salespersons have strong educational background that makes them well trained professionals who are able to build long-term customer relationships. Sale force is seen as a critical element for bonding a company and its customers. The customer approach is done by presenting their products, answering objections, negotiating prices and terms and closing sales. Sales promotions include short term incentives that encourage the sale or purchase of the service. The company might face great pressure to increase sales, thus promotion could be considered as an effective short run sales tool. (Kotler and Armstrong 2008, 452-456.)

2.3 Financing and supporting organizations in Finland

To begin with, the authors will like to introduce relevant information about the evolution of enterprise openings and closures, before moving on to understand which finance and support organization suits best the business idea. This information is very important for entrepreneurs who are planning to start a new business since it creates a clear picture of the reality that Finnish enterprises are facing at this current moment. Furthermore, the following information could prove to be also a motivational element for the start-up businesses, considering that the number of enterprises grew in third quarter of 2010, compared to the same quarter of 2009.

The following table will illustrate the opening level of enterprises in the 3rd quarter of 2010.

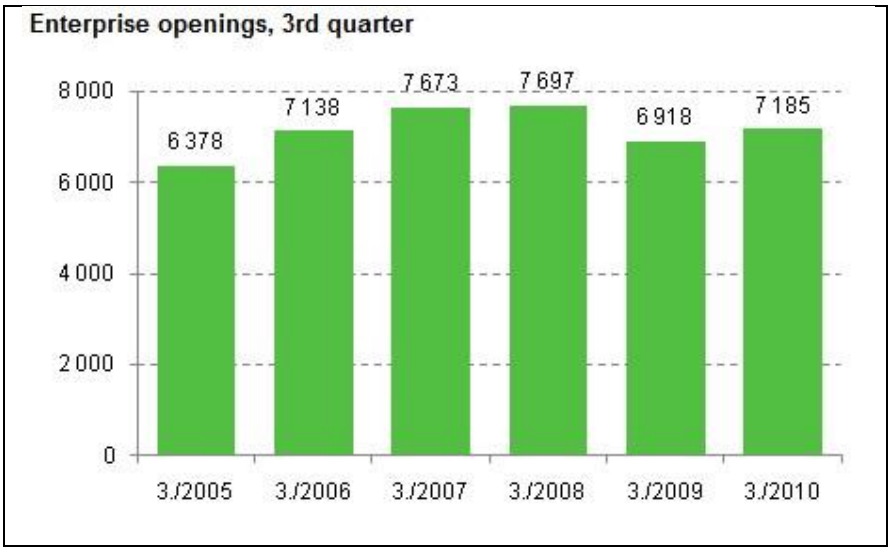


FIGURE 5: Enterprise openings, 3rd quarter (Stat 2011).

As for the enterprise closures in the 2nd quarter of 2010, the level significantly decreased, from 5,524 enterprises in second quarter of 2009 to 4,406 enterprises in second quarter of 2010 (Stat 2011).

The statistics reveal an optimistic view for the start-up businesses, since both, openings and closures have a positive perspective and increase compared to the year 2009.

Moreover, as a first step of establishing a business, the authors will take into consideration the wide selection of roads to choose from, when it comes to financial support.

Finland has a well organized system of encouraging entrepreneurs and facilitating them access to different organizations, from which they can get valuable know how and even financial aids.

To emphasize the above information, the authors will present some roads to choose from when it comes to financing the future business and receiving valuable information for the start-up company. The authors chose the three most suitable options for their business idea, namely Finnvera, Business Incubator and Uusyrityskeskus.

2.3.1 Finnvera

Finnvera is Finland's official Export Credit Agency owned by the state of Finland. The agency is specialized in providing financial services for Finnish businesses. Moreover exports and internationalization are important areas where Finnvera share their expertise. (FDI 2011.)

Taking a closer look at their financial services, Finnvera offers a wide variety of support, depending on the need of each business. The agency provides to its customers, loans, domestic guarantees, venture capital investments and export credit guarantees.

Finnvera's concentrates its resources to promote:

- The business of SMEs
- Exports and internationalization of their customer's business
- Achieve the State's regional policy goals

At the present time, the agency has 29 300 customers and 400 employees (Finnvera 2011a).

The following table will explain the impact that Finnvera had on its activities during 2005-2009. The table includes statistics about the domestic financing, financing of exports and the total number of clients.

TABLE 1: Impact of Finnvera's activities (Finnvera 2010).

Impacts of Finnvera's activities	2009	2008	2007	2006	2005
Domestic financing					
Loans, domestic guarantees and export guarantees offered, MEUR	1,194.7	1,027.8	896.9	926.0	895.3
- Financing for assisted areas*	476.2	437.6	353.7	456.8	460.3
Number of starting enterprises created with the help of financing	3,457	3,307	3,467	3,641	3,638
Number of new jobs created with the help of Finnvera's financing	9,214	12,541	10,907	11,134	10,548
Financing/new job, EUR 1,000	130	82	82	83	85
Financing of exports					
Export credit guarantees and special guarantees offered, MEUR					
- SMEs	79.6	76.8	38.3	48.8	44.6
- Major companies	4,370.2	6,224.0	1,777.8	2,843.8	4,047.3
Total	4,449.7	6,300.8	1,816..1	2,892.6	4,091.9
- Share of foreign risk	4,127.8	4,248.4	1,626.8	2,760.2	2,974.3
Guarantees that came into effect, MEUR					
- SMEs	73.8	43.0	43.3	40.0	18.3
- Major companies	3,686.0	3,801.9	720.7	1,257.9	2,627.2
Total	3,759.8	3,844.9	764.0	1,297.9	2,645.5
- Share of foreign risk	2,446.6	2,719.8	705.7	1,239.8	1,406.9
Exports covered by export credit guarantees, %					
- Share of Finland's total exports	5.1	2.4	1.9	2.7	1.9
- Share of exports to countries with political risk	8.0	4.4	4.0	6.4	4.9
Number of clients					
Domestic and export financing together	28,400	27,500	28,000	28,000	27,600

*Assisted areas were revised in 2007

FINNVERA ANNUAL REVIEW 2009

Figure 6 will highlight Finnvera's financing for each sector of activity, financing by enterprise size and also financing by product. As the figure indicates, most of their recourses when discussing about sector of activity, is redirecting to industry, with 60 percent of their total finance. In terms of enterprises size, the biggest part of their financing is redirected to SMEs, with a total of 52 percent. Most of Finnvera's customer, 50 percent are using loans as their way to finance their business, as the figure indicates.

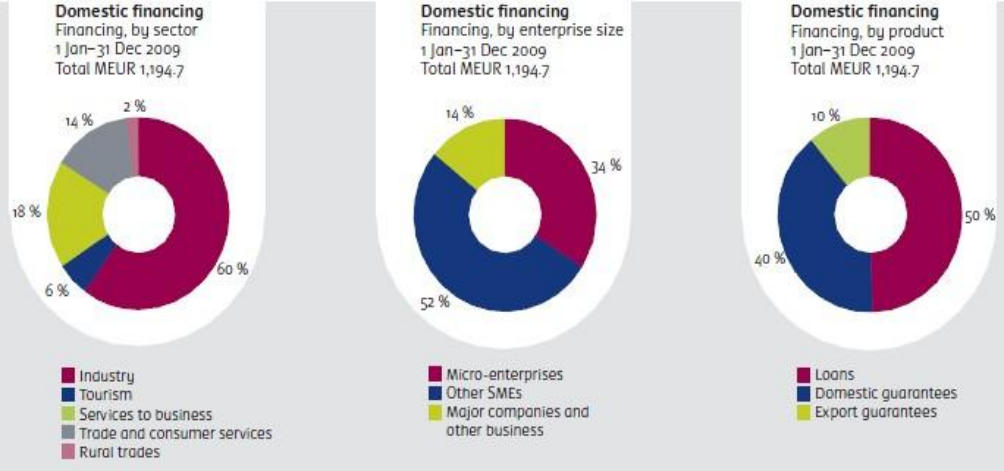


FIGURE 6: Domestic Financing (Finnvera 2010).

Furthermore, the authors will take a closer look at the micro loan that could be applied to their future start-up company.

The microloan offered by Finnvera is distinctly intended for financing the activities of small enterprises that just started up or which are already in business. The loan can either be invested in machinery or equipment related to the enterprise's line of business, working capital requirements, company development or other business start-up and expansion projects.

A start up business can receive a microloan which accounts for a minimum of 3,000 euros and a maximum of 35,000 euros. This type of loan can be allocated to all forms of companies and can be combined with the start-up money (starttiraha) granted by the Ministry of Labor. The loan period is for five years and the reference interest rate used is the 6 months Euribor.

Companies with a maximum of five employees and permanent business activities in all business sectors, with a few exceptions, as farming industry, forestry or building developer's business, may apply for the loan. Also the entrepreneur-owner needs to have a full time work in the business in order to qualify for the loan. (Finnvera 2011b.)

To summarize, Finnvera offers great finance opportunities for SMEs, specifically the micro loan that could be the most suitable for any start-up company established in Finland.

2.3.2 Uusyrityskeskus

Uusyrityskeskus provides free and confidential advice to entrepreneurs wishing to start their own business in Finland. On a nationwide level, there are 32 centers with over 80 service points. The whole chain benefits from the expertise offered by 1300 experts from 1000 companies.

In 2010, Uusyrityskeskus, helped 8313 new business to set up. The agency's customer satisfaction rating was 8.9 on a scale of 4-10.

Uusyrityskeskus provides to its customers a start-up grant which is designed for helping the entrepreneur to manage his/hers daily expenses.

The authors will highlight the most important prerequisites for receiving the start-up grant in Finland.

- The entrepreneur must be sufficiently qualified for the desired business that he/she wants to establish.
- As a precondition, the established company must be able to show that the company's operations are profitable.
- The grant will be allowed only if the business activities were not initiated previously.
- The entrepreneur must not receive any other state aids, simultaneously.
- The grant should not distort the competition in the sector targeted.

Another useful information for new entrepreneurs, is that it is not required to terminate his/hers employment or studies in order to be granted with the start-up grant.

The entrepreneur will receive the start-up grant only for the working days which will not exceed five days a week.

Each entrepreneur will be entitled to receive between 527-670 euros monthly, before taxes apply (Yritys-Suomi 2010).

The following figure highlights the stages of establishing a start-up company in Finland, under the supervision of Uusyrityskeskus. (Uusyrityskeskus 2011.)

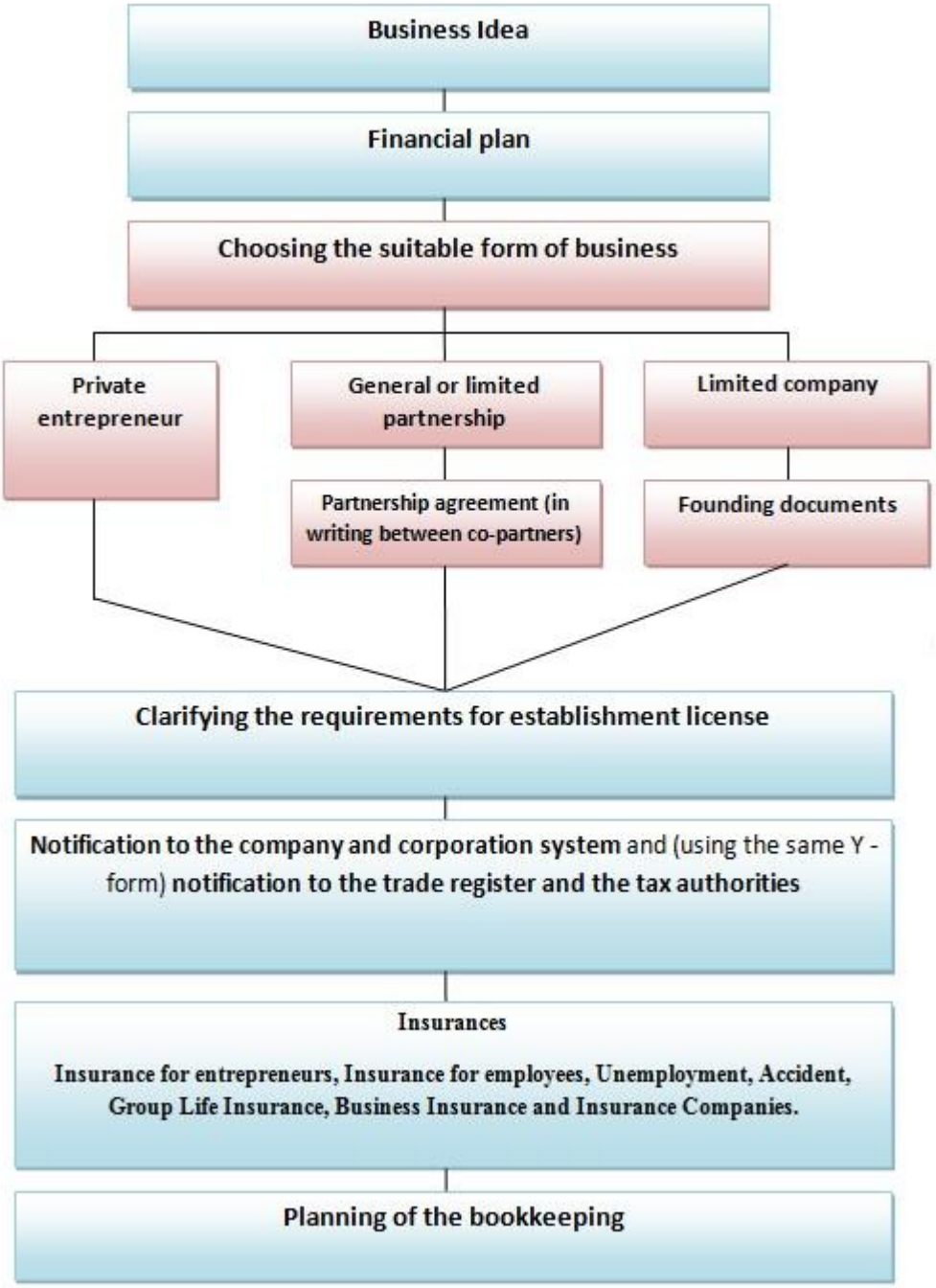


FIGURE 7: Stages in establishing a business (modified from Uusyrityskeskus 2004).

The authors would like to highlight that Uusyrityskeskus is the most suitable road for any type of business (garage, restaurants, bars, etc.), compared to the Business Incubator, where only companies which have an innovative idea go further in the process.

2.3.3 Business Incubator

The Business Incubator which is part of Lahti's Science and Business Park provides a successful model of promoting companies to establish their business.

The ownership of LSBP is divided into four main categories. The municipality of Lahti region owns 84 percent (City of Lahti 74 percent), companies 12 percent and universities and other owners, 3 respectively 1 percent.

All eligible companies, which are accepted into the Business Incubator, are facing a standard process which extends between 1.5 to a maximum of 3 years.

Since many Bachelor Degree students face dilemmas after graduation, especially in regard to start a business, the Business Incubator can offer real financial and even moral support for the start-up company. The financial aid can provide support to each accepted business for a maximum of one year, while the other services are valid throughout the program.

The following figure will explain the process that start-up companies are facing once they are accepted under the Business Incubator's protective wing.

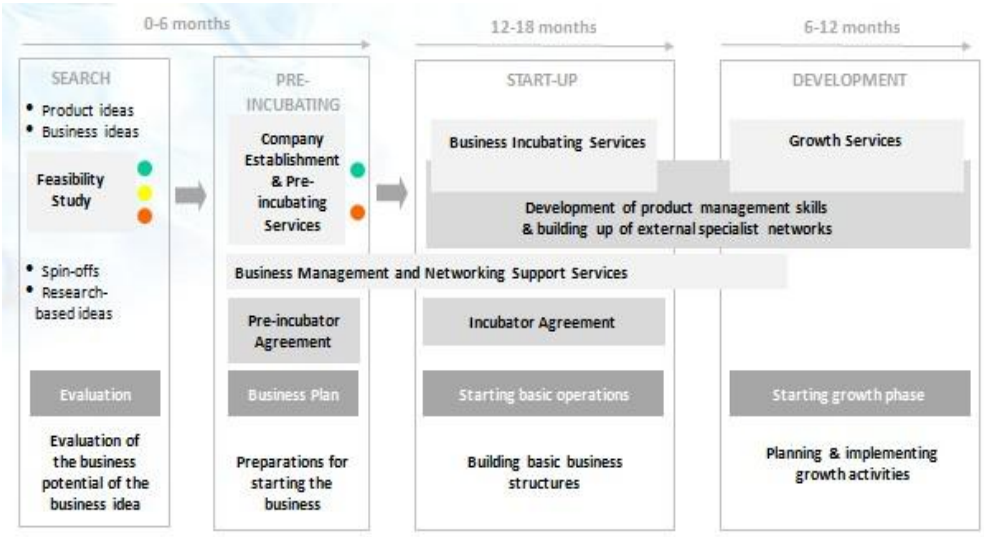


FIGURE 8: Incubator process, divided into three main categories (Business Incubator 2011).

Moving further, the authors will explain each phase of the Business Incubator's process based on figure 7.

Phase one is divided into two elements. First part, also known as "search", is the time when entrepreneurs are exchanging valuable information and establishing contacts with the Business Incubator's staff members. After the first contact, the Business Incubator is analyzing the product/business idea for the potential new entrepreneurs. In the same time, basic requirements are being checked in order to move further into the process. The duration of phase one can last between 0-6 months.

Second part of phase one also called "pre-incubation" time is included into the period of 0-6 months. During this process, the Business Incubator will provide their expertise for refining the business idea and build a strong business plan which can be used as the perfect starting point for Finnvera's microloan. Depending on each particular case, the Business Incubator can provide a complex market research for the start-up business, in order to determine the potential of the business idea. A pre-incubation agreement is being made between the parties. During the same phase, the company needs to be established and the transition to the actual incubating phase begins, once the initial arrangements are completed and the business plan is ready.

Phase two, which is also one of the most important parts of the process, is called "start-up" phase. The duration of this complex phase lasts between 12-18 months.

Firstly, entrepreneurs are applying for the financial support, which is offered by the Employment and Economic Development Centre.

The criteria of application for financial support are done taking into consideration the following aspects. The entrepreneurship must be full-time based and the business must be officially registered in the designated local authorities. Another important criteria is that the company is located in the premises managed by the Business Incubator.

Lastly during this phase, both parties are signing one Business Incubator agreement. The agreement will include details about the whole program. After the

agreement is signed, the newly established company starts building basic business structures.

Phase four, called development focuses on creating growth for the business and also planning and implementing growth activities. The total length of the phase is between 6-12 months.

After the four phases are successfully completed, the company enters the "exit" phase.

Before the company is exiting the program, the Business Incubator prepares the entrepreneur to prepare for the next step. The starting point of the exit is between 3-6 months prior to the actual date of exit.

The exiting phase can be divided into three main categories. In order to create a successful business model, the incubator will try to secure that the business can run independently after the exit, thus entrepreneurs receive assistance for finding a suitable premises for their business.

Thirdly, ensuring that the business has adequate financial support is another key issue that the incubator will approach during the exit phase.

After explaining each phase in detail, the authors will present the financial support given by the Business Incubator.

The Business Incubator start-up aid is valid for up to 12 months, after the agreement has been signed. Other support that the Business Incubator provides:

- Maximum 50 percent of eligible costs with VAT 0 percent
- Incubator charges
- Accounting company expenses

Moreover, the start-up support is calculated per main entrepreneur and accounts for a maximum of 12,000 euros for the first year, which is also the maximum time. As a way to ease things up, the main entrepreneur can hire two additional employees which can get 50 percent of their salary paid by the Business Incubator.

Lastly, the investment support is up to 15 percent of the eligible costs with VAT 0 percent, e.g. computers and software. (Business Incubator 2011.)

After taking a closer look at the financial aid offered by the Business Incubator, the following figure will show the Business Incubator achievements during 2006 - 2010.

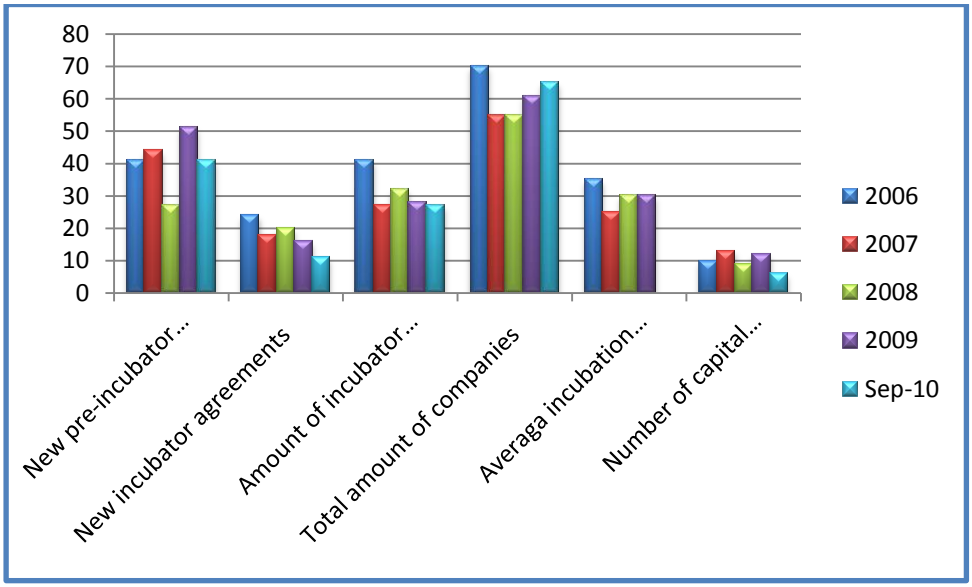


FIGURE 9: Business Incubator achievements during 2006-2010 (modified from Business Incubator 2011).

To summarize, considering the three options presented, the authors would like to highlight that the road which could mostly benefit their business idea, is the Business Incubator road. The combination of strong reputation, good services and important financial support, transforms it into the most suitable approach.

2.4 Why invest in Finland?

The main reason why the authors decided to study the following topic is to highlight the advantages which Finland has to offer for any kind of future investments.

Being an advanced industrial economy Finland has a thriving private sector and also a business environment that is highly conducive to Foreign Direct Investment (FDI). The country has a developed infrastructure, a skilled workforce and competitive operating costs, whereas the government is business-friendly. (Invest in Finland 2011.)

Nevertheless, Finland is acknowledged to be home of innovation, because of its great cooperation between universities and companies, the country has the biggest turnover coming from this specific sector, in Nordic Countries, which accounts for 15.6 percent of total turnover from new products.

In addition, Finland is ranked the first place for utility patents in the EU and number three for R&D spending per capita in the world. (FIGURE 10)

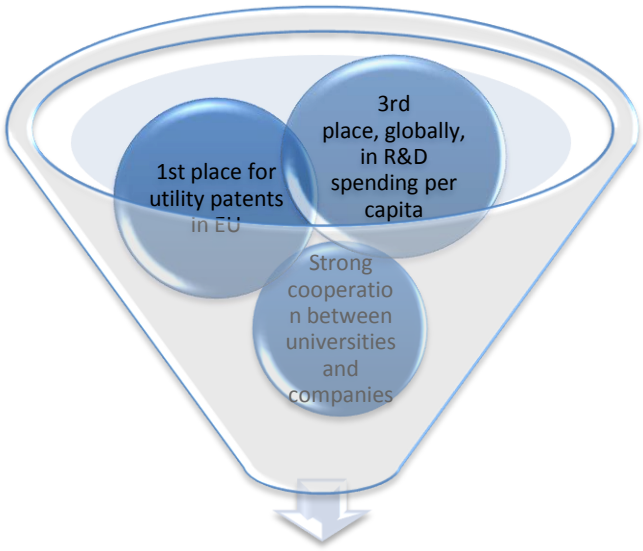


FIGURE 10: Finland, home of innovation

Finland was ranked during the last years in the top ten countries investing in innovation, according to the Global Innovation Index. The parameters which are taken into consideration are:

- Institutions
- Human Capacity
- General and ICT Infrastructure
- Market Sophistication
- Business Sophistication

On the other hand, the output parameters are:

- Scientific Outputs
- Creative Outputs and Well-Being

The 2009-2010 ranking was topped by Ireland which faced serious economical difficulties in the last two years.

Moreover the following table will present the top ten countries in the overall Global Innovation Index (GII) ranking, from 2009-2010.

TABLE 2: GII ranking 2009-2010 ((Insead Edu 2010)

1. Iceland
2. Sweden
3. Hong Kong, China
4. Switzerland
5. Denmark
6. Finland
7. Singapore
8. Netherlands
9. New Zealand
10. Norway

Due to the fact that Finnish companies and consumers started from an early stage to adopt emerging technologies, it can be said that Finland is ideal for testing new solutions and technologies.

Having cutting edge expertise with many technology companies that are specializing in wireless and mobile solutions, cleantech, health care and life sciences, and new materials and processes, emphasizes a strong point for Finland

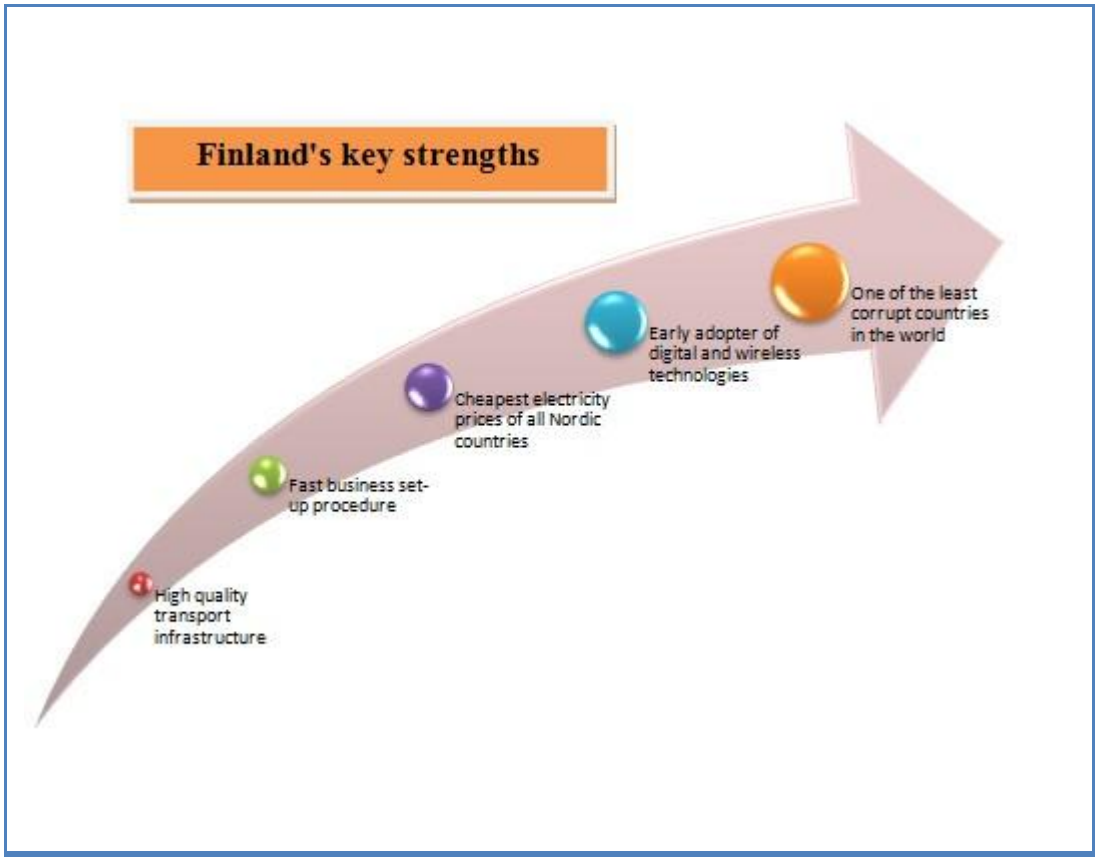


FIGURE 11: Finland's key strengths

Another important element which creates easy access to all cities in Finland comes from the modern infrastructure and logistics. The domestic economy benefits greatly due to the busy trade with Russia, EU and Asia.

Finland is well known for its top notch infrastructure and logistics systems. Massive investments have been made during the recent years, starting with expanding the Helsinki Airport, building a new cargo harbor, to expanding the fiber optic networks. (Helsinki Business Hub 2011.)

There are 24 airports operating in Finland, both for freight and passenger traffic, with Helsinki Vantaa airport being the best airport in Northern Europe (World Airport Awards 2010).

Both technological and telecom infrastructures are top assets for Finland. The country has been ranked among the highest internet, broadband and mobile phone penetration, worldwide. (Internet world stats 2010.)

Another great achievement is that Finland has one the cheapest prices for electricity in the European Union area. The two largest sources of energy nowadays in Finland are nuclear power and hydropower. A great aspect about the sustainable vision that Finland has, is that around 30 percent of all the energy consumed in Finland is generated from renewable raw materials. (Invest in Finland 2010.)

Finland has a stable macro economy, which was confirmed by many international agencies like, Standard & Poors, Moody's, Fitch Ratings, where Finland received the AAA status (VM 2009).

Compared to other European countries, where the political stage is more agitated, Finland has managed again to keep it stable. The political continuity and stability is a positive outcome for the business sector.

The long eastern border that Finland shares with Russia emphasizes the big role that Finland is playing between the East and West, through its active participation in the international community. Matti Ahtisaari, the former president of Finland, who won also the Nobel Peace Prize in 2008, had a significant impact on solving international conflicts. (Invest in Finland 2010.)

The geographic location, offers Finnish businesses access to a wide market that expands throughout the Nordic and Baltic countries, but also part of Russia. There are already established business connections with all three regions. The study conducted by ETLA, The research institute of the Finnish economy, in 2004, highlighted that the most important reason why companies are setting up their business in Finland, is because they have easier access to the countries

surrounding markets. Another important aspect that it was taken into consideration is that Finland offers top notch expertise and technology.

Other pluses come from Finland's modern logistics, functional infrastructure and strong communication networks.

Another advantage when talking about business in the region is that Finland is the perfect gateway to Russia. A consistent part of the EU to Russia trade is made through Finland. In terms of rail transport, Finland has a great advantage for the trade that is done between the countries. Both share the same rail gauge, which simplifies the traffic because there is no need for any modification or reloading when a train is crossing the border of each country. (Invest in Finland 2010.)

By far English is the most spoken language in the international business community in Finland. Swedish is the country's second official language, but a great percentage of Finnish people under thirty speak English. It is common to also find Finns who speak Russian language.

The Global Competitiveness Report in 2010 placed Finland on the sixth place.

The following table will show the top ten countries in the Global Competitiveness Report 2010. The full list can be found in the appendix.

TABLE 3: Global Competitiveness Report 2010 (Weforum 2011)

2010–2011 GCI: Top Ten Countries

Rank	Country	Score	Last Year's Rank
1	Switzerland	5.63	1
2	Sweden	5.56	4
3	Singapore	5.48	3
4	United States	5.43	2
5	Germany	5.39	7
6	Japan	5.37	8
6	Finland	5.37	6
8	Netherlands	5.33	10
9	Denmark	5.32	5
10	Canada	5.30	9

The work force in Finland is highly qualified and computer literate. Engineers and scientists are on the highest availability in Finland, according to the World Economic Forum, Global Competitiveness Report released in 2008.

Moreover, the number of employees in the R&D sector, Finland had a significant growth from 40,000 to almost double, 80,000. The number is the highest among the countries which are member to the Organization for Economic, Co-operation and Development (OECD). (Invest in Finland 2010.)

Moving further to education, Finland has managed to be consistent when it comes to international results. The OECD result from 2009, shows that Finland has earned the third place, after China and Korea. (OECD 2009.)

The following table will show the first ten countries listed in the 2009 OECD results.

TABLE 4: Organization for Economic, Co-operation and Development results (OECD 2009).

Statistically significantly **above** the OECD average
Not statistically significantly different from the OECD average
Statistically significantly **below** the OECD average

	On the overall reading scale	On the reading subscales					On the mathematics scale	On the science scale
		Access and retrieve	*Integrate and interpret*	*Reflect and evaluate*	*Continuous texts*	*Non-continuous texts*		
OECD average	493	495	493	494	494	493	496	501
Shanghai-China	556	549	558	557	564	539	600	575
Korea	539	542	541	542	538	542	546	538
Finland	536	532	538	536	535	535	541	554
Hong Kong-China	533	530	530	540	538	522	555	549
Singapore	526	526	525	529	522	539	562	542
Canada	524	517	522	535	524	527	527	529
New Zealand	521	521	517	531	518	532	519	532
Japan	520	530	520	521	520	518	529	539
Australia	515	513	513	523	513	524	514	527
Netherlands	508	519	504	510	506	514	526	522
Belgium	506	513	504	505	504	511	515	507
Norway	503	512	502	505	505	498	498	500
Estonia	501	503	500	503	497	512	512	528
Switzerland	501	505	502	497	498	505	534	517
Poland	500	500	503	498	502	496	495	508
Iceland	500	507	503	496	501	499	507	496
United States	500	492	495	512	500	503	487	502
Liechtenstein	499	508	498	498	495	506	536	520

3 ROMANIA AND FINLAND: A BRIEF VIEW

This chapter will emphasize some important cultural characteristics of both countries, Romania and Finland and moreover highlight some useful facts.

3.1 Romania

In the following sub chapter, the authors will briefly present Romania, taking a look at some useful facts but also some important social and cultural aspects.

FIGURE 12: Romania's location in Europe (Engage magazine 2011).

Romania is situated in the South-East part of Europe. Romania shares borders with five countries, to the west with Hungary and Serbia, to the northeast Republic of Moldova and Ukraine and to the south with Bulgaria.

The capital city of Romania is Bucharest and the whole population of the country is around 22 million people.

After the fall of the Iron Curtain and the 1989 Revolution, Romania started the enduring and complex series of political and economical reforms

After a long and enduring psychological struggle with the challenges encountered during communism time, Romania managed to overcome obstacles that seemed impossible to achieve. One came in 29 March 2004 when Romania joined NATO and the second important achievement came three years later, 1 January 2007, when Romania become part of the European Union family. (BBC NEWS 2011a.)

The following table highlights some useful facts about Romania.

TABLE 5: Brief facts about Romania (CIA, the World Factbook 2011a).

• **Name:** Romania
• **Population:** 21.9 million (2010 est.)
• **Capital city:** Bucharest
• **Total area:** 238,391 sq km (92,043 sq miles)
• **Major spoken language:** Romanian and Hungarian
• **Major religion:** Christianity (Orthodox)
• **Life expectancy:** 69 years for men, 76 years for women
• **Monetary unit:** 1 new leu
• **Main exports:** Textiles and footwear, metal products, machinery, minerals, automobiles
• **Internet domain:** .ro
• **International dialing code:** +40
• **Unemployment rate:** 6.2% (2010 est.)
• **Inflation rate:** 8% (end of 2010)
• **GDP per capita:** $11,500 (2010 est.)
• **GDP growth:** -1.9% (2010 est.)
• **External debt:** $108.9 billion (31 December 2010 est.)
• **Labor force:** 9.35 million (2010 est.)
• **Exports:** $51.91 billion (2010 est.)
• **Imports:** $59.84 billion (2010 est.)
• **Main import partners:** Germany 17.3%, Italy 11.78%, Hungary 8.36%, France 6.14%, China 4.91%, Austria 4.75% (2009)
• **Main export partners:** Germany 18.76%, Italy 15.42%, France 8.2%, Turkey 4.99%, Hungary 4.33% (2009)
• **Important leaders:** Traian Basescu (President) and Emil Boc (Prime minister)

3.2 Social and cultural aspects

The Romanian language is one of the five Latin languages. To a certain extent some cultural similarities between Romanian and other Latin countries, like Spain, Italy, Portugal or France, can be encountered.

The official language is Romanian which is spoken by more than 89 percent of the population. The Hungarian language is the second spoken language in Romania, accounting for around 7 percent of the population, mainly in Transylvania. German speakers are roughly 1.5 percent of the national population.

Since characterizing the Romanian culture is a complex work, the authors will briefly highlight the most important aspects that define it.

Romania can be characterized as a hierarchical society, where age and position are highly respected. Having earned life experience, older people are often perceived as wise. In addition, senior persons are expected to make decisions that are in the group's best interest. Titles are highly ranked and denote respect.

Having Latin roots, Romanians consider family as the foundation of the social structure, therefore offers stability and trust for most people. Families are patriarchal in Romania, thus the father is the head of the family.

Older generations in Romania tent to be formal and somehow reserved when they meet new people for the first time. As for the young generations, formality is not as strict as to the older ones. Trust towards foreigners might be limited in the beginning, especially considering the country of origin.

Later on, when the personal relationship is established, Romanians will open up, leaving enough room for a future friendship. The authors would like to mention that Romanians, tend to be very friendly with the foreigners. (Kwintessential 2011a.)

3.3 Finland

Furthermore, the authors will briefly highlight some facts about their adopting country, Finland, and present some social and cultural aspects.

FIGURE 13: Finland's location in Europe (Mapsof 2011).

After historically being part of Sweden from the 12th to the 19th century, Finland declared its long awaited independence from Russia in 1917. Finland managed to fight the Soviet Union invasion during the World War II, but suffered a territory loss, more specifically Karelia.

After a long historical struggle with the neighboring countries, Finland managed to transform its economy from a farm/forest oriented one, to a vast modern industrial economy.

Finland is situated in the North part of Europe, sharing borders Norway, Sweden and Russia. The capital city of Finland is Helsinki, and the whole population of the country is around 5.3 million people. (CIA World Factbook 2011b.)

Finland joined the United Nations in 1955 and the European Union in 1995. Moreover, Finland adopted the euro on the 1st of January 1999. (EU Business 2011)

Furthermore, the authors will highlight some other important achievements that Finland had during the last years.

In 2010, Finland was ranked the best country in the world. The elements taken into consideration are health, education, quality of life, political environment and economic dynamism. (Newsweek 2010.)

In terms of stability, Finland was ranked in 2008, the second, after Norway, with a total of 18.4 points (Fund for peace 2008).

In the Legatum Prosperity Index, 2009, Finland topped the rank. The situation changed slightly in 2010, when Finland took the third place after Norway and Denmark. (Legatum Prosperity Index 2010.)

Lastly, Finland managed in 2010 at the World Economic Forum to be ranked as one of the most competitive countries in the world, where it reached the 7th place (Weforum 2010).

The following table highlights some useful facts about Finland.

TABLE 6: Brief facts about Finland (CIA World Factbook 2011c).

• **Full name:** Republic of Finland
• **Population:** 5,374,781 (2010 est.)
• **Capital city:** Helsinki
• **Total area:** 338,145 sq km (130,559 sq miles)
• **Main spoken languages:** Finnish, Swedish
• **Major religion:** Christianity
• **Life expectancy:** 76 years (men), 83 years (women) (UN)
• **Monetary unit:** 1 euro = 100 cents
• **Main exports:** Machinery and electronics, paper and paper products, chemicals
• **Internet domain:** .fi
• **Internet users:** 4,394,000 (2010)
• **International dialing code:** +358
• **Unemployment rate:** 8.4 % (2010)
• **Inflation rate**: 1.2 % (2010 est.)
• **GDP (PPP) per capita**: $ 34,044.145 (2010)
• **GDP growth:** 3.2% (2010 est.)
• **External debt:** $370.8 billion (30 June 2010)
• **Labor force:** 2.68 million (2010 est.)
• **Exports:** $73.53 billion (2010 est.)
• **Imports:** $69.11 billion (2010 est.)
• **Main import partners:** Russia 16.28%, Germany 15.76%, Sweden 14.65%, Netherlands 6.99%, China 5.29%, France 4.22% (2009)
• **Main export partners:** Germany 10.32%, Sweden 9.79%, Russia 9%, US 7.85%, Netherlands 5.9%, UK 5.24%, China 4.1% (2009)
• **Important leaders:** Tarja Halonen (President) and Mari Kiviniemi (Prime Minister)

3.4 Social and cultural aspects

Of the two official languages of Finland, Finnish is the first language spoken by 93 percent of the country's 5 million inhabitants. Finnish, unlike Scandinavian languages, is not Germanic but in a class of its own. Theoretically, it is related to Hungarian but in practice the two are not mutually comprehensible.

The other official language, Swedish, is spoken by around 6 percent of the population, most of whom live in the south west and are also speakers of Finnish. Sami is a minority language in Scandinavia that is spoken by around 2,000 people living in the north of Finland, which is 0.03 percent of the Finnish population.

Not having a Germanic origin in the language, Finland is considered to be Nordic rather than Scandinavian countries.

Finland is regarded to be one of the most egalitarian societies in the world.

Most Finnish people are modest and moderate with regard to their accomplishments. Humbleness and modesty are some of their virtues. They do not like to draw attention when talking and they are often reserved towards foreigners.

Another important aspect of the Finnish culture is sauna; therefore there is no need to panic if one business partner asks the foreign partner to join him in the sauna. Although it could be considered only as a recreational activity in many other cultures, sauna has a highly important role in the Finnish society. It is viewed as one of the most valuable cultural aspects. Considering the history of sauna in the Finnish society, this is understandable, because mothers used to give birth inside the sauna in the old days. (Kwintessential 2011b.)

4 ROMANIA AS A TARGET MARKET

PEST analysis will be used to study the Romanian market, because it is a complex and extensively used strategic planning tool that helps to evaluate the Political, Economic, Socio Cultural and Technological environment. Its usage can designate advantageous opportunities for the business environment. Moreover it can forecast future problems and take action to avoid or minimize their effect.

The following figure shows the interrelation of the PEST elements, which are used to analyze different markets.

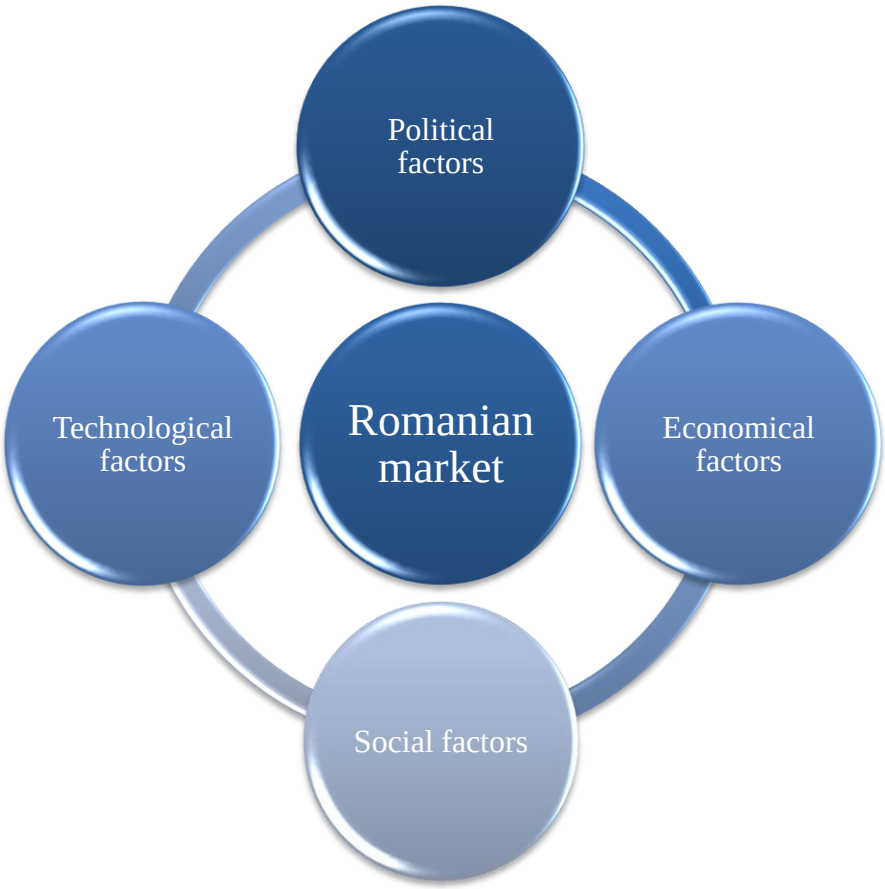


FIGURE 14: PEST analysis (modified from Learning Marketing 2011).

4.1 Political Factors

The authors will analyze firstly the political factors. The Romanian government has legislative, executive and judicial branches which are part of the independent parliamentary republic.

Romania is pointed out as a low political risk country according to Ducroire agency which assesses the country risk.

The fall of communist regime, lead to the very much desired democracy. Even though the new president Ion Iliescu, who took over the power in the late 1989, was a former communist, he was the president for Romania until 1996. The change of so called "communist era" came with the election of the new leader Emil Constantinescu. In addition, the failure of the implementation of the economic reforms turned out to be fatal for the new president, therefore in the year 2000 Ion Iliescu was reelected. The authors would like to underline that Romania, was only on the waiting list to joining the European Union in 2004, due to unsolved key economic and social reforms. On the other hand, the country was accepted in NATO in the same year. After three more years of changes, Romania joined EU on 1st of January 2007. (BBC NEWS 2011b.)

As a result of restless governmental coalitions, the Romanian political life can be described as having a great risk of fluctuation. This may influence to a certain extent the view that the European Commission issues in their annual report.

Romania is fighting corruption via anti-corruption reforms. The country has done a lot of progress with regard to this specific area. But still there is room for improvement. Fighting high-level corruption should be a priority for the country.

Romania was supposed to join the Schengen zone in March 2011 together with Bulgaria. Germany, France, Netherlands and Finland are some of the countries who would consider a delay in the accession. The Schengen agreement erases internal borders for member state citizens, meaning that the external borders have common rules for visas, economic legislation and policy.

The fear of accepting the two countries in the Schengen zone is closely related to few hot topics, like high level corruption and with the Roma invasion, a minority population seldom named gypsies (News Ahead 2011).

Trade regulations and incentives are set according to the EU guidelines. The government tries to maintain the country's economy on the positive level, even though major budget cuts had to be made at the end of 2010 and beginning of 2011.

Italy and Germany constitute the major trade partners, for import and also export terms. Seventy percent of overall imports are coming from the EU. Germany, Italy, Hungary, Russia, and France are among the top five import partners of Romania. Going to the export partners, the top five are Germany, Italy, Turkey, France, and Hungary. Seventy one percent of overall exports are reaching the EU. (CIA World Factbook 2011d.)

4.2 Economical factors

The global financial crisis has slowed down Romania's integration into the world markets. Considering the difficult economic situation that Romania was facing, the government signed a two year agreement with the International Monetary Fund (IMF), the European Commission and the World Bank, for a $27 billion assistance package in March 2009. (Travel Docs 2009.)

The big pressure exercised on the Romanian economical area, due to the international crisis, still emphasized a steady economic growth, in the year 2007 and 2008. In addition, there has been a negative decrease of the economy for the year 2009 and 2010. (CIA World Factbook 2011e.)

The following table will provide information about the GDP (PPP) and GDP growth during 2007-2011.

TABLE 7: GDP (PPP) and GDP Growth (Eurostat 2011a and IMF 2011).

Year	GDP in billions of USD PPP	%GDP Growth
2007	247	+6.3
2008	270	+7.3
2009	251	-7.1
2010	256	-1.3
2011	272 (est)	1.5 (est)

Furthermore, the next table will show the average consumer price index for Romania between the years 2007 and 2010.

TABLE 8: Inflation, average consumer price index and percent change (Eurostat 2011b).

Year	Inflation, average consumer price index	Percent change
2007	4.84	-26.13%
2008	7.84	62.15%
2009	5.60	-28.61%
2010	5.88	5.02%

Due to the critical phases that Romania encountered in the last years, the account deficits are likely to appear, which raise the concern related to the long-term

stability. The graph will emphasize the current account deficit of Romania in percent of the GDP between the years 2006-2010. (RBD Doing Business 2008.)

TABLE 9: Current account deficit of Romania in percentage of the GDP (Ec Europa 2011).

Year	Current account deficit of Romania in % of GDP
2007	- 13.6 %
2008	- 11.4 %
2009	- 4.5 %
2010	- 5.5 %

The year 2007 saw a stable increase in terms of FDI flows. This is why Romania was ranked in the 55th place instead of 48th place in the World Bank´s Doing Business report. Moreover, Romania attracted FDI with 150 projects positioning the country on the 6th place The Ernst & Young European Investment Monitor (EIM) league table. (Arisinvest 2009.)

Even though Romania was a relatively new member of the EU, the country tried to adapt its economy to the EU regulations. The total invested capital coming from European countries in 2007, accounting for more than 80 percent, equaled 7 billion euros. Germany, Austria and the Netherlands were the main investors, which amounted for about 50 percent. The chart below illustrates percentage of foreign currency invested capital in companies as of December 2007.

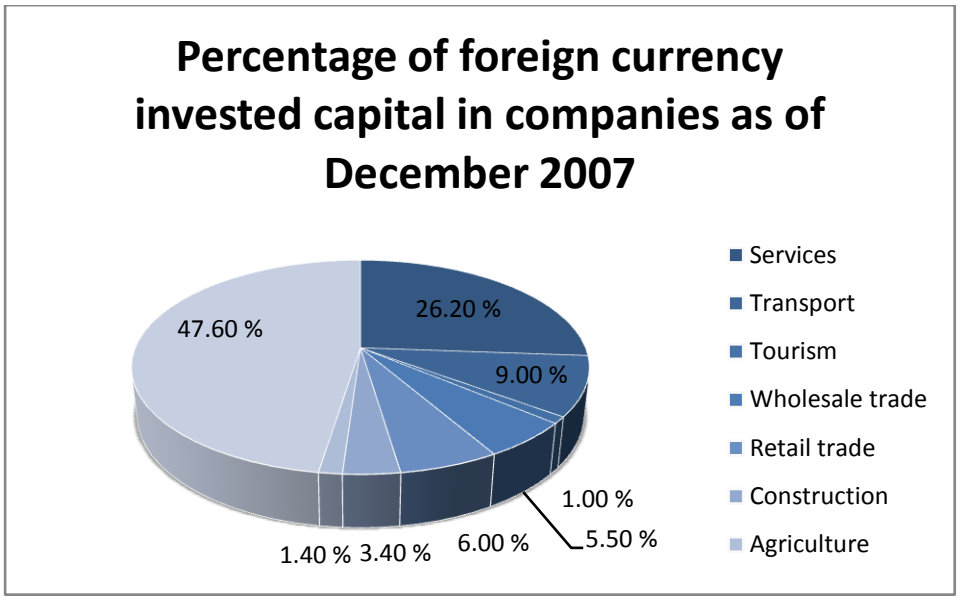


FIGURE 15: Percentage of foreign currency invested capital in companies (modified from ONRC 2008).

The main reason why the foreign investors had an attraction for, were the low cost labor, the vicinity to the euro area, solid macroeconomic fundamentals and potentially expanding the domestic market.

Due to macroeconomic stabilization, solid GDP growth, large scale privatizations and the new perspective as an EU country, Romania gained a great amount of FDI inflows between the years 2005 and 2007. (Pauwels and Ionita 2008.)

The export associated industries generated steady FDI inflows. The following industries related to textiles and footwear, metals and metal products, minerals and fuels, machinery and equipment, emphasized enhanced interest towards Romania´s potential economic growth. (ONRC 2008.)

TABLE 10: FDI in Romania (National Bank of Romania 2009).

Year	FDI in Romania(EUR million)
2005	5 213
2006	9 059
2007	7250
2008	9496
2009	3488

The Romanian average salaries are ranked among the lowest in Europe. Even though there has been an economic boom in the last years, still they cannot be raised to the average European level.

After experiencing the harsh recession of the nineties, in the following years the unemployment rates were situated on a lower level in comparison with other Eastern European countries.

Due to the beginning of the crisis in 2009, the unemployment yearly rate raised from 5.8 percent in 2008 to 7.2 percent in 2010. (Romania Central 2011.)

TABLE 11: Unemployment rate during 2007-2010 (Romania Central 2011).

Year	Unemployment rate %
2007	6.2
2008	5.8
2009	6.4
2010	7.2

Romania received the BBB rating from Fitch agency, therefore it is considered to be low-risk in terms of investments.

Another important agency, Standard & Poor's, lowered their rating of Romania to a BBB status, including a negative outlook. Although the poor grading given by the agency, Romania managed to place itself into the first position of the 2008 Fiscal Flexibility Index (FFI). The index took into consideration 30 European countries. (Fiscal Flexibility Index, Standard & Poor's 2008.)

A full list of the 2008 FFI by Standard & Poor's can be found in appendix 6.

In the year 2008 Romania was acknowledged for its accomplishment in the banking sector. The country was positioned on the first place, considering the local currency deposit growth and local currency loan growth, but also on the fifth place regarding the local currency 2asset growth, in the Business Monitor International study of the banking industry, which included 59 countries for the whole world. (Research Hand Markets 2008.)

4.3 Social factors

The demographic could be easily divided into four main groups which include the Romanians with more than 89 percent of the population. The Hungarians minority account for 7 percent, the Roma with approximately 2 percent and other minorities with 2 percent. The Romanian language has primarily Latin routs with Slavic, German, Greek, Hungarian and Turkish influences.

In addition, the language is considered by many an "island of Latinity" because of Romania's geographical location. (Demographics of Romania 2010.)

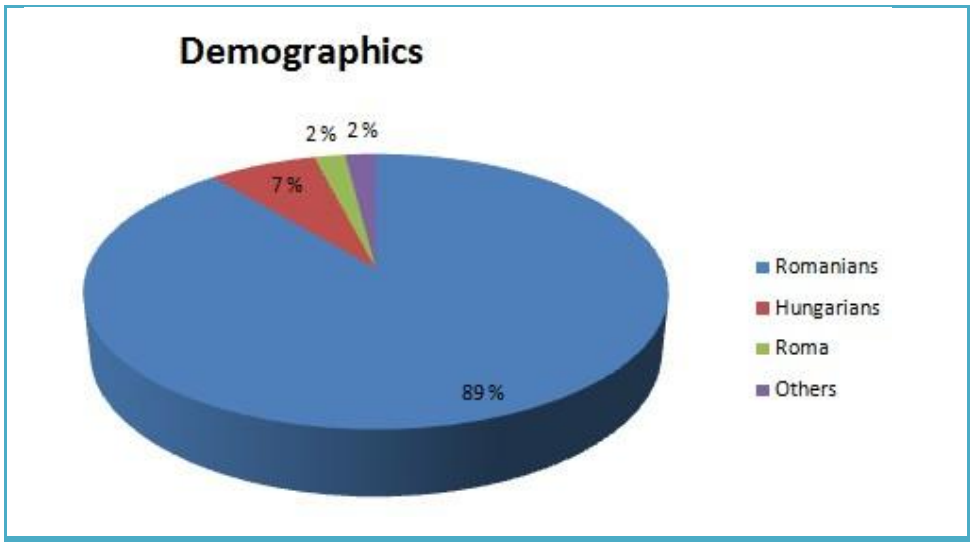


FIGURE 16: Demographics of Romania by ethnic groups (Demographics of Romania 2010).

When taking a look on the European level, Romania has the seventh largest population after Germany, France, Great Britain, Italy, Spain and Poland.

The young population with age between 0 to 14 years represents 15.2 percent of the total population, 69.9 percent the adult population and 14.9 percent the elderly that are at least 65 years old.

Romania's population average age was 39.6 years with 38.1 years for men and 41 women, considering that the rural population was aging at a higher level, meaning 40.2 years, which is 1.1 years higher compared to the urban one.

In the urban areas 11,819 million people are living, which represent more than half of the country's population, 55.1 percent. (Wall Street 2011.)

4.4 Technological factors

The internet penetration rate in Romania continues to be the lowest in Europe with 7,786,700 internet users, 35.5 percent, according to International Telecommunication Union. Another interesting statistics is the number of

Facebook users in Romania, which accounts for 1,640,580 users, 7.5 percent penetration, which is again one of the lowest in Europe (Internet World Stats 2010a).

The following table will indicate the increase in internet users, during the last years.

TABLE 12: Internet users in Romania during 2000-2010 (Internet World Stats 2010b).

YEAR	Users	Population	% Pop.	Usage Source
2000	800,000	22,217,700	3.6 %	ITU
2004	4,000,000	21,377,426	18.7 %	ITU
2006	4,940,000	21,154,226	23.4 %	C.I. Almanac
2007	5,062,500	21,154,226	23.9 %	ITU
2010	7,786,700	21,959,278	35.5 %	ITU

One the other hand, Romania has one of the best internet speed connections in the world, contrary to the penetration rate which is one of the lowest in Europe.

Recent reports show that Romania has actually taken the first place in Europe and the city Constanta has the highest internet speed compared to all other European cities. On a worldwide level, Constanta is ranked on the 48th place. The dominating cities are Asian ones. (Broadband Finder 2011.)

When looking at the overall ITC (Information and Communication technologies) market, Romania is by far one of the fasters growing in Central and Eastern Europe (CEE). Around 1 million computers were sold in 2008, which represent a 25 percent increase compared to 2007. The overall PC penetration is still low, with only 22 percent. (Structural Funds Romania 2009.)

In terms of research and development, Romania can access 600 million euros by 2013. The country is also the main destination for investment in the Eastern Europe for R&D. Nowadays, many important international companies, like Intel, Siemens, Renault, Oracle, HP, WIPRO are present in Romania. Some of them,

like Renault and Oracle even opened R&D centers that provide thousands of work placements for Romanian engineers.

WINPRO managed to establish one business process outsourcing center (BPO) in the capital city, Bucharest, which is specialized in IT services. The center covers the East European market.

Another important company, from the ones mentioned above, Intel opened a software development center. Their main objective of the center is to diversify R&D activities, focusing on the software products which are going to be used later on for devices that are based on the Intel architecture. Some examples could include intelligent TVs and even multimedia systems for different vehicles.

Another corporation, GlaxoSmithKline, will double its R&D funding for Romania following a three years timeline, reaching 6 million euros by the end of 2012. The funds will be redirected into medical research with a specific focus on research centers for respiratory diseases. (Romania Insider 2010a.)

4.5 Romania as an export country

As top export companies in Romania, the authors would like to highlight the oil company OMV Petrom, Rompetrol Rafinare, the Romanian unit of Finland's mobile giant Nokia and the Romanian carmaker automobile Dacia.

Other important companies that helped the Romanian exports:

- Alro Slatina
- Continental Automotive
- Daewoo-Mangalia Heavy
- Honeywell Technologies
- Flextronics manufacturing
- Philip Morris Italia

Romania also managed to triple its export to Canada, and had significant increase in export to Turkey with 76.8 percent, Japan 74.7 percent, Russia 62.1 percent,

USA 61 percent, Ukraine 53 percent, Mexico 51 percent, South Korea 49.3 percent and lastly China with 45.1 percent. The following table will show the export percentage of Romania with some export partner countries.

TABLE 13: Top Romanian export countries (Romania Insider 2010b)

Turkey	76.8 %
Japan	74.7 %
Russia	62.1 %
USA	61 %
Ukraine	53 %
Mexico	51 %
South Korea	49.3 %
China	45.1 %

A total of 37.25 billion euros represent the Romanian exports in 2010, which account for 28.1 percent higher compared to 2009. On the other hand, imports were up 19.9 percent in 2010, reaching 46.7 billion euros.

In terms of import partners, Germany, Italy, Hungary, France, China and Russia still remained the most loyal ones. (Romania Insider 2010c.)

4.6 Foreign direct investment in Romania

The authors would like to emphasize the importance of foreign direct investment in Romania.

Foreign direct investment in Romania increased dramatically after the 1990s, reaching an meaninful outcome of 9.1 billion euros. in 2006 and 9.5 billion euros in 2008 (World Bank 2011).

The following figure will present the evolution of FDI in Romania, during 2003-2009. As the figure indicates the most favorable years were between 2006-2008.

TABLE 14: Foreign direct investment attracted by Romania during 2003-2009 (National Bank of Romania 2010).

Foreign direct investments attracted by Romania during 2003-2009
Euro Million

Year	2003	2004	2005	2006	2007	2008	2009
FDI value	1946	5183	5213	9059	7250	9496	3488

Source: National Bank of Romania, Balance of Payments

The situation deteriorated during 2009 and 2010, when the world's economic crisis affected Romania's economy heavily. Thus, FDI dropped to 3.4 billion euros in 2009. As for 2010, the situation remained relatively stiff in terms of FDI, which can be seen also in the following figure.

TABLE 15: FDI attracted by Romania in 2010 (National Bank of Romania 2011).

Foreign direct investments attracted by Romania in 2010
Euro Million

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Stock	302	466	754	1135	1433	1838	1909	1956	2070	2145	2269	
Monthly flow	302	164	288	381	298	405	71	47	114	75	124	

Source: National Bank of Romania, Balance of Payments

FDI dropped around 25 percent during the first 11 months of 2010 in Romania, reaching 2.27 billion euros.

Moving further to 2011, there are clear signals that FDI is starting to regain its courage. FDI went up in January, reaching 240 million euros, 31 million euros more compared to the same period in 2010. FDI reached 2.5 billion euros in 2010, compared to 3.4 billion euros which was recorded in 2009. (Romania Insider 2011f.)

One of the most important banks in Romania forecasted that FDI could reach 5 billion euros in 2011, which is a significant increase compared to 2009-2010. (Romania Insider 2011d.)

4.7 Romania and the European Union

Romania became eligible for the structural and cohesion funds, since it's acceptance in the EU, in 2007. A total of 30 billion euros were up for grabs for Romania between 2007 and 2013. The funds are distributed to their recipients through operational programs supervised by the ministries. Besides other eligibility criteria, the funds can only be applied to Europe-based companies.

Each project is different therefore a maximum contribution is determined based on the type of project. To some extent, funds can also reach 50-70 percent of the total investment, non-reimbursable funds. Besides the EU funds, each project also needs co-financing, thus national funds are needed.

The main national programs are:

- Increase of Economic Competitiveness, with an available budget of 3 billion euros
- Rural Development, with an available budget of 8 billion euros
- Human Resource Development, with an available budget of 4 billion euros.

Each program has different requirements for eligibility, which need to be followed specifically in order to obtain the funds.

According to the information published in 2010 by the Finance Ministry, Romania managed to approve through the EU funds 4,200 projects. The total worth of the projects was 9.7 billion euros. At that specific time, 2,500 projects were signed for, therefore receiving 800 million euros. (Romania Insider 2010e.)

4.8 Cleantech sector in Romania

In the following two sub chapters, the authors will explain the cleantech definition and analyze the potential of this particular sector in Romania, using a SWOT analysis technique.

4.8.1 Cleantech definition

Cleantech is the short terminology for clean technology which aims to create responsible businesses that will reduce the negative impact on the environment (Ap3 2011).

Nowadays, cleantech sector represents a wide range of products and services which have a clear perspective for implementation. Lowering costs and offering the same superior performance while trying to eliminate or reduce as much as possible the negative effects that businesses have on the global environment are main reasons why the cleantech sector became popular. Another important aspect is that businesses should start understanding the responsible use of the natural resources, which in most cases are not unlimited. (Cleantech 2011.)

To summarize, cleantech aims to be the most productive technology of the 21th century that will use less material and energy, generate less waste and have dramatically less environmental damage, as compared to the old and traditional technologies (Business dictionary 2011).

After explaining the cleantech term, the authors will show what ramifications the cleantech sector has nowadays. There are eleven categories where cleantech has managed to have an impact on:

FIGURE 17: Cleantech sector ramifications (modified from Cleantech 2011).

4.8.2 SWOT Analysis of the Cleantech sector in Romania

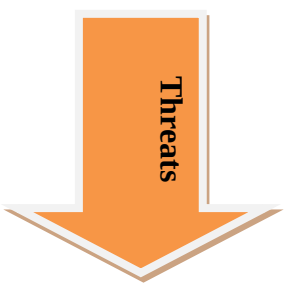
The usage of a SWOT analysis method will help to understand the strengths, weaknesses, opportunities and threats of the Romanian cleantech sector.

There are several techniques of strategies and competitive analyses for analyzing the cleantech sector. In this case the most appropriate method to be used is the SWOT analysis.

Examining and evaluating the information through analysis is a vital element for defining appropriate strategies. Unfortunately, not many organizations integrate the analysis results into their business strategies. (Fleisher and Bensoussan 2002.)

TABLE 16: SWOT Analysis

S	**W**
• Biodiversity, nature reserves • High Renewable Energy Sources potential • Numerous ongoing projects in cleantech sector • Stakeholders' cooperation nationally and internationally • Periodical analysis of the most used techniques and methods applicable in other countries • Offering European Union grants for joint projects in the research field and technological development, pilot programs, exchanging experience • Romanian industrial sector has proven capability to transfer and implement modern technologies • A large number of companies are interested to become self producers with wind potential • A significant number of potential investors	• Limited availability of investment capital • Lack of transparency • Lack of relevant data • Low level management (absence of guidelines for implementing legislation) • Lack of operational experience • Lack of knowledge about the cleantech sector • Not enough expertise in the field • Poor infrastructure • Civil society ignorance • Financing which is not functioning properly • Fluctuating economic situation due to the global economic crisis



O	**T**
• Adoption of the EU regulations concerning the environmental protection • Accessing European Union funds • Governmental help for foreign investments • Lobbyists influencing political power • Public and private partnerships • Pilot projects • Modernising and refurbishing the industry sector and the economy, offers the opportunity to implement clean technologies • Educate the population (emphasizing the importance of alternative technologies that are offering real solutions) • Considerable help from non-governmental organizations • Projects financed by banks	• Lack of effective cooperation and systematized administrative procedures • Decrease of grants offered • Possible bent in the law • Identifying possible barriers • Neglecting environment protection expenditure, due to the loss of competitiveness • Irrational exploitation of the natural resources

4.9 Ongoing projects

The clean technologies sector is growing rapidly in Romania. Romanians became aware of the country's potential and they are trying to attract foreign investors in this field. Luckily, the number of investors is increasing very quickly.

Further on, some relevant projects that are closely related to the cleantech sector will be introduced.

Project - Adama Technologies

In the capital city of Romania, Bucharest, Adama Technologies, a cleantech sector company, will set up a landfill for the installation of waste-to-energy system that

will provide renewable electricity generation or diesel production. The company is a project co-developer and an investor in the project. (Real pennies 2010.)

The description of the project encompasses the installation of a municipal waste collection system and waste energy solution in disposal areas in the surrounding area of Bucharest, the capital city of Romania. The components of the project's procedure consist of installing a flare to collect methane gas contained in landfill for the production of electricity or waste to diesel production facility. As a start, the collection of municipal solid waste, each year, will account for approximately 750,000 tones.

After the achievement of an operational disposal area gas collection system, the company would like to direct their business abilities in the field for other waste to energy opportunities in Romania. (Recycling Gang Waste Management 2010.)

Project - Adama Technologies

Starting from September 2010, the same cleantech company, Adama Technologies Corporation is planning to establish a line of tire recycle factories. The project will be partially funded by the European Union and local government.

The estimated revenues of the project account for over 100 million euros annually. The project is unique in Romania, since it is the first tire recycle factory of its kind. The company's first factory is expected to open by the end of 2010, after which, tree additional locations will be set up by 2012. (Balkans 2010.)

Project - Czech electricity

Czech electricity, the biggest electricity producer in central Europe is participating in a Continental Wind Partners project situated near the Black sea port of Constanta. The investment which accounts for 1.1 billion euros emphasizes the construction of Europe's largest onshore wind farm project. The project's location is about seventeen kilometers from the Black Sea, namely, Fantanele and Cogealac, in the province of Dobrogea, as seen in picture below. (European Voice 2010)

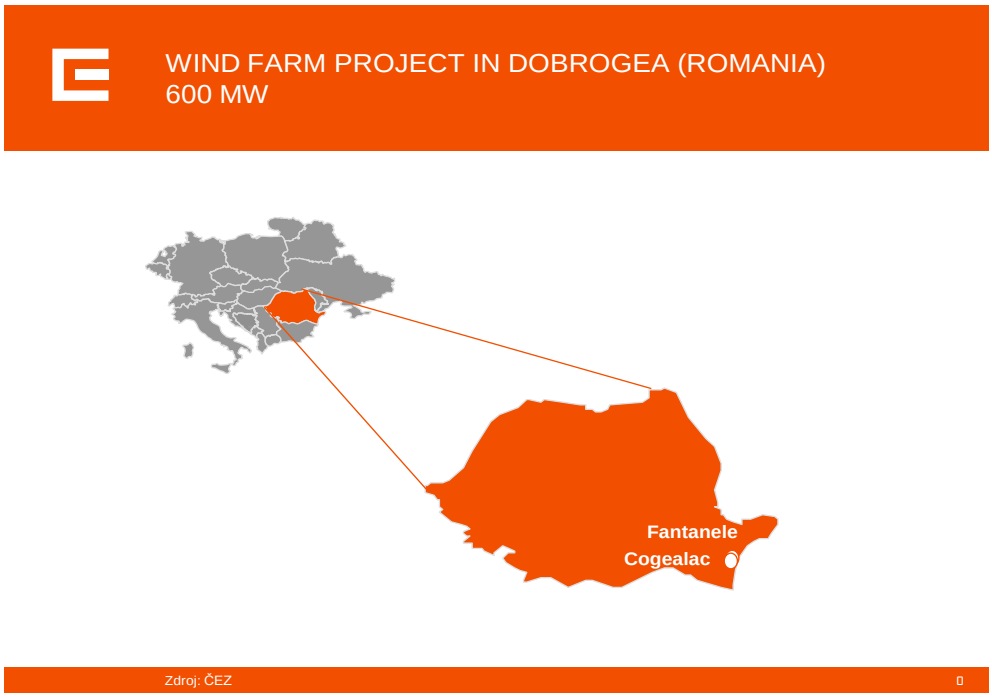


FIGURE 18: Wind Farm Project in Dobrogea region, Romania

The first phase of the project, which consists of 139 wind turbines, was established since 2010. The second stage of the project is expected to be ready in 2011, which will contribute to the installation of another 101 wind turbines. The completion of the project constitutes the largest land-based wind farm in Europe, with a total capacity of 600 megawatts. (Tomorrow is Greener 2011.)

Project - Clean Technology Centre

With the helping funds from the Intelligent Energy in Europe Program (IEE) of the EU, the Clean Technology Centre is working on Intelligent Use of Energy at School project (IUSES). Area Science Park from Italy is coordinating the project, Romania being one of their partners, among Austria, Bulgaria, Czech Republic, France, Greece, Ireland, Italy, Latvia, Slovenia and Spain. (IUSES 2011.)

The project is meant to promote efficient energy behavior among secondary schools students and teachers and provide a comprehensive guide of energy saving in everyday life. Moreover, the teachers will have a training kit that will enable to teach effectively energy efficiency in schools. Other important topics of

the IEE program reflect on energy efficient industry sector and transport, the energy use of renewable sources, and energy efficient buildings. The goal of the project is to integrate energy efficiency topics in educational curricula. (Ctc-Cork 2009.)

Project - Germany's Montage GmbH, Romania's Electrogrup SA and Windenergy Service GmdH

Germany's Montage GmbH and Romania's Electrogrup SA and also Windenergy Service GmdH have formed a Romanian-German joint venture named Wind Energy Service East Europe (WESEE) that is helping the infrastructure for the wind farms situated in South-East of Romania in Dodrogea province. The joint venture supplies installation, commissioning and maintenance services for wind power stations. Besides this, the company will be working on high-voltage and low-voltage electricity lines, telecommunications infrastructure and civil engineering structures.

The new company emerged from the three companies which have significant knowledge in their area of expertise. Montage GmbH is part of a big Europeans project carried on in Germany, Italy and Belgium that has an expertise of over nine years in the area of wind turbine installation. In addition, Electrogrup SA which operates in the major cities of Romania, is a national provider of energy and telecommunications, and is an experienced company in the area of infrastructure construction. Moreover, Windenergy Service GmdH provides maintenance services for European wind farms.

WESEE aims at extending its business in Bulgaria, Moldova, Hungary, Croatia, Serbia, Ukraine and Albania. (Act Media 2010.)

Project - Vestas

Vestas, the Danish wind energy company, which is the world's largest maker of wind turbines, has opened an office in Bucharest due to the growing wind energy market of Romania. The company's new office plans to expand their activities to other Eastern European markets.

Vestas's current projects are situated in the province of Dodrogea. The first is situated in Baia, consisting of 7 wind turbines, with a capacity of 17 MW, the second is located in Pestera, with 30 wind turbines with a capacity of 90 MW, and the third project in situated in Cernavoda has 46 wind turbines with a capacity of 138 MW. The wind turbines sold by Vestas in Romania, account for 450 MW. (Eco Magazin 2011.)

Vestas, was contracted for 76 generators for wind energy projects in Romania by EDP Renováveis (EDPR), a renewable energy company belonging to the Portuguese EDP-Energías Group, which is third largest wind energy operator in Europe. The installation procedure started from late 2009 and continued in 2010 (Wind Fair 2010).

Project - Other investors

A group of business men from Germany invested 60 million euros for building a wind farm near Orsova city, which will extend over an area of 250 square meters. Thirty two wind turbines will operate with a total capacity of 50 MW. Other remaining 30 turbines will have a capacity of 1.5 MW per unit and their cost will reach 1.8 million euros each. The project started at the end of 2009. The monthly profit was estimated to bring around 250,000 euros to the beneficiaries. (Energie regenerabila 2009.)

5 CLEANTECH SECTOR IN FINLAND

5.1 General view

To better emphasize what the cleantech sector is all about, the part that needs to be highlighted is the vital role which the sustainable development is playing. It is composed of knowledge based products and services that improve operational performance. Moreover, cleantech fabricates substantially less waste than conventional technologies and operates using limited or zero non-renewable resources. (Kinnunen 2010.)

Nowadays more and more businesses are becoming concerned about climate change and the degradation of the environment. Therefore all these factors have been influencing the improvement of technological developments. (Nios 2011, 249.)

Finland is one of the most attractive countries when it comes to the cleantech sector. The first information that the authors will share in order to understand the complexity of the sector, is that the total value of global environmental business markets accounts for nearly 600 billion euros. The sector entirely has a significant growing which accounts for around 10 percent and can be easily described as one of the fastest growing sector in the world.

Clean technologies are expanding dramatically each year. As an example, wind and solar power technologies have a high increase of 30 percent, annually. As the traditional energy becomes more expensive and natural resources limited, clean technologies are more visible and feasible. (Sitra 2007.)

The beginning of a new era in innovation and cleantech was the start of the 21st century. Finland is a country that is constantly adapting to the new cleantech era. (Kinnunen 2010.)

The following figure will show the evolution and transition from standard technology to clean technology.

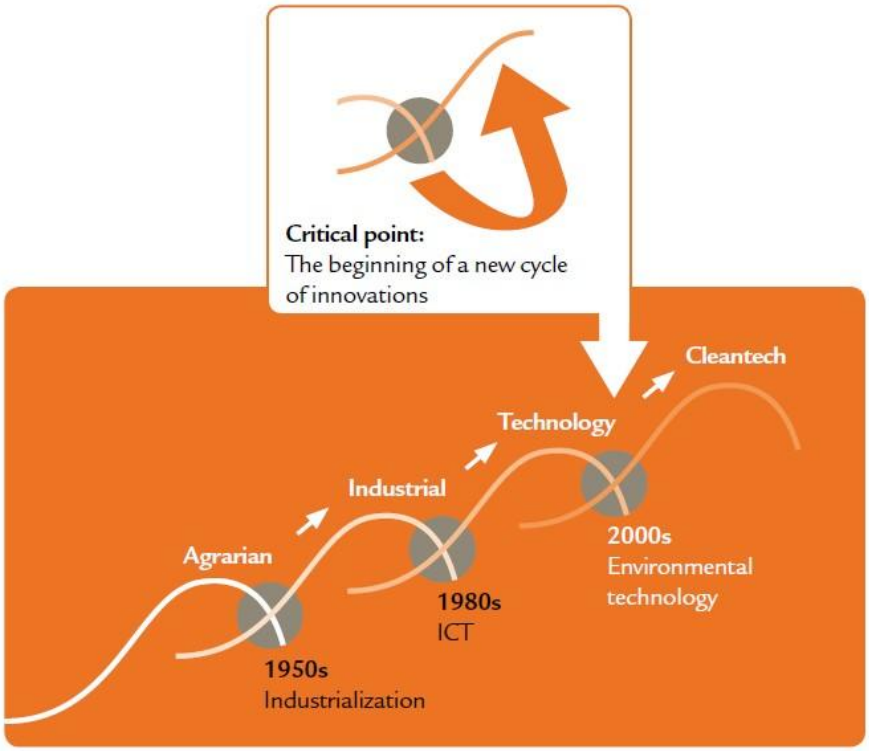


FIGURE 19: The evolution of technologies during decades (Sitra 2007).

Another important aspect that needs to be taken into consideration is that Finland has a very strong environmental image, which helped the country to be ranked among the best in the world, in terms of sustainability.

In Finland, around 2,000 enterprises are gathered in the cleantech sector. It is also one of the most diversified and competitive in the world. The turnover of Finnish environmental business is estimated to be to be around 4.5 billion euros. (Sitra 2007.)

The promotion of energy efficiency, energy preservation and renewable fuels is going to encompass Finland’s long term strategy that will maximize the usage of existing and new clean energy technologies (Kinnunen 2010).

The action plan which was set for 2012 is that Finland becomes the world's leading country in developing clean technologies.

The next figure will show the structure which aims to achieve the above mentioned plan (Sitra 2007).

FIGURE 20: Finland's action plan (Sitra 2007).

A very important part that needs to be highlighted is the importance of the Finnish Cleantech Cluster. It consists of four Centers of Expertise within the cleantech sector situated in Lahti, Oulu, Kuopio and Helsinki. (OSKE 2010, 39.)

Furthermore, all the Centers of Expertise are concentrating on various cleantech competence and know-how. They also focus on a close collaboration with the companies and the scientific community, creating a network of expertise which is helping to create new innovative solutions for today's environmental challenges. (OSKE 2010, 39.)

The main objective of the Cleantech Cluster is to develop Finnish businesses in the environmental sector, create work placements and exploit the global markets (Cleantech Cluster 2011a).

5.2 Lahti region

Before moving on to the cleantech sector in Lahti region, the authors would like to remind to the readers some economical facts about the region.

The historical events, from the collapse of Finnish-Soviet trade, together with the 90s recession, had a negative economical impact upon Lahti region. Unemployment sky rocketed in 1994, with 26,8 percent. Over the last decades, the unemployment rate decreased on a rather slow rate, reaching 11,3 percent in 2008.

Understanding the gravity of the situation, the local authorities started to invest in R&D. In comparison to 1995, when the R&D expenditure was FIM 715 per person, the situation was different in 2005, when the R&D expenditure reached 1043 per person. Tekes, the National Technology Agency funding grew 40 percent during years 2004-2007, compared to the average growth in Finland which was 60 percent. (Wikipedia 2011.)

The situation of Lahti region changed dramatically during the last years, after a long and painful recovery. Nowadays, Lahti region is one if the fastest growing and innovative regions in Finland. The success recipe includes heavily investments in environmental technologies, industrial design, welfare business and health system.

Lahti region has around 200 000 inhabitants, placing it on the fifth place in Finland in terms of urban region population. Another advantage is the centre location of Lahti in Sothern Finland, which easily creates great connection with other parts of the country. (Lahti 2011.)

As an extra plus for starting the business in Lahti, the authors would like to underline the difference between the price level of the renting places compared to other major cities in Finland and also Helsinki region. The differences are substantial taking into consideration the limited financial resources. Appendix 7 will show two figures which highlight the differences.

Moreover, Lahti is also considered a green city which has the ambition to become even greener in the future. Partly, it's because the whole region has gathered under the same umbrella the cleantech businesses. The Finnish Cleantech Cluster is located in Lahti, which adds the region an extra green image. Many companies in the region are mainly specializing in waste management and recycling, but also water and soil-related business. (OSKE 2010, 39.)

Furthermore, the cleantech phenomenon has managed to get deep roots into Lahti region. In 2010, the Finnish Cleantech Cluster coordinated by Lahti Science and Business Park was ranked the third place in top ten Cleantech Clusters around the world.

The main target of the Cleantech Cluster in Lahti is to help creating new companies which have their business line in environmental, energy and clean technologies. Moreover, the Cleantech Cluster is helping the established companies to get international. (Lahdenseutu 2010.)

5.3 Ongoing projects

Project Watem Oy

At the beginning of 2011 the Finnish Ministry of the Environment has granted 582,035 euros to Watem Oy for upgrading the biological process of Saint's Petersburg central wastewater treatment plant. The company, which is located in Helsinki, will supply equipment for improving efficiency of the biological treatment process, removal of nutrients, and energy-efficiency at the central wastewater treatment plant, to Vodokanal, Saint's Petersburg water and wastewater utility. In addition, the equipment's cost account for over 2 million euros.

Since 1990s the Finnish Ministry of the Environment has sustained the introduction of biological and chemical removal of phosphorus at wastewater treatment plants in Saint Petersburg. In the present, around 93 percent of Saint Petersburg's wastewater is now treated.

By the end of 2013 is expected that 98 percent of Saint's Petersburg wastewater will be treated, as recommended by the Baltic Marine Environment Commission (HELCOM). The project already begun in 2007 will have an end in 2013. The project's objective is part of Saint's Petersburg Neva Discharges Closure Program which has the greatest importance in the EU's Northern Dimension

Environmental Partnership. The costs of the project will account for around 380 million euros, with loans coming from Nordic Investment Bank, the European Bank for Reconstruction and Development, and the European Investment Bank.

The successful cooperation benefited the exports to Russia in water related industries. (YmpäristöMinisteriö 2011.)

Project RKL Reponen Oy

In Lahti region an important project, which encompasses innovative energy concepts, is related to the development of low-energy construction. The construction company RKL Reponen Ltd is concentrating on energy-efficient solutions for apartment buildings. When compared the traditional Finnish block of flats, the thermal energy can create savings accounting for up to 70 percent. Additionally, the first low-energy apartment building is situated in Heinola, close to Lahti. Because of the absence of the traditional heating system, heat is acquired from the heat produced by people and equipment and from recovery ventilation. The interesting part arises from the fact that temperatures in Finland reach minus 20-25 degrees. (OSKE 2010, 40.)

Project Polaris

The National Institute of Health and Welfare from Kuopio is coordinating a three-year Polaris project which is managing the water treatment supply chain. The Kuopio Science Park accentuates the importance of this project, because it confers excellent strength in conducting interdisciplinary research and R&D activity enhancing benefits for companies and end-users. (OSKE 2010, 47.)

Project APL Systems

The high-tech company APL Systems is operating in Finland, but also internationally. The company produces Aures measurement devices are designed for multi-point environmental measurements.

Some of the most important features include the use of wireless technologies that can be used to measure noise for civil engineering, energy and traffic applications are only a few of the examples.(OSKE 2010, 47.)

Project EHP Tekniikka Ltd

EHP-Tekniikka Ltd is another important example of innovation in water monitoring. Along their business a variety of water quality and quantity measurements solutions were developed. Their solutions can be found in mining, waste water treatment, agriculture and forestry.

The company's monitoring systems are implemented for automatic monitoring of water quality, water level and water flow. Additionally, other options include meteorological and soil monitoring. (OSKE 2010, 51.)

6 CASE: SILTA CONSULTANCY OY

6.1 Formulating a business idea for start-up company "Silta Consultancy Oy"

General view over the business idea

The authors' business idea is to formulate a successful business model that will allow them to work on the actual business plan with the financing and support organizations suitable to their needs.

The key element of the future established business is to encourage the export of Finnish SMEs to the Romanian market. The authors' will concentrate their main business activity on export.

The business will not concentrate only on a specific sector in Finland. The wide variety of export goods and services could be a substantial benefit for the future company. In addition, the authors' will present some examples of products or services to export to Romania. The list can be adjusted while the business is running, since a market research should be done in order to understand the need of each export sector.

- Clean Technologies

Cleantech could be one important example when thinking about exporting. Finnish cleantech cluster in Lahti is one of the most acclaimed in the world. Under their umbrella, many Finnish SMEs provide different services and products that could be suitable for the expanding economy of Romania.

- Finnish "know how" (Education)

Since the Finnish educational system is ranked among the best in the world, exporting Finnish know how could be another example that could interesting for the Romanian educational system. At the present time, Romania is facing difficulties in applying their strategies and reforms for the educational system, therefore any help that might ease the process could benefit greatly the stabilization of Romania's system.

- Finnish delicacies

Another example that the authors' considered during their process, is to export Finnish delicacies to Romania. To make it more specific, exporting products like salmon, reindeer and roe could have a wide selection of potential customers. Many could wonder why exporting these products to Romania. The answer comes in an easy way. Romanians have started to appreciate and consume more "exotic" products; therefore this line of business could have an impact. Another aspect to remember is that Romania can be considered as a food culture. The number of restaurants and pubs are increasing rapidly; therefore the food industry sector is becoming more competitive but also more demanding.

- Import from Romania

Approaching Romanian SMEs that have a product which is suitable to the Finnish market could be another aspect which needs to be taken into consideration, once the business is running at a stable rhythm.

TABLE 17: Business idea model for "Silta Consulting Oy" (according to Seppo Hoffren's dynamic business model).

Market need/customer benefit	**Image**
• Competitive price level • Know how of both cultures • Easier access to some contacts in Romania • Fresh perspective • Young entrepreneurs	• Ambition • Flexibility • Accessibility • Reliability
Target groups	**Product/Services**
• Primary target group – Cleantech companies • Secondary target group – Finnish delicacies • SMEs that are operating in the construction sector (Finnish log houses) • Finnish Know How as regard to education	• Provide expertise to Finnish SMEs • Presentations • Meetings with potential investors • Participating in fairs

Action plan	
Motto of the company	New perspectives are achievable through patience and perseverance
Specialty	A close cooperation with the target customer groups.
Marketing communications	Personal selling: Reliability and flexibility are offered to each customer Sales promotion: tailor made packages for each customer Public relations: the Internet (email and web page)
Pricing	Est. 3000 euros basic market research (VAT included): smaller companies Est. 5000 euros complex market research (VAT included): medium sized companies

	Other custom made pricing
Finance & accounting	The founders will handle both salaries and billing but also other accounting and payment activities. Audits will be handled by one accounting company.
Management	Tailor made services for each customer and fresh perspective approach

Needs for the start-up company

Physical	Mental	Financial
• Own premises • 1 laptop and 1 printer • 1 mobile phone • 1 car	• Both education and work experience • Fresh perspective and imagination • Commitment and flexibility	• Capital need estimation for the first year of operation of the business: 15,000-30,000 euros

6.2 Market need/Customer benefit

As studied in the previous chapters, the Romanian market is becoming more visible and therefore more attractive for the potential investors.

Even though the authors are originally coming from Romania, opening their business in Finland will make the Romanian market an international one, which they would like to understand better, by creating a strong business bridge for the Finnish SMEs.

Since the authors business idea will create a service and not a tangible product, the market need is not easy to indentify, unless it is designed according to the specific requirements of the future customers.

In order to find out the exact potential of the market, the authors, together with the help of the governmental financed organizations, will try to investigate the potential of the business idea, by conducting a market research. In order to

determine if the Romanian target market is suitable for the business idea, PEST analysis should answer some of the most relevant questions.

Not having a direct competition, can be considered as a big plus for the authors' new business.

Furthermore, the authors will focus on emphasizing some of the customer benefits. Thus the authors' start-up business will provide to their potential customer competitive price levels, which will make their business accessible and more desirable.

Considering the authors' educational background, which focuses on internationalization, could greatly influence the outcome of the future partnerships. They also had the opportunity to work with different nationalities and their ability to adapt to each cultural difference was proven to be successful.

Moreover the Finnish and Romanian cultural know how, that the authors are carrying should be considered as an important key element for their start-up business.

6.3 Target group

The authors decided to have some main target groups. Although the area of the business is broad, there is no limit in terms of the business sectors.

- Primary target group – cleantech sector in Finland
- Secondary target group – Finnish delicacies
- SMEs that are operating in the construction sector (Finnish log houses)
- Finnish Know How as regard to education

Since the authors are located and living in Lahti, the company's main target group will be the cleantech businesses established around Lahti area and even nationwide. The fact that Lahti gained a good reputation for its Cleantech Cluster will greatly benefit the business, since the travelling costs will be substantially reduced. This is also an important factor for choosing the cleantech businesses around Lahti region, since the authors' financial situation is limited. Romania,

being the target market, major cities as Bucharest, Constanta, Timisoara, Cluj will be taken into consideration for establishing initial partnerships.

Due to the fact that fish products, like salmon and row are seen as delicacies in Romania, the secondary target group is suitable for finding the right contacts in Finland and then exporting their products to Romania. The Finnish delicacies could have a strong reputation in Romania, therefore the secondary target group might transform into a successful partnership with the target country.

Because Romania is still a developing economy, construction sector can offer great opportunities for investment in the near future. Exporting Finnish log houses to Romania, could create a niche in the construction of wood houses in Romania, therefore transforming the market in a more competitive one.

As regard to the export of Finnish "know how", the authors would like to mention that educational system in Romania is currently facing challenges that are difficult to overcome. Thus, creating a partnership between some Finnish schools/universities could have a positive outcome in long run for the Romanian educational system.

6.4 Image

A typical young entrepreneur in Finland is around 35 years old, educated and has previous work experience. (Pukkine, Stenholm, Heinonen, Kovalainen and Autio 2007.)

The fact that the authors are starting from an earlier age their business does not necessarily constitute a minus for the business image.

The image will try to highlight that young entrepreneurs view may be seen as a strong plus in comparison with their competition, since their fresh view might bring up totally new perspectives on business.

Although young entrepreneurs are often not very experienced, they do have a great willingness to work in a new domain and learn new things.

The image of the business will be promoted as:

- Ambition towards success
- Flexibility for customers
- Accessibility is the key
- Reliability is offered

6.5 Mode of operation

The mode of operation will be divided into few steps that need to be followed accordingly.

First step is to initialize the contact with the potential customers of Finnish SMEs, which are chosen as target customers.

Secondly, the authors will try to schedule meetings and have presentations related to their strategy for the potential customers.

Thirdly, after the first connection is made between the authors and the customers, hopefully proceed further with a written agreement that will bond each party to commit their duties.

Lastly, the authors will fulfill their duties accordingly to the customer's needs. In case customers want to receive basic information about the potential market, a limited time will be invested for that company. If customers require a more in depth expertise and advice, the authors will become agents for that specific business.

Moving further, the approach to the Romania market will be done following almost the same scheme as the one in Finland.

Having a partner and even a partnership with one local consultancy agency in Romania will benefit greatly the approach towards that specific market.

The authors are going to find the right Romanian partners from appropriate business sectors, in which the customers are interested. Offering them valuable information, through meetings and presentations, about the Finnish company

interested in the Romanian market, could be considered as the first step in initializing the future partnership.

The local consultancy agency in Romania could be a suitable solution to receive information that could be used for helping the Finnish SMEs. The authors will trade information with the agency in order to create a tailor made service for the Finnish companies.

If the company runs well in first couple of months the authors are going to find a Finnish partner, since the image of the company might benefit greatly. They might also find potential student candidates that would like do their internship in the company.

6.6 Services

The main service is to help Finnish SMEs to enter successfully the Romanian market, by offering the clients from a market research to a more complex service, which could be agent for the certain Finnish company.

An agent could be one way in which the services are provided by the authors' business idea. Being an agent for the SMEs with limited or higher responsibilities, depending on the need of the customer, could create a niche for the business, compared to other consultancy agencies that offer mainly guidance in terms of market research for the target market. Part of the possible responsibilities, as agents, would be to provide solution in finding premises for the business, obtaining valuable contacts in the specific sector and, deal with paper work and even find potential investors for the Finnish business.

In the same time, the agent's responsibilities could transform into a challenge, due to the fact that the authors should get an in depth understanding of the product which is sold to the customers or investors in Romania.

This process could be done in couple of different ways:

- Presentations
- Meetings with potential investors

- Participating in fairs

The main ones will concentrate on giving presentations about the operation of the Finnish business, to the potential partners and investors in Romania.

How their services differ from possible competitors:

- Competitive price level
- Know how of both cultures
- Easier access to some contacts in Romania
- Fresh perspective

7 FINDINGS AND CONCLUSIONS

7.1 Steps that need to be followed in the future

- Finding partners, both in Romania and Finland

  In order to minimise travel expenses, one option for the authors' business idea is to find a suitable partner in Romania, who would help with the local arrangements of the agency. In other words, finding a partner might be a good choice, not only because of the financial considerations but also because of the flow of information. Another aspect to consider is to find a partner also in Finland, in order to maximise the communication flow between Finnish speaking entrepreneurs and the authors, which have somehow limited knowledge of Finnish language. Also choosing a Finnish partner might benefit the business in terms of image, because some entrepreneurs would probably appreciate a Finnish person dealing with part of the business.

- What other groups of SMEs could be approached?

  Another study that could be done in the future is to determine which other sectors in Finland could be approached for creating a link between Finland and Romania. SMEs operating in the construction sector might be a good solution, especially the ones building Finnish log houses, which are unique and special in their design. The most reliable way to obtain information about the Finnish companies established in Romania is via the Chamber of Commerce in Finland.

- Approach Finnish companies which are already established in Romania

  One other aspect that the authors will have to take into consideration is that of approaching the companies that are already established in Romania. This could also bring a benefit to their business perspective. Some Finnish

companies already operating in Romania could still be interested to receive tailor made services, depending on their needs, therefore this is another solution to expand the horizon of the business idea.

- Import from Romania to Finland

  One important study that could be done while the business is growing is to find possibilities of importing Romanian products to Finland. Romania does offers a wide variety of products that could suit Finnish market, but an in depth study must be done in order to analyse the potential of the business.

- Market study of other Nordic countries for future expansion of the business

  Expanding the business to the west might be one option, if it's proven to be a successful business model that could be implemented into other Nordic countries. This study could be conducted if the business is running at a constant level, after a few years.

- Should the authors have a confidentiality agreement signed with the future partners in Finland and Romania?

  Signing a confidentiality agreement between the partners might prove to be a good solution in order to protect the business idea. This practice is common in business life nowadays and could also be applicable to the authors' business idea.

- Can a niche be created in order to differentiate the company from possible competitors?

  Another important study that should be done by the authors is whether they can create a niche which will differentiate their company from the possible competitors.

- Are the Finnish SMEs ready to internationalize?

A further study should be conducted in order to determine if Finnish SMEs are ready to internationalize, not only physically but also financially.

7.2 Go or no go

After analyzing all the collected data throughout the thesis process, the authors would like to draw some conclusions to their findings. Based on the research, they will decide whether their business start-up should transform into reality at the present time or later on.

Firstly, Dyna meet-ups revealed a new perspective that all the young entrepreneurs should consider when planning to start building their own business. During the meet-ups the authors met several young entrepreneurs, who were combining studies with managing their business. The outcome of the combination seemed balanced, although for some this might look difficult to achieve. This is one reason why young entrepreneurs should take the risk and start a business soon after graduation so that they could apply their fresh know how to their certain business area. The authors have been inspired by the success stories of all entrepreneurs who shared their experience during the meet-ups. That helped shaping up a positive perspective for young adults that are considering starting their own business. Regardless of what many believe, age should not be considered a handicap when building a company.

Secondly, during the several meetings that the authors had with Mikko Nurminen, Business developer in the Business Incubator highlighted the possibilities that the young entrepreneurs have. In most cases, the innovativeness of the business idea plays an important role. During the discussions that the authors had with Mikko Nurminen, there were a few very important points that had to be considered and answered before the actual start-up of the business.

Important aspects that need to be considered before continuing the business process:

- What are the authors' skills concerning export in general?

- Are the Finnish SMEs ready to internationalize?
- Is finding a Finnish partner a vital element for the business?
- How can the company survive throughout a year without taking a micro loan from Finnvera?
- What should be done in order to create a niche for the business idea?

Thirdly, after the meeting that the authors had with Nina Harjula, Development manager in Lahti Science and Business Park, they had a clear picture of what a consultancy company is all about. The reason why the authors managed to understand more in depth the structure of this kind of business, was partly due to the similar business idea that Nina Harjula had established a few years ago.

Lastly, during the authors' thesis supervision done together with Jukka Mustonen, they received a lot of encouragement for their business idea. The authors would like to underline this particular aspect since their supervisor has not only a strong educational background but also a consistent business expertise. Even though the age and the limited work experience could influence to some extent the business start-up, it does not automatically mean that it is meant to fail because of those particular reasons. Other aspects like readiness of the Finnish companies to internationalize and the present economic situation could be even more complex challenges for the authors' business idea. Jukka Mustonen advised the authors that there is a right time for everything and plenty of roads to choose from.

To summarize the thesis' process, which could be easily compared to an exciting rollercoaster ride, there are plenty of opportunities for creating new business perspectives between Finland and Romania. Understanding better the Romanian market and acquiring more work experience could be the key to success for the authors' business idea, a few years from now.

As for the business process, figure 21 draws a clear conclusion that could be easily compared to the process of building a house.

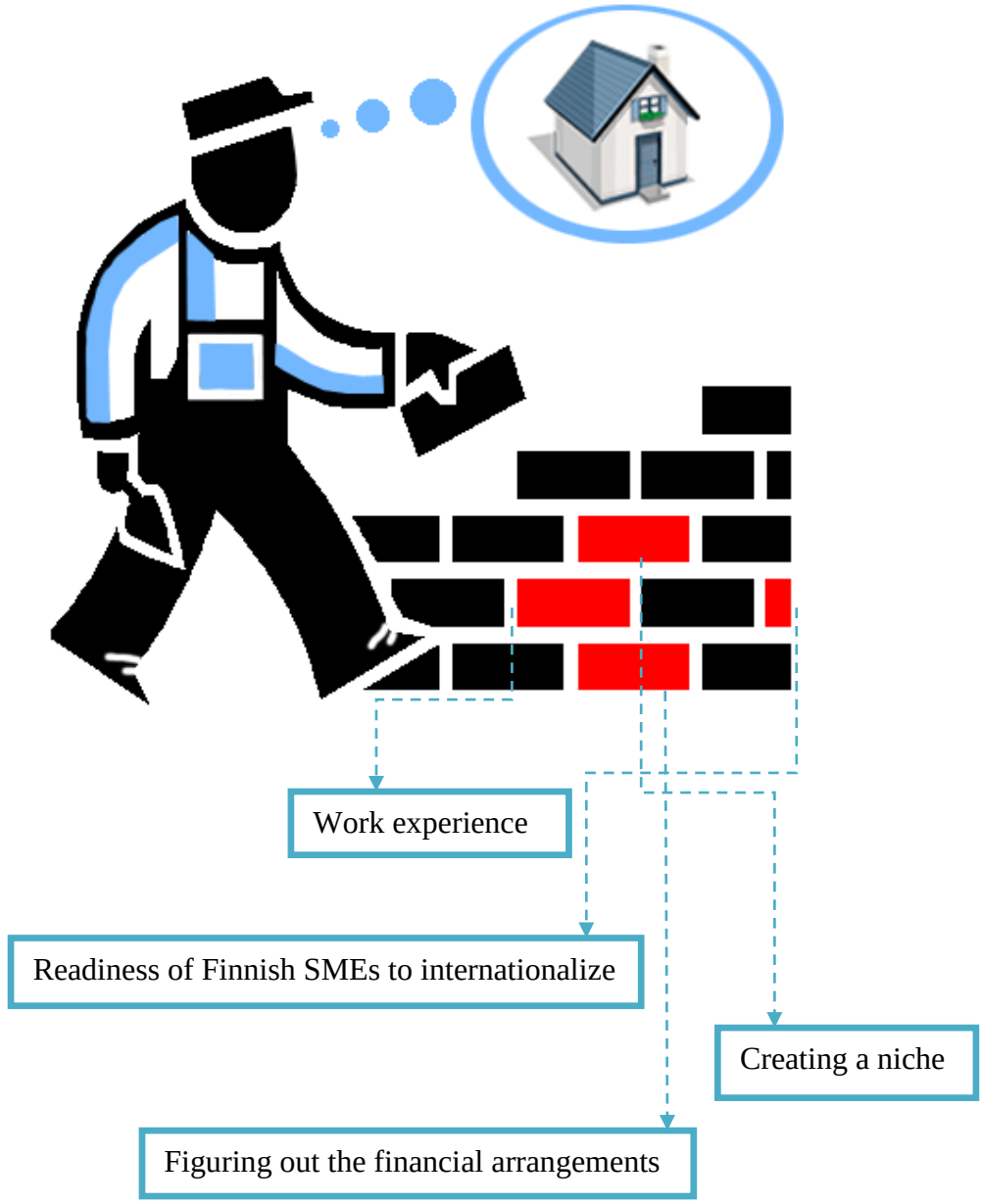


Figure 21: Building the dream house

Why is the figure self explanatory?

The process of starting a new business is very much comparable with the process of building a dream house. In both cases, there could be "gaps" that need to be filled with the right information or materials. Thus understanding what is actually needed to fill those gaps is crucial in order to obtain a successful outcome.

8 SUMMARY

The primary aim of the thesis is to formulate a feasible business idea, which could transform into reality in the near future. Moreover, the secondary aim is to study the cleantech sector in Finland and the potential of that specific area in Romania.

In the first chapter the authors introduce the start elements for their future research. Thus, qualitative research methods are chosen and the data collection includes carrying out unstructured interviews, which will answer to some of the authors' research questions. The theoretical framework concentrates on the importance of business planning that is studied in chapter two.

The authors' business idea is the desire to create a strong business bridge between Finland and Romania, since they consider that now could be the appropriate time to start this particular business between the two countries. In chapter three Finland and Romania are briefly presented and some social and cultural aspects are highlighted.

Moreover, chapter four is focuses on analyzing the Romanian market using different analyzing methods. The aim is to emphasize the potential offered by the Romanian market. Additionally, projects that are underway in the cleantech sector are analyzed.

Chapter five presents the general view of the cleantech sector in Finland and the ongoing projects. The purpose of the study is to emphasize the basic elements of cleantech sector in Finland and study the potential that has to offer for the international market.

The research is a case study. When formulating the business idea, a business bridge between Finland and Romania could be easily built. Finding the right market need, services, target customers, image and mode of operation are key elements for a feasible business idea.

To conclude, the authors recommend further research in order to determine when the most suitable time for the business start-up is. Future perspectives are achievable through patience and perseverance.

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APPENDICES

Appendix 1

Enterprise openings and closures by region

Appendix table 1. Enterprise openings and closures by region

Region	Openings Q3/2010	Share of stock of enterprises, %	Change Q3/2010–Q3/2009	Closures Q2/2010	Share of stock of enterprises, %	Change Q2/201–Q2/2009
WHOLE COUNTRY	7 185	2,2	267	4 406	1,4	-1 118
MAINLAND FINLAND	6 977	2,2	235	4 322	1,4	-1 127
Uusimaa	2 552	2,7	149	1 481	1,6	-252
Varsinais-Suomi	675	2,2	57	368	1,2	-220
Pirkanmaa	672	2,3	-11	426	1,5	-76
North Ostrobothnia	396	2,2	21	267	1,5	-28
Central Finland	295	2,1	-32	182	1,3	-61
Päijät-Häme	250	2,2	29	193	1,7	-30
Satakunta	246	1,8	10	174	1,3	-78
Pohjois-Savo	238	2,0	22	176	1,5	-37
Ostrobothnia	213	2,0	33	110	1,0	-10
Kanta-Häme	207	2,1	17	124	1,3	-22
Lapland	196	1,9	-6	123	1,2	-52
South Ostrobothnia	188	1,5	-43	135	1,0	-47
Etelä-Savo	159	1,8	20	108	1,2	-32
North Karelia	150	1,8	1	100	1,2	-60
Kymenlaakso	148	1,7	-23	120	1,4	-34
South Karelia	134	2,0	7	85	1,3	-8
Itä-Uusimaa	130	2,0	-2	77	1,2	-26
Central Ostrobothnia	68	1,7	-5	37	0,9	-29
Kainuu	60	1,6	-9	36	1,0	-25
ÅLAND	47	1,9	8	19	0,8	-12
Åland	47	1,9	8	19	0,8	-12

Appendix 2

Global innovation index

Large and small country ranking

Rank	Country	Overall	Innovation Inputs	Innovation Performance
1	Singapore	2.45	2.74	1.92
2	South Korea	2.26	1.75	2.55
3	Switzerland	2.23	1.51	2.74
4	Iceland	2.17	2.14	2.00
5	Ireland	1.88	1.59	1.99
6	Hong Kong	1.88	1.61	1.97
7	Finland	1.87	1.76	1.81
8	United States	1.80	1.28	2.16
9	Japan	1.79	1.16	2.25
10	Sweden	1.64	1.25	1.88
11	Denmark	1.60	1.55	1.50
12	Netherlands	1.55	1.40	1.55
13	Luxembourg	1.54	0.94	2.00
14	Canada	1.42	1.39	1.32
15	United Kingdom	1.42	1.33	1.37
16	Israel	1.36	1.26	1.35
17	Austria	1.15	1.38	0.81
18	Norway	1.14	1.48	0.70
19	Germany	1.12	1.05	1.09
20	France	1.12	1.17	0.96
21	Malaysia	1.12	1.01	1.12
22	Australia	1.02	0.89	1.05
23	Estonia	0.94	1.50	0.29
24	Spain	0.93	0.83	0.95
25	Belgium	0.86	0.85	0.79
26	New Zealand	0.77	0.79	0.69
27	China	0.73	0.07	1.32
28	Cyprus	0.63	0.64	0.56
29	Portugal	0.60	0.92	0.22
30	Qatar	0.52	0.86	0.13

Appendix 3

Global Competitiveness Index 2010-2011

Table 5: The Global Competitiveness Index 2010–2011

			SUBINDEXES					
	OVERALL INDEX		Basic requirements		Efficiency enhancers		Innovation and sophistication factors	
Country/Economy	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Switzerland	1	5.63	2	6.05	4	5.41	2	5.71
Sweden	2	5.56	4	5.98	5	5.32	3	5.67
Singapore	3	5.48	3	6.05	1	5.49	10	5.07
United States	4	5.43	32	5.21	3	5.46	4	5.53
Germany	5	5.39	6	5.89	13	5.11	5	5.51
Japan	6	5.37	26	5.35	11	5.17	1	5.72
Finland	7	5.37	5	5.97	14	5.09	6	5.43
Netherlands	8	5.33	9	5.82	8	5.24	8	5.16
Denmark	9	5.32	7	5.86	9	5.20	9	5.15
Canada	10	5.30	11	5.77	6	5.32	14	4.95
Hong Kong SAR	11	5.30	1	6.12	2	5.48	24	4.46
United Kingdom	12	5.25	18	5.58	7	5.28	12	4.98
Taiwan, China	13	5.21	19	5.58	16	5.05	7	5.23
Norway	14	5.14	17	5.65	12	5.13	17	4.83
France	15	5.13	16	5.67	15	5.09	16	4.83
Australia	16	5.11	12	5.74	10	5.20	22	4.54
Qatar	17	5.10	13	5.73	26	4.68	23	4.48
Austria	18	5.09	15	5.67	19	4.93	13	4.97
Belgium	19	5.07	22	5.45	17	5.01	15	4.91
Luxembourg	20	5.05	10	5.81	20	4.92	19	4.76
Saudi Arabia	21	4.95	28	5.32	27	4.67	26	4.41
Korea, Rep.	22	4.93	23	5.42	22	4.81	18	4.81
New Zealand	23	4.92	14	5.71	18	4.97	28	4.30
Israel	24	4.91	39	5.12	23	4.75	11	5.05
United Arab Emirates	25	4.89	8	5.82	21	4.82	27	4.37
Malaysia	26	4.88	33	5.19	24	4.72	25	4.45
China	27	4.84	30	5.27	29	4.63	31	4.13
Brunei Darussalam	28	4.75	20	5.48	67	4.05	72	3.42
Ireland	29	4.74	35	5.18	25	4.68	21	4.55
Chile	30	4.69	37	5.15	35	4.51	44	3.91

Appendix 4

Doing business ranking

Economy	Ease of Doing Business Rank ▲	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
New Zealand	1	1	1	1	1	1	8	16	8	13
United Kingdom	2	6	3	8	1	6	5	9	15	6
United States	3	4	8	5	3	2	15	10	7	12
Denmark	4	8	2	10	6	11	3	1	19	4
Canada	5	3	9	14	15	2	2	19	23	2
Norway	6	13	23	2	19	9	7	5	3	3
Ireland	7	5	12	22	6	2	1	11	20	8
Australia	8	2	21	13	3	15	12	17	11	10
Finland	9	12	18	9	15	15	16	2	10	5
Sweden	10	16	6	7	25	11	11	3	21	15
Iceland	11	10	10	4	15	18	10	28	2	14
Korea, Rep.	12	18	7	21	6	18	13	4	4	11
Japan	13	25	15	19	6	7	26	12	12	1
Germany	14	24	4	20	6	21	23	8	5	22
Belgium	15	11	13	30	19	7	17	21	13	7
France	16	7	5	27	19	18	14	14	6	26
Switzerland	17	23	11	6	6	30	5	20	17	25
Israel	18	15	29	28	3	2	22	6	29	24
Netherlands	19	21	27	16	19	24	9	7	18	9
Portugal	20	17	28	11	26	13	19	15	16	18
Austria	21	27	20	12	6	28	24	13	8	17
Slovak Republic	22	19	19	3	6	24	28	30	25	21
Slovenia	23	9	21	25	29	9	21	24	24	23
Luxembourg	24	22	14	26	29	26	4	18	1	27
Hungary	25	14	25	15	15	26	25	27	14	29
Spain	26	29	16	18	19	21	18	23	21	16
Czech Republic	27	28	24	17	19	21	29	26	27	20
Poland	28	26	30	23	6	13	27	22	26	30
Italy	29	19	26	24	26	15	29	25	30	19
Greece	30	30	17	29	26	29	20	29	28	28

Appendix 5

Environmental business clusters and subsectors

Environmental business clusters and subsectors

Main sectors	Subsectors
Clean processes, materials and products	Material efficient production methods Low emission production methods Material efficient final products Ecologically disposable products Production of ecological materials (nano-, biomaterials etc)
Efficient energy use and energy saving	Monitoring, auditing and certification of energy production and consumption Energy efficient machines, equipment and systems Low energy equipment, insulation etc.
Clean energy production	Bioenergy and biofuels Wind energy Solar energy and heat pumps Hydrogen and fuel cell technology Other low emission energy technology
Recycling	Collection, recycling and reprocessing of materials Composting and anaerobic digestion
Waste management	Waste collection and transportation Waste treatment Waste storage and final deposal Waste-to-energy
Water management and waste water management	Water and waste water measurement, monitoring and analysis Tap water production, treatment and purification Industrial waste water treatment Municipal waste water treatment Other activities related to water treatment and protection of water systems
Air pollution control	Measuring of air quality and emissions Air conditioning and filtering Cleaning of exhaust and combustion gases CO2 capture and sequestration
Soil and landscape protection and restoration	Soil analysis and measurement Clean-up and restoration of soil Environmental construction and landscaping
Noise abatement	Measurement of noise Soundproofing and protection of hearing Planning of acoustics and soundproofing
Environmental data collection, PR, administration	Research and education Publishing activities, exhibitions, conferences Data and communication systems Consulting, assessment, financing, legal services Environmental sector networks and organisations Governmental activities

Appendix 6:

Table 1

Fiscal Flexibility Index And Sub-Indices

	Flexibility indices						Revenue sub-indices			
	2008 Fiscal Flexibility Index (FFI)	2008 FFI rank	2008 Expenditure Flexibility Index (EFI)	2008 EFI rank	2008 Revenue Flexibility Index (RFI)	2008 RFI rank	2008 Tax productivity	Rank	2008 Synthetic tax rate	Rank
Austria	(1.6)	29	(1.8)	30	(0.8)	23	0.4	10	0.7	9
Belgium	(1.8)	30	(1.6)	28	(1.4)	27	(0.3)	20	1.9	1
Bulgaria	0.8	8	0.9	7	0.5	10	(0.4)	21	(0.4)	22
Cyprus	1.1	7	(0.3)	19	2.2	1	0.3	12	(2.7)	30

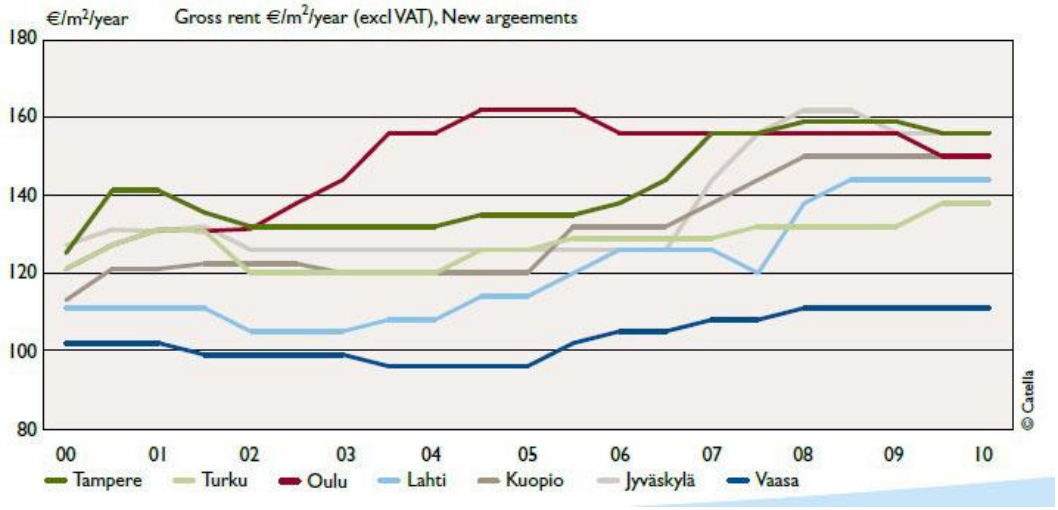
Table 1

Fiscal Flexibility Index And Sub-Indices (cont.)

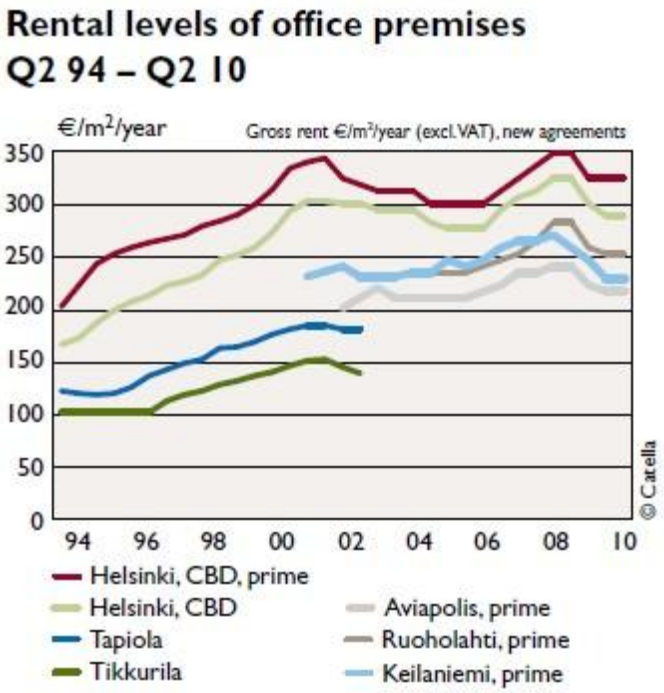
Czech Republic	0.4	11	1.0	5	(0.3)	21	0.3	11	0.1	14
Denmark	(1.3)	26	(0.8)	25	(1.4)	28	1.3	2	0.8	7
Estonia	1.2	2	1.7	2	0.3	12	0.1	14	(0.4)	24
Finland	(1.0)	23	(0.5)	22	(1.2)	26	1.2	4	0.7	10
France	(0.9)	22	(0.7)	23	(0.9)	25	0.0	16	1.1	4
Germany	(1.4)	28	(1.7)	29	(0.7)	22	(0.6)	24	1.2	3
Greece	0.0	16	(0.8)	24	0.8	7	(1.5)	28	(0.0)	15
Hungary	(0.1)	20	0.0	14	(0.2)	20	(0.7)	26	0.8	6
Iceland	0.6	9	0.8	8	0.2	13	1.0	5	(0.8)	25
Ireland	1.1	6	0.9	6	1.0	5	0.8	6	(1.6)	28
Italy	(1.2)	25	(1.2)	27	(0.9)	24	0.5	9	0.7	8
Latvia	1.1	5	1.7	3	0.2	14	(0.2)	18	(0.1)	16
Lithuania	1.1	4	1.3	4	0.6	9	(0.6)	25	(0.3)	21
Luxembourg	0.2	14	0.4	10	(0.0)	17	0.8	7	(0.4)	23
Malta	0.6	10	0.3	12	0.7	8	0.1	13	(0.9)	27
Netherlands	(0.2)	21	(0.1)	16	(0.2)	19	(0.0)	17	0.3	13
Norway	(1.1)	24	(0.2)	17	(1.7)	29	2.5	1	0.4	11
Poland	(0.0)	18	(0.0)	15	(0.0)	16	(0.5)	22	0.3	12
Portugal	0.1	15	(1.0)	26	1.2	4	(2.0)	29	(0.2)	19
Romania	1.9	1	1.9	1	1.3	3	(2.4)	30	(0.1)	17
Slovak Republic	0.0	17	(0.5)	21	0.5	11	(0.5)	23	(0.3)	20
Slovenia	(0.1)	19	0.0	13	(0.2)	18	(1.1)	27	1.0	5
Spain	0.3	12	0.4	11	0.1	15	0.0	15	(0.2)	18
Sweden	(1.3)	27	(0.3)	20	(2.0)	30	1.3	3	1.4	2
Switzerland	1.2	3	0.6	9	1.5	2	0.5	8	(2.0)	29
U.K.	0.3	13	(0.3)	18	0.8	6	(0.2)	19	(0.8)	26
Average	0.0		(0.0)		0.0		(0.0)		(0.0)	
Standard deviation	1.0		1		1.0		1.0		1.0	

Appendix 7

Gross rent in seven cities in Finland



Rent levels of office premises in Helsinki area (a comparison between Lahti and Helsinki)



Appendix 8

Interview questions for the Cleantech cluster in Lahti

1. What are the cleantech companies in Lahti region?

2. What is the internationalization stage of the companies at the present situation?

3. What are their services and products provided?

4. In your opinion, what kind of internationalization services is needed for these companies?

5. Are there any general internationalization projects and contacts established already?

6. If yes, what are the most important ones?

7. What about the future perspectives of internationalization for these companies?

8. Do you know anything about the Romanian market in regard to cleantech sector?

9. Are there any ongoing projects between Lahti cleantech cluster and Romania?

10. If yes, what are the projects about?

11. Are there any Lahti based companies interested to start their business in Romania?

12. If yes, which companies are interested and what are their future perspectives in regard to Romania?

13. Are there any existing cleantech companies already operating in Romania?

14. If yes, could you name the companies?

15. In your opinion, could Romanian market be interesting for developing a future partnership between the countries?