Matan Levin

# How to improve internationalization between Israeli and Finnish Hi-Tech companies

Master's degree in international business management

Spring 2025

KAMK • University of Applied Sciences

## Abstract

**Author:** Levin Matan.

**Title of the Publication:** How to improve internationalization between Israeli and Finnish Hi-Tech companies.

**Degree Title:** Master of Business Administration (MBA), international business management.

**Keywords:** Internationalization, Israel, Finland, business development, international marketing, market entry, hi-tech sector.

This thesis explores how Israeli and Finnish hi-tech companies can enhance international collaboration and overcome barriers to market entry. Although both countries are recognized as global innovation leaders, with strong startup ecosystems and dynamic high-tech industries, their cooperation remains relatively limited. Motivated by the author's personal connection to both nations and a strong professional interest in the high-tech sector, the research aims to provide new insights and practical solutions for strengthening bilateral partnerships.

The research is constructive research based on a real-world internationalization challenge. The study applies a qualitative approach and is supported by a comprehensive literature review based on theories of internationalization, secondary data from public sources, Hofstede's cultural dimensions, and interviews with stakeholders from both countries. In addition to its theoretical contribution, the thesis includes a development project: the creation of a practical business guide tailored to support Israeli Finnish high-tech collaboration. Using a co-development approach based on Lean Startup methodology, the guide was developed with user feedback to help companies navigate cultural differences, set mutual expectations, and align communication styles and work processes.

Key findings highlight complementary strengths between the two countries and emphasize the need for cultural alignment, institutional support, and strategic tools for successful cooperation. The study offers practical recommendations for companies in the high-tech sector and lays a foundation for future research and policy development in international business collaboration, aiming to provide a more integrated and strong innovation bridge between Israel and Finland.

Table of Contents

# 1 Introduction

Israel and Finland are two countries with well-developed ecosystems that promote startups, research, and industry collaboration (Pisanty, 2023, p. 1). The existing strong relationship between these two countries has paved the way for successful business collaborations across various sectors. However, the economies of these countries were not always as they are today, both Finland and Israel were historically low-technology economies that successfully advanced through rapid growth driven by technological innovation (Breznitz & Ornston, 2012, p. 2). Israel and Finland made a tremendous change over the last few decades. The fact that Israel and Finland are two markets with strong economies characterized by advanced technologies and a culture of innovation, gives great potential for hi-tech companies to cooperate and grow in the aforementioned markets.

The topic for this research is how to improve internationalization between Israeli and Finnish hi-tech companies. This topic was not chosen incidentally. The author's background is coming from Israel and Finland and in recent years took part in many business activities between these countries. In fact, this thesis was written with the aim of improving the business relationship between Israel and Finland, particularly in the hi-tech sector. Business growth can be integrated with personal development in daily work (Kegan et al., 2024, p. 5). With the hope that this thesis written from personal background and inspiration will contribute to positive outcomes and meaningful improvements. As existing research indicates, self-connection is not only valuable in its own right but also plays a key role in understanding other ways to improve the overall situation (Klussman et al., 2020, p. 5). Although the author comes with practical experience in this topic, in order to learn and improve, the thesis was written from external sources only and in an objective point of view as much as possible.

The thesis research questions are as follows:

1. How can Israeli and Finnish high-tech companies can better facilitate internationalization in these markets?

   a. What are the mutual Israeli and Finnish hi-tech industry market insights which may provide companies viable information, and assist them in marketing and management decisions?

   b. What are the barriers to internationalize between Finland and Israel in high-tech sector?

c. How Israeli and Finnish companies can overcome these obstacles and improve their internationalization in these markets?

The research is constructive research and is based on a real-world internationalization complexity. It does not focus on a specific case study such as project or a company but rather examines internationalization between two sectors within two different countries. This thesis employs a qualitative research approach. Qualitative research involves a detailed exploration of social and cultural phenomena (Goundar, 2012, p. 17). The systematic research was carried out to find out valuable information about Israeli and Finnish business internationalization using knowledge from a range of disciplines. There are many types of data collection (Patel & Patel, 2019, p. 52). In this study, rich and relevant data was collected and analyzed through semi-structured interviews conducted with representatives from Israeli and Finnish high-tech companies. Interviews are conceived to describe judgments and perceptions and enable complex analyses of cause-and-effect processes (Goundar, 2012, p. 20).

In the analysis part of the thesis, a multi layered approach was managed to gain a comprehensive understanding of the business environments within Israel and Finland. This involved studying literature to establish a theoretical foundation, presenting various perspectives on business development in each country. Theoretical frameworks are significant to all our day-to-day work (Lederman & Lederman, 2015, p. 597). Additionally, an open-source software comparison tool was used to qualitatively analyze the two markets, providing cultural data insights into their respective economic characteristics, technological advancements, and innovation capabilities. Culture is the shared cognitive programming that sets one group or category of people apart from others (Hofstede, 2011, p. 3). In addition, interviews were conducted with key stakeholders and representatives from both Israeli and Finnish companies. These interviews offered valuable and practical information providing perspectives of industry professionals who have experienced working in collaboration between Israel and Finland. Unlike other methods, interviews possess unique qualities that give them a distinct advantage (Adhabi & Anozie, 2017, p. 6). Through this wide-ranging analysis made from different perspectives, the thesis builds a comprehensive understanding of the current business dynamics between Israel and Finland, setting the stage for strategic recommendations to operate and expand in these markets.

Following the analysis, the development phase of the thesis focuses on creating a practical business guide designed to foster collaboration between Israeli and Finnish hi-tech companies. This guide aims to serve as a valuable resource for companies looking to expand their operations and partnerships across these two innovative markets. As Rashid et al., emphasized (2019, p. 1), the

need for clear and practical guidelines is very much needed since it is challenging to execute a case study. The business guide addresses key considerations such as business cultural aspects, understanding consumer behavior, and leveraging each country's strengths in technology and innovation. By providing actionable insights and recommendations, the guide seeks to empower companies to effectively bridge gaps, reduce risks, and make the most of the shared ambitions of both nations to drive forward-thinking and mutual benefit business ventures.

The primary audience for this thesis is likely to be SME high-tech companies that wish to expand in these markets. Small-scale businesses are local or focused on niche markets, internationalization may need unavailable resources and therefore is most likely not part of the main business strategy. These types of companies prefer collaborating with competitors located nearby (Jankowska, 2011, p. 57). Large businesses have a global presence in multiple countries due to their frequent involvement in Foreign Direct Investment (FDI) across various nations (Lee et al., 2012). Thus, big firms have already the required knowledge and resources to perform in depth risk analysis before entering a new market. Secondary audiences may include high-tech support companies, government agencies, economic development organizations, investors, and innovation authorities. Lastly, this thesis could be certainly valuable also to a broad range of stakeholders, offering relevant insights to firms of all sizes, sectors, and levels of expertise.

In this thesis there is no commissioner, or the author serves as the commissioner. This is from a personal preference to carry out the research independently, guided by individual objectives rather than the needs of a specific company.

According to Welch et al., (2007, p. 34), “the greater the depth of knowledge and experience in foreign markets, the more confident a firm tends to be about making commitments, and about its judgment of the degree of exposure to risk”. Therefore, this thesis comes to provide more knowledge and experience in order to bridge the existing gaps and support Israeli and Finnish companies to expand in these two innovative markets.

The thesis paperwork figures design were made with blue and white colors in favor for the Israeli and Finnish flags and nationalities.

# 2 Internationalization of companies

The choice of methods for conducting business abroad is frequently viewed as a central element in how firms design and execute their internationalization strategies (Welch et al., 2007, p. 6). Today, there are many challenges in business development for companies who wish to expand in foreign markets. Internationalism and innovation create key business growth engines and consist substantial economic growth potential. Moreover, international marketing becomes more significant due to the increasing globalization of the world (Czinkota & Ronkainen, 2007, p. 4).

In the quest to enhance business operations within a specific market, a comprehensive understanding of the market dynamics is crucial. This requires a thorough examination of the market's unique characteristics, encompassing its challenges, advantages, disadvantages, and prevailing issues. Thus, understanding what is important or not to these groups becomes critical (Czinkota & Ronkainen, 2007, p.53). Through systematic research and analysis, companies can make informed decisions, fine-tune their strategies, and effectively implement business plans. In reality, companies often need to go beyond this when trying to create effective and profitable ways to operate in foreign markets with different and changing conditions and relationships (Welch et al., 2007, p.12).

The theoretical background sets basis for the research to explore what is already known today and how it is possible to use this knowledge to establish or improve the phenomenon in the cooperation between Israel and Finland. An inadequate theoretical framework is also a major issue (G. Lederman & S. Lederman, 2015, p.593). By building upon established theories and observations, this research aims to uncover new insights for promoting cooperation between Israeli and Finnish companies especially in the high-tech sector.

## 2.1 Internationalization business models

There are several methods to carry out business in foreign markets. Different business frameworks offer a variety of approaches to achieve this purpose. According to Dunning (2001) It is argued that each is individually insufficient and cannot adequately explain the preference for foreign direct investment instead of exporting, licensing, or other forms of inter-organizational arrangements (Welch et al., 2007, p.30). The “Eclectic Framework” is a business model which was

developed by John Dunning. The Eclectic Framework includes the following factors to explain the chosen foreign operation method: ownership, location and Internalization. Therefore, sometimes the framework is also called the OLI model or framework. The framework factors description are as follows:

Ownership (O): Ownership refers to a certain asset with competitive advantage that a firm possesses, which may include technology, trademarks, knowledge or any other viable advantage. Knowledge is a fundamental element influencing a company's process of expanding internationally (Babinska, 2013, p.2). Without it, the company would be unable to sustain itself in a competitive international environment (Welch et al., 2007, p.31).

Location (L): Location involves other geographic and economic attributes of a potential country for production, which is not the original home country. These advantages may include, for instance, vicinity to natural resources, cost efficiencies or regulatory benefits. The location factor is therefore not essential in determining if the firm will internationalize, but it is key in deciding whether to serve a foreign market through exports or local production (Welch et al., 2007, p.31).

Internalization (I): Internalization relates to the benefits of activity or asset in-house. The other option is to transfer this asset elsewhere. The abilities of an external organization should be thoroughly assessed and compared to the capabilities within the company (Czinkota & Ronkainen, 2007, p.258). The firm assesses whether internalization of operations would result in greater efficiencies and reduced risks compared to alternative market entry modes.

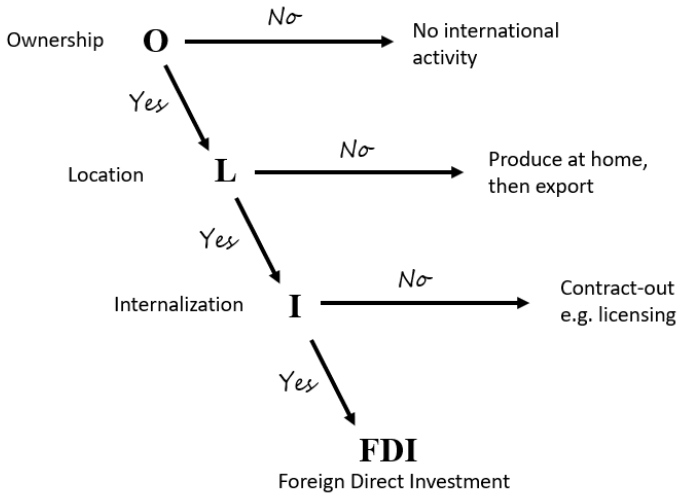



Figure 1. FDI decision tree based on the OLI framework (adapted from Welch et al., 2007, p. 31)

This Eclectic Framework, as illustrated above, presents the process for the required internationalization method. It is reasonable to assume that, considering economic and business factors, the features of this process affect the way firms internationalize (Johanson & Vahlne, 2017).

The decision tree essentially models the sequential evaluation process whereby a firm assesses its ownership advantages, the location advantages of potential host countries, and the internalization advantages of particular operation methods. This decision tree model assists managers and business experts in systematically analyzing the strategic choices confronting multinational enterprises.

## 2.2 International business strategy

In light of the opportunities and challenges presented by today's evolving marketplace, decision-makers must engage in strategic planning to better align markets with products and other company resources, aiming to enhance long-term competitive advantage (Czinkota & Ronkainen, 2007, p.194).

The first step in the global formulation strategy (as shown in Figure 2) is the assessment and adjustment of core strategies. This initial strategy involves a thorough analysis of the firm's existing competitive advantages and how these can be progressed or modified for diverse international markets. It can be assumed that any domestic collaboration is intended to support the firm's plans for international expansion (Jankowska, 2011, p.53). The company must analyze both within the company the ability to operate internationally and perform analysis on the foreign market and its competitiveness. Collaboration with others impacts the firm's international competitiveness (Jankowska, 2011, p.55).


Figure 2. Global Strategy Formulation. (adapted from Czinkota & Ronkainen, 2007, p.194). The appreciation by the source was given to Robert Grant.

The next step afterwards is the formulation of a global strategy that demands on broader strategic planning. This stage may involve making pivotal decisions regarding market selection, competitive positioning, and resource allocation as well as other key decisions. The planning process should start with a clear definition of the intended business strategy (Czinkota & Ronkainen, 2007, p.194). The strategy program might need to include strategic decisions related to product features, pricing strategies, distribution channels, and promotional tactics. This stage of the planning process involves executives from various departments, particularly marketing, production, finance, distribution, and procurement (Czinkota & Ronkainen, 2007, p.195). The management tactical choices need to take into consideration the competitive strategy within the country target. It is also essential to develop a well-crafted and effective strategy for entering and managing different markets (Podnebesnikova, 2021).

The global marketing program involves creating a marketing plan that effectively provides the organization's value proposition in foreign markets while maintaining brand consistency. Moreover, the program must be aligned with the overall global strategy yet flexible enough to accommodate local market changes. Competition can enhance and reshape a firm's competitive

potential (Jankowska, 2011). For a firm newly entering the global market, knowledge of international complexities is limited, time demands are high, success is uncertain, and the international environment is often rigid (Czinkota & Ronkainen, 2007, p.11). This requires understanding of consumer behavior and cultural differences, enabling the adaptation of marketing messages to effectively respond with local audiences.

The last step is the implementation of the global strategy, this is the stage where all the planning and strategizing come to take place. It is the process of executing the global strategy and ensuring that the intended objectives are met. Objectives represent the reasons or motivations for purchasing or adopting the marketed concept (Czinkota & Ronkainen, 2007, p.18).

Efficient allocation of resources, including financial, human, and technological resources, is crucial for successful implementation. The human resources primarily required for developing international business are individuals who already have international business knowledge and expertise or who can effectively acquire it for the company (Poyhtari, 2019, p.14). Additionally, if needed this may involve recruiting specialists with the required expertise, investing in technology for global communication, and securing the necessary financial investments to support market entry and expansion plans. External support sources collectively offer motivation, initiation, funding, resources, skills, expertise, knowledge of internationalization, and relevant networks (Poyhtari, 2019, p.60). Consistent monitoring and performance evaluation are essential to ensure that the implementation aligns with the strategic objectives. A business firm eventually may lose control over its main activities and resources (Jankowska, 2011, p.51). At the same time as implementation, control mechanisms need to be established. Since the marketplace is constantly changing, it is necessary to monitor environmental factors, competitors, channel partners, and customer responses (Czinkota & Ronkainen, 2007, p.20). Companies should implement control mechanisms that allow for real-time feedback and enable quick responses to any deviations from the planned strategy. This could involve, for example, market audits, customer feedback, financial audits or by any other means.

To conclude, it is important to add that in this chapter we examined what are the steps involved regarding the overall international business strategy. However, according to current thinking in international business, there is no single internationalization strategy that is universally appropriate. “A strategy makes sense if it provides a good match between a firm’s resources and capabilities and the market conditions it faces” (Welch et al., 2007, p.12).

## 2.3 Internationalization process

According to Welch et al. (2007, p. 34), several internationalization process models were developed, among others are Johanson and Vahlne (Uppsala model 1977, 1990), Johanson and Wiedersheim-Paul (1975), Luostarinen (1979), Hedlund (1994), Vermeulen and Barkema (2002), and so forth. International business literature includes various theoretical models that seek to explain the gradual and step-by-step internationalization processes of firms (Aspelund et al., 2006, p. 1424). Their research has shown the interconnection between the experience knowledge of the firm and the decision-making affecting the operational aspect. The model's fundamental assumptions are that the absence of this knowledge significantly delays the growth of international operations, and that the required knowledge is primarily gained through conducting business abroad (Johanson & Vahlne, 2017, p.23).

Their research describes several depths about internationalization. First, they found a strong overall correlation between the order of initial market entry and the 'psychic' distance from the home country (Welch et al., 2007, p.35). A good example for that is that companies in Israel in many cases will expand to the US market, and less for Russia, Japan or Brazil. This is due the relatively close "psychic" distance and the high acquaintance of this market.

Their findings also showed that 'psychic' distance was a more influential factor than market size in explaining companies' location choices (Welch et al., 2007, p.35). Obviously, in many cases companies in Finland are operating with the European market, and not necessarily with India or China which can provide a higher potential marketplace. Given the current economic conditions and in recent years, particularly in Europe, the debate has intensified, with countries investing tens of billions of euros in various initiatives to boost economic growth (Sipola, 2015, p.276).

Additionally, in terms of their choice of location, firms tend to enter countries successfully according to how similar (or, conversely, how psychic or culturally distance) they are to their own home countries. It can be assumed that it will be easier for Finnish companies to expand in Sweden rather than in other countries, and in a similar way for US companies to expand in Canada for example and vice-versa. Many European companies naturally become international marketers due to the close proximity of neighboring countries (Zekiri & Angelova, 2011, p.579).

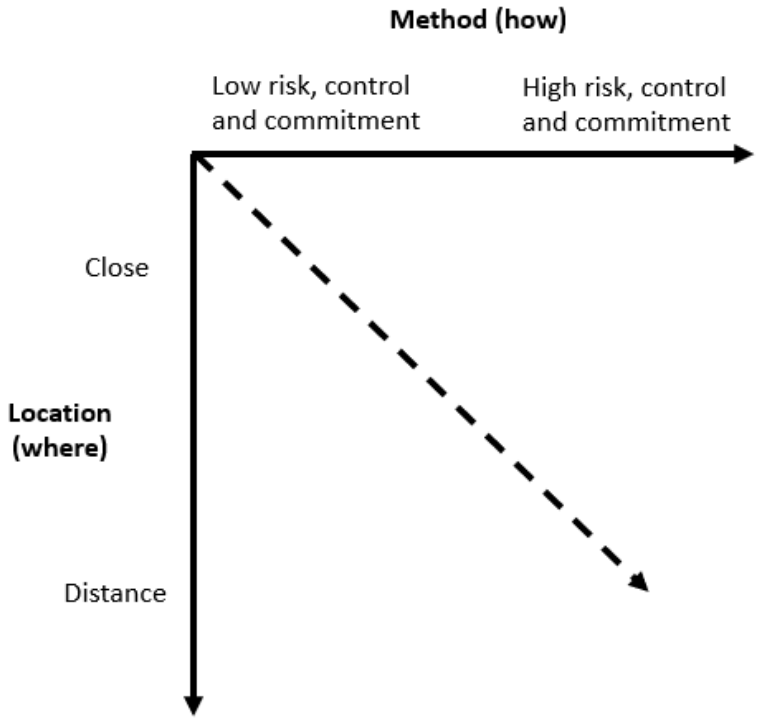



Figure 3. Uppsala internationalization model dimensions of international expansion (adapted from Welch et al., 2007, p. 35 by Johanson and Vahlne 1977)

Finally, Johanson and Wiedersheim-Paul (1975) reported that the speed of internationalization increased overtime (Welch et al., 2007, p.35). This can be presumed due to many reasons such as more knowledge and experience, reduced risks, and improvements within the company internationalization practices. Autio et al., (2000) It was shown that the earlier firms expand internationally, the higher their knowledge intensity and the quicker their international growth, leading to the adoption of an international identity (Babinska, 2013, p. 14).

Despite all that was said above, even though differences in distance, culture and other characteristics have certain disadvantages, it is important to emphasize the business potential that exists in every separate business case, especially related to the competitors. The larger the cultural difference, the higher the uncertainty for an entrepreneurial manager, as well as the greater the potential competitive disadvantage for the firm compared to those already operating in those international markets (Perks & Hughes, 2007, p. 6).

In this chapter different models of the company's internationalization expansion process were described. This information is very valuable when we come to study how business development between Israel and Finland can be improved, and how is it possible to bridge the current gaps. A

marketer should view other cultures not in terms of right or wrong, but simply different. By adopting this perspective, the marketer can reduce conflicts, ease frustrations, enhance communication, and foster long-term international business relationships (Zekiri & Angelova, 2011, p. 581).

Another theory with different perspectives regarding internationalization process is the theory of International New Ventures by Oviatt and McDougall (1994) which explains how several business firms internationalize quickly from their inception, rather than following the traditional and gradual internationalization models like the Uppsala model. New ventures with limited resources can also achieve success in the international market (Oviatt & McDougall, 1994, p. 46).

According to Oviatt and McDougall (1994), International new ventures are business organizations that, from the very beginning, aim to gain substantial competitive advantage by utilizing resources and selling products or services across multiple countries (Oviatt & McDougall, 1994, p. 49). Their framework explains the phenomenon by integrating international business, entrepreneurship, and strategic management theory.

They identified four different types of International New Ventures. Export/Import Start-Ups Importers and exporters profit by moving goods from nations where they are to nations where they are demanded. Export/Import Start-ups focus on serving a few nations with which the entrepreneur is familiar. Multinational traders operate across multiple countries and continuously search for trading opportunities within their existing networks or in places where new networks can be rapidly established (Oviatt & McDougall, 1994, p. 58).

Geographically Focused Start-ups derive advantages by serving well the specialized needs of a particular region of the world through the use of foreign resources. In essence, competitive advantage lies in effectively coordinating various value chain activities, including technological development, human resources, and production (Oviatt & McDougall, 1994, p. 58).

Global Start-up derives significant competitive advantage from extensive coordination among multiple organizational activities, the locations of which are geographically unlimited. These firms not only react to global market trends but also take proactive steps to acquire resources and sell their products or services wherever they hold the highest value globally (Oviatt & McDougall, 1994, p. 58).

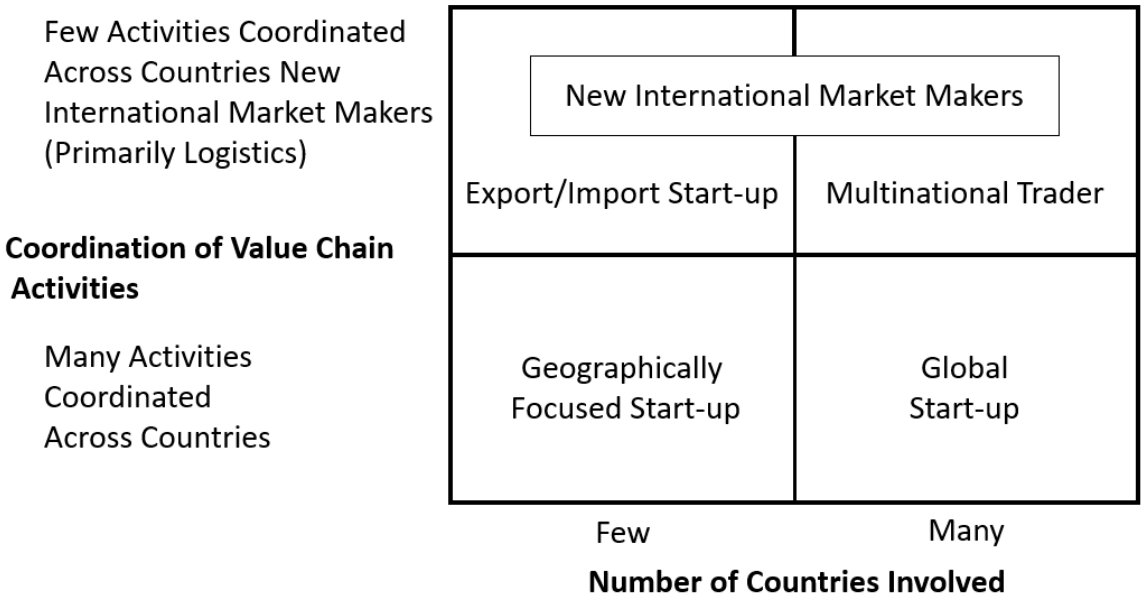



Figure 4. International New Ventures (adapted from Oviatt & McDougall, 1994, p. 59)

The framework by Oviatt and McDougall (1994) provides additional internationalization theories beyond the traditional multinational enterprise concepts, which certainly can be relevant when analyzing our phenomenon about the cooperation between Israel and Finland. The framework takes into consideration concepts of internalization, location advantage, strategic management and sustainable competitive advantage. All which are significantly meaningful within the internationalization processes.

## 2.4 International marketing

International marketing involves planning and executing transactions across national borders to create exchanges that meet the goals of both individuals and organizations (Czinkota & Ronkainen, 2007, p.4). The chosen international marketing strategy is probable to have a key effect on the international performance of a business firm (Aspelund et al., 2006, p. 1424). A firm that adopts a differentiation strategy can gain a competitive edge over its rivals by establishing entry barriers for potential competitors, achieved through building customer and brand loyalty via high-quality products, advertising, and marketing efforts (Wen-Cheng et al., 2010, p.101).

For international marketing managers, the selected mode shapes the marketing process and influences the range of available marketing strategy options (Welch et al., 2007, p.6). This approach addresses marketing aspects like distribution, promotion, and pricing in the sequence that best

aligns with the firm's specific level of expertise (Czinkota & Ronkainen, 2007, p.5). Studies have explored in depth the strategic processes that occur around the time of a firm's founding and influence its internationalization, particularly how key early decisions affect the firm's strategic and marketing choices, and how these, in turn, shape its overall development (Aspelund et al., 2006, p. 1442). Choosing international marketing channels is one of the most challenging tasks for managers. For many global companies, expanding and gaining a foothold in foreign markets has typically taken years (Gabrielsson & Kirpalani, 2004, p.1).

Despite everything mentioned above, the need to adapt, understand change, and still carry out successful transactions highlights that international marketing is both an art and a science (Czinkota & Ronkainen, 2007, p.5).

## 2.5 Market matrix concepts

A global strategy does not mean that a company must operate worldwide. Instead, key decisions involve how the company allocates its resources across various countries and market segments (Czinkota & Ronkainen, 2007, p.197).

The macro-environment plays a crucial and decisive role in environmental analysis, encompassing Political and Legal, Economic, Socio-cultural, and Technological forces, and is referred to as PEST factors (Zekiri & Angelova, 2011, p.579). Companies often face numerous obstacles when deciding to enter new markets. Factors such as safety regulations, environmental standards, packaging, labeling, patents, trademarks, and copyrights are crucial for business success (Zekiri & Angelova, 2011, p.573).

According to Czinkota and Ronkainen (2007), various portfolio models have been proposed as tools for this analysis. This kind of model should be used in the early stages of the internationalization course. They typically involve two measures, internal strength and external attractiveness. Uncontrollable forces are external factors beyond management's direct control, though management can still influence them to some extent. In contrast, internal forces are controllable factors that management manages in order to adapt to changes in these uncontrollable forces (Zekiri & Angelova, 2011, p.572).

The following variables have been used as indicators of internal strength: relative market share, product fit, contribution margin, and market presence, which reflect both the level of support

from stakeholders and the resources allocated by the company. Country attractiveness has been assessed based on market size, market growth rate, the number and type of competitors, government regulations, and the country's economic and political stability (Czinkota & Ronkainen, 2007, p.198).

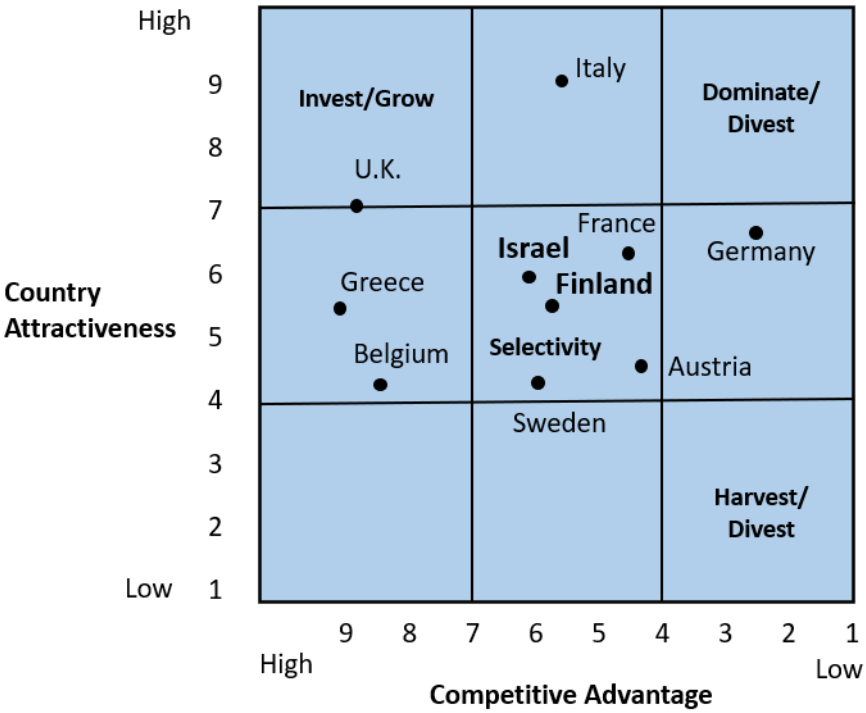



Figure 5. Market-Portfolio Matrix (adapted from Czinkota & Ronkainen, 2007, p.197). Source: Adapted from Gilbert D. Harrell and Richard O. Kiefer,"Multinational Market Portfolios in Global Strategy Development," International Marketing Review 10 (no. 1, 1993): 60–72

Israel and Finland are positioned in the center of the matrix (see Figure 5), this can be interpreted in several ways:

Being in the center may indicate that Israel and Finland offer a certain balance between market attractiveness and the relative strength of the company within these markets. This suggests that there is viable potential for business activities, but companies should also be aware of possible challenges. Combining effective management of technology with the management of softer aspects would provide an advantage to the organization (Wen-Cheng et al., 2010, p. 103).

A central position could also imply that there is potential for improvement in both market attractiveness and the company's ability to leverage these opportunities. These markets might require investment in areas such as technology, research and development, or marketing to enhance the

potential for success. Companies might consider strategies such as partnerships or strategic alliances to strengthen their position in the market or to make the market more attractive. Choosing which markets to enter should be a strategic decision, integrated into the firm's overall strategy (Zekiri & Angelova, 2011, p. 583).

Since the market-portfolio matrix provided by Czinkota & Ronkainen (2007) has to do with attractiveness and competitive advantage and naturally may change over time there are several ways to confront this. One possibility is to use the traditional theories to evaluate market entry such as: SWOT, PEST, PESTLE, etc. Additional possibility is to use the Global Innovation Index which is further described in chapter 3. This is in order to get an indication of the level of innovation in the current market.

Yet, another well-known market product-matrix is the Ansoff Matrix. The Ansoff Matrix is a strategic planning framework that connects an organization's marketing strategy to its overall strategic direction (Loredana, 2017, p. 144). The Ansoff Product/Market Matrix is a strategic tool used by businesses to plan growth by identifying how to market existing or new products to existing or new markets. The target markets aspect focuses on selecting the right customer segments in each quadrant of the matrix. Ansoff created his generic product/market matrix to address the key question: which products should be offered in which markets? (Bickhof et al., 2014, p. 52).

The Ansoff matrix presents four alternative growth strategies in the form of a 2x2 table. A total of 4 boxes where each one presents different strategies. The sequence of these strategies is as follows:

The box at the top left describes Market Penetration. This involves maintaining current business activities without expansion. Instead, the company should focus on strengthening its existing position to achieve or defend market leadership through strategies such as product relaunches and price reductions (Bickhof et al., 2014, p. 53).

The bottom left box explains Market Development. This typically involves reaching new customer segments within the same geographic market, but it can also include expanding the existing market into new geographic areas (Bickhof et al., 2014, p. 53).

The top right box describes Product Development. Product development involves providing existing customers or geographic markets with either entirely new products, often acquired through purchasing a subsidiary, or new product lines and system solutions that expand on the current range of products and services (Bickhof et al., 2014, p. 53).

The bottom right box is the Diversification. Diversification involves a complete change from any prior expertise, with the company supplying new products in new markets (Bickhof et al., 2014, p. 53).

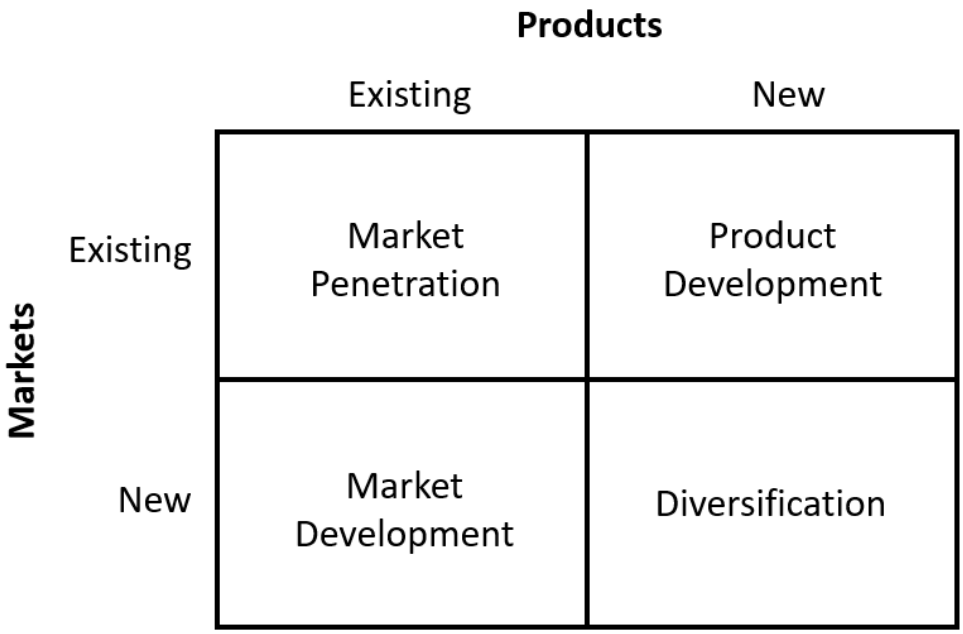



Figure 6. Ansoff Matrix (adapted from Bickhof et al., 2014, p. 53).

According to Bickhof et al., (1994), the SWOT model should also be integrated with the Ansoff matrix mode since they are both complementary analyses. Within this framework, it includes the four main horizontal growth strategies: market penetration, market development, product development, and diversification. The descriptive findings from the SWOT analysis are essential at this stage, as they inform the evaluation of these options and the formulation of a potential corporate strategy (Bickhof et al., 2014, p. 52).

Although Igor Ansoff first published his product-market matrix in 1957, it remains relevant to this day. The model was developed with the goal of shaping future corporate strategy (Bickhof et al., 2014, p. 52). Israeli and Finnish business colleagues, especially in hi-tech sector, can integrate this matrix with current procedures in order to plan and evaluate their internationalization strategies.

## 2.6 Foreign operations methods

A critical part of internationalization determines the foreign operations methods. In a more broad or general sense, they refer to the methods internationalizing organizations use to operate in foreign markets (Welch et al., 2007, p.3). Usually, a mixture of factors results in firms taking steps in a given direction. The same applies to internationalization, where various push and pull factors drive firms toward expanding internationally (Czinkota & Ronkainen, 2007, p.282). Entry mode selection, such as exporting, licensing, joint ventures, or wholly owned subsidiaries, also forms a key aspect of this step. Each entry mode presents unique risks and opportunities, necessitating a thorough analysis of factors such as market potential, competitive landscape, and regulatory environment. According to Welch et al., (2007) The foreign operation methods can be categorized into three main groups: contractual modes, exporting and investment modes (see Figure 7).

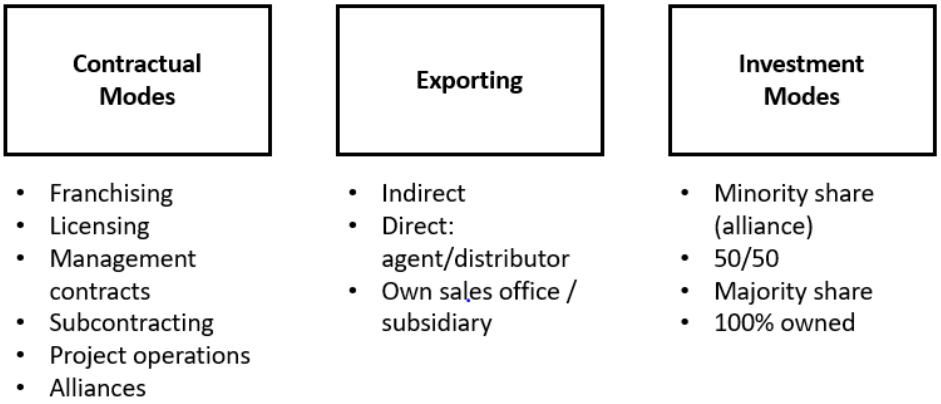



Figure 7. Foreign operations method options (adapted from Welch et al., 2007, p. 4)

Each of the categories illustrated above includes a wide range of strategic variations. Contractual operation modes typically carry lower financial risk and offer limited control, but they provide operational flexibility and quicker access to markets. Licensing, for instance, enables rapid market entry with minimal risk and a modest budget (Michalski, 2015, p. 110).

Exporting can be conducted indirectly through intermediaries or directly via agents, distributors, or company-owned sales offices. Exporting is often the initial step firms take when entering new markets, enabling them to test the market before committing substantial resources. Compared

to contractual modes, it involves a higher level of risk. Additionally, securing investment for exporting can be more challenging than for domestic operations (Michalski, 2015, p. 115).

Investment modes vary from minority joint ventures to full ownership of foreign subsidiaries. Before making any investment in an international market, a firm must carefully consider various factors (Michalski, 2015, p. 110). These options offer higher levels of control and involve greater risk as well as resource commitment.

With regard to the methods of operation and internationalization of Israeli and Finnish hi-tech companies, if a company wants to internationalize it could be done in several different approaches. These expansion options imply different levels of risk and varying degrees of control that a company can employ over its international operations (Czinkota & Ronkainen, 2007, p.303). For many business firms, internationalization is a gradual development, mostly in small markets (Czinkota & Ronkainen, 2007, p.286). Additionally, it is worth noting that companies can integrate multiple approaches to customize their internationalization strategies according to the unique features of each market (Welch et al., 2007, p.4).

## 2.7 Hi-tech companies choice of competitive strategy

Differentiation and cost leadership strategies aim to achieve competitive advantage across a wide array of market or industry segments (Wen-Cheng et al., 2010, p.102). In global markets, marketing managers must strategically select one of three main competitive strategies: cost leadership, differentiation, or focus (Czinkota & Ronkainen, 2007, p.196). These strategies, as shown in Figure 8, offer separate paths for achieving competitive advantage in the international business markets.

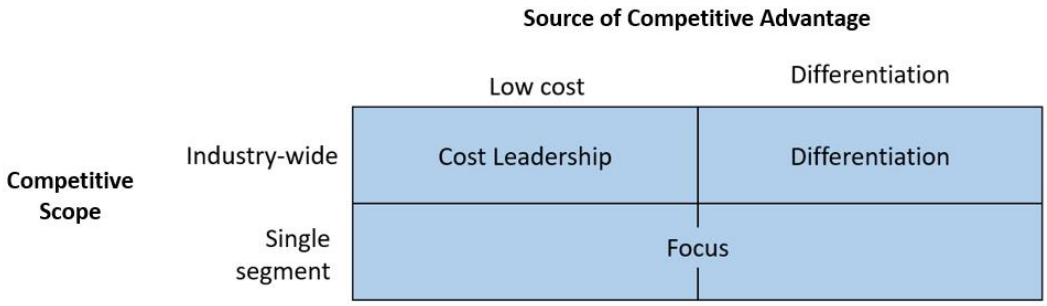


Figure 8. Competitive Strategies (adapted from Czinkota & Ronkainen, 2007, p.196). Source: Michael Porter, Competitive Advantage: Creating and Sustaining Superior Performance (New York: Free Press, 1998), chapter 1.

The cost leadership strategy focuses on providing products or services at a lower cost than competitors while maintaining similar quality. This cost advantage enables the company to expand its market share (Wen-Cheng et al., 2010, p.102). This approach requires significant investment in achieving economies of scale and demanding cost control encompassing overhead, research and development, logistics and so forth.

Differentiation aims to establish a unique market position by offering distinctive product features. This approach typically involves charging a premium price, which reflects the higher production costs and additional value provided to the consumer (Wen-Cheng et al., 2010, p.101). Thus, a company adopting a differentiation strategy benefits from price-inflexible demand for its products or services (Wen-Cheng et al., 2010, p.102). This strategy can be applied industry-wide or targeted toward a specific market segment.

A focus strategy targets a specific industry segment, with an emphasis on either low cost or differentiation within that segment (Czinkota & Ronkainen, 2007, p.196). This strategy allows firms to meet the specific needs of a defined customer group, providing tailored solutions that align with their preferences.

Selecting a competitive strategy in global markets is crucial for a firm's capacity to gain and maintain a competitive advantage. For hi-tech companies, any of these strategies can be applied globally or regionally, or marketers may choose to combine strategies depending on the specific market or product characteristics (Czinkota & Ronkainen, 2007, p.196). In general, hi-tech companies will most likely integrate differentiation with low-cost measures to effectively enter markets and expand market share.

## 2.8 Entry to market

There are many circumstances when considering whether to enter a certain market and how. A key principle is that lower capital requirements lead to more market entry opportunities and increased competitive intensity (Bickhof et al., 2014, p. 56). However, the implementation process is equally essential. After selecting target foreign markets, the next question is determining the

most effective way to enter them. An international market entry mode refers to the institutional framework required for introducing a company's products, technology, and human resources into a foreign market or country (Bickhof et al., 2014, p. 97).

Companies aiming to expand internationally need to choose an appropriate entry mode into foreign markets to optimize the use of their resources (Zekiri & Angelova, 2011, p.573). Marketing has evolved greatly due to the growing globalization of markets and competition. Globalization represents a business approach grounded in the idea that the world is becoming increasingly uniform (Czinkota & Ronkainen, 2007, p.189).

Today, however, globalization has changed this approach, with companies increasingly integrating their international market entry and expansion strategies. This integration involves business expertise, professional and technical knowledge, coordination skills, and the capacity to manage change (Wen-Cheng et al., 2010, p.102). Instead of operating independently, companies are increasingly coordinating their efforts across countries to establish a cohesive global presence. This strategic shift enables businesses to leverage global opportunities while enhancing their competitiveness at home. By embracing a global marketing approach, companies can secure sustainability and success in an increasingly interconnected and competitive world. As global competition intensifies and the number of small international firms grows, managers face the challenge of efficiently coordinating resources to address tough competition and meet customer needs across multiple markets (Aspelund et al., 2006, p. 1441).

The figure below (Figure 9) presents three levels of entry to market forms according to Czinkota & Ronkainen (2007) and the expansion characteristics. Each of the three phases depends on the company's capabilities, the level of risk, overall business strategy, etc.

| Phase 1 | Phase 2 | Phase 3 |
|---|---|---|
| Leverage of domestic capabilities: foreign market entry<br><br>Objective: economies of scale | Expansion of foreign market presence<br><br>Objective: economies of scope | Coordination of global operations<br><br>Objective: exploit synergies throughout network |
| **Corporate Actions** | | |
| Driven opportunistically, often by approach of distributor or customer<br><br>Constrained by lack of funding (domestic growth still priority investment), so low cost entry<br><br>Risk minimized by entering close markets (geographically, culturally, economically)<br><br>Entry based on core products with technical superiority | Slower domestic growth creates greater pressure for foreign sales growth<br><br>New lines carried, sales mix broadens and reflects national market<br><br>Search for new customer segments, requiring new management skills<br><br>Countries develop own marketing programs<br><br>New applications sought Decentralization of R & D, production regional management reflects foreign experience | Product the broadened, new emphasis on full-line service rather than proprietary technology<br><br>Global account management<br><br>Coordination mechanisms (Global Task Forces)<br><br>Learning transferred between Countries<br><br>Headquarters introduces global<br>branding, packaging<br><br>Requires common culture |

Figure 9. Global Marketing Evolution (adapted from Czinkota & Ronkainen, 2007, p.189).
Source: Adapted from Susan P. Douglas and and C. Samuel Craig, "Evolution of Global Marketing Strategy: Scale, Scope, and Synergy," Columbia Journal of World Business 24 (Fall 1989): 47–58, and George S.Yip, Total Global Strategy II, Upper Saddle River, NJ: Pearson, 2002, chapter 1.

Figure 9 describes the progression of market entry development where phase one explains that each country targeted is an independent profit center (Czinkota & Ronkainen, 2007, p.189). Afterwards, phase two emphasizes that cross-border business operations should be more coordinated with a higher level of efficiency. The drawbacks of duplicating product development and manufacturing in each country become more evident (Czinkota & Ronkainen, 2007, p.190). The meaning of globalization in phase three is duplicating the national or regional operations at a global level. The growing number of globally operating customers, along with the presence of

similar competitors across major markets, reinforces the need for an integrated strategy (Czinkota & Ronkainen, 2007, p.190).

Successful international exchanges depend on identifying the most suitable market entry strategy and understanding environmental factors, the company's capabilities, and marketing mix activities, while carefully considering competitors' responses (Michalski, 2015, p. 111). Furthermore, in relation to the three phases of global marketing evolution discussed earlier, a firm should distinguish between ownership decisions and control decisions when considering entry into foreign markets (Dev et al., 2007, p. 14).

# 3 Secondary data of the hi-tech markets in Israel and Finland

This chapter explores secondary data and information of the hi-tech markets in Israel and Finland, searching for additional information from published reports and documentation e.g. governmental documents, economic offices, firm reports, books, etc. supported by academic literature. Secondary data analysis is conducted to interpret a selection of both published and unpublished materials obtained from various sources related to a specific topic. This process typically includes the summarization of key findings, critical analysis of the content, evaluation of the credibility and relevance of the sources, and synthesis of the information to draw meaningful conclusions (Onwuegbuzie et al., 2010, p. 88).

While the data presented here serves mostly as supplementary information, it offers valuable context for understanding the broader environment in which business collaborations between Israeli and Finnish companies may occur. For example, researchers can use quantitative data to strengthen the insights derived from qualitative findings, qualitative data to enrich interpretations based on quantitative results, or a combination of both to achieve a more comprehensive understanding (Onwuegbuzie et al., 2010, p. 88).

Onwuegbuzie et al., (2012) provide a broader definition, by stating that the literature, or in this case secondary data, could represent any of the following sources: “research articles, opinion articles, essays, article reviews, monographs, dissertations, books, Internet websites, video, interview transcripts, encyclopedias, company reports, trade catalogues, government documents, congressional/parliamentary bills, popular magazines, and advertisement”. In the context of this research, this supplementary information enriches the analysis by offering a nuanced understanding of the environments in which these high-tech partnerships operate.

Qualitative synthesis integrates systematic methods with the researcher’s interpretive judgment to convey the overall meaning and insights drawn from multiple research findings (Bearman & Dawson, 2013, p. 259). Thus, the information provided in this chapter provides essential background knowledge that perhaps does not directly influence business development strategies but offers rich insights into the foundational elements that shape both countries’ hi-tech ecosystems.

## 3.1 The success stories behind the two economies

Israel and Finland represent two remarkably different paths to high-tech success. Israel's entrepreneurial dynamism contrasts with Finland's coordinated long-term innovation policy. Yet both countries achieved remarkable outcomes in global technology leadership.

The Israeli economy, as described in Start-Up Nation (2011), succeeds on a culture of informality, speed, and adaptability. Entrepreneurship is not the result of centralized planning, but of individual initiative backed by a supportive innovation environment. "Israelis do not have a very discipline culture. From the age of zero we are educated to challenge the obvious, ask questions, debate everything, innovate" (Senor & Singer, 2011, p. 48). Israel's success reaches remarkably achievements in hi-tech sector and includes beyond the successful of the startup industry, also the achievements of the hi-tech industry as well. Israel ranks second only to the United States in the number of companies listed on the Nasdaq, rise above countries such as India, China, South Korea and Singapore (Senor & Singer, 2011, p. 14).

Israel's success story is rooted in a decentralized, bottom-up model of innovation. Its high-tech ecosystem is driven by individual entrepreneurs, supported by a culture that encourages rapid experimentation, risk-taking, and informal structures. Government involvement exists primarily in the form of funding support, such as innovation grants and tax incentives. The result is a fast-paced environment conducive to startup growth and quick commercialization. It is a story not only of talent, but also of resilience, relentless questioning of authority, purposeful informality, and a distinctive mindset toward failure, collaboration, mission-driven work, risk-taking, and cross-disciplinary innovation (Senor & Singer, 2011, p. 21).

Finland's innovation course took a different path, created on long-term national planning and institutional cooperation. The country focused on building a knowledge-based economy through education reform, public investment in research, and coordinated policy across sectors. In resource constrained countries like Finland, broad consensus, close collaboration, and active participation from all stakeholders, from shaping national strategies to executing practical governance are essential, particularly within growing global competition (Halme et al., 2014, p. 151).

Unlike Israel's bottom-up drive, Finland's model relies on strong public institutions that work closely with universities and private industry. National strategies emphasize sustainability, design excellence, and societal wellbeing, supported by stable innovation agencies and consistent funding mechanisms. The ICT sector has benefited from public financial backing alongside strong

collaboration between public research institutes, government technology agencies, universities and other educational institutions, and private enterprises (Halme et al., 2014, p. 3).

Despite these structural differences, Breznitz and Ornston (2012) identify a shared institutional attribute behind both countries' innovation trajectories: the presence of peripheral agencies operating at a distance from the traditional bureaucratic core. Breznitz and Ornston (2012) provides a very distinct point of view about Israel and Finland innovation and technology development. "We argue that this kind of experimentation is more likely to occur at the periphery of the public sector, in agencies with few hard resources and limited political prestige" (Breznitz & Ornston, 2012, p. 2).

Although this is not a purely case for Israel and Finland only. These findings can be generalized beyond Finland and Israel to other countries as well (Breznitz & Ornston, 2012, p. 2). Finland and Israel do show a successful case studies with effective peripheral support agencies. In both countries, it was the peripheral agencies with modest budgets and limited prestige such as the Finnish Fund for Research and Development (Sitra) and the Israeli Office of the Chief Scientist (OCS), that pioneered the radical policy innovations which later supported Rapid Innovation-Based (RIB) initiatives (Breznitz & Ornston, 2012, p. 8).

## 3.2 Hi-tech industries in numbers

The high technology sector is closely linked to both internationalization and innovation activities (Zemaitis et al., 2016, p. 39). Additionally, the globalization of internationalization activities and the democratization of research efforts significantly impact the development of the high technology sector (Zemaitis, 2016, p. 34).

According to Israel Innovation Authority (2024), Israel had 9,178 hi-tech companies with 396,000 employees in 2023. Organizational software, cybersecurity, and fintech accounted for 60% of high-tech investments in 2023, with 512 fundraising rounds raising a total of 8 billion USD. The distribution was as follows: 23% organizational software, 19% cybersecurity, 18% fintech, and the remainder in other sectors.

According to FiCom (2025), based on Statistics Finland's Structural business and financial statement statistics, Finland had a total of 9,653 ICT companies in 2021. ICT companies earned revenues totaling EUR 36,210 million in 2021. Of this, 50.4% consisted of the manufacturing of

computers and electronic and optical devices, 13.8% telecommunications, 31.2% software, consulting and related activities, and 4.6% information service activities. According to Statistics Finland's Labour force survey, the ICT sector employed 121,000 people in 2021.

Over the past few years, Israel and Finland have signed a number of agreements between the countries including technological cooperation in the field of ICT, key collaboration in the digital health, several defense related procurements and so forth.

It is hard to provide "apples to apples" comparison data between the hi-tech sector in Israel and in Finland, the terminology is different, where each one considers a hi-tech company slightly different. The classification of the high technology sector is multifaceted and frequently depends on regional contexts (Zemaitis, 2016, p. 34). In Israel, the term 'Hi-Tech' is widely used, whereas in Finland, many reports more commonly refer to the 'ICT' sector as the primary technology segment.

## 3.3 Innovation markets

A broad review of internationalization theories reveals a strong link between innovation and internationalization activities (Zemaitis et al., 2016, p. 47). Furthermore, innovation development at the global level is primarily associated with the high technology sector (Zemaitis, 2016, p. 34). But when we analyze the innovation of each country and its contributions for the mutual internationalization, we shall first identify what is actually innovation, specifically within the hi-tech sector? According to Global Innovation Index report (2024, p. 25). It highlights the role of innovation in generating positive impacts and provides policy recommendations to unlock the sector's potential. According to Tokyo's perspective (Startup Genome, 2024), "the spirit of innovation is prevalent and driven by startups that are developing world-changing technologies". However, It goes without saying that technological innovation is fundamental to economic growth and enhancing efficiency (Kline & Roesnberg, 2010, p. 279).

According to the Global Innovation Index (2024), the ranking is comprised of the following pillars: institutions, human capital and research, infrastructure, market sophistication, business sophistication, knowledge and technology outputs and creative outputs (Global Innovation Index, 2024, p. 26)

Here are the Global Innovation Index (2024) rankings:

| Rank | Economy | Score |
|---|---|---|
| 1 | Switzerland | 67.50 |
| 2 | Sweden | 64.50 |
| 3 | United States of America | 62.40 |
| 4 | Singapore | 61.20 |
| 5 | United Kingdom | 61.00 |
| 6 | Republic of Korea | 60.90 |
| 7 | Finland | 59.40 |
| 8 | Netherlands | 58.80 |
| 9 | Germany | 58.10 |
| 10 | Denmark | 57.10 |
| 11 | China | 56.30 |
| 12 | France | 55.40 |
| 13 | Japan | 54.10 |
| 14 | Canada | 52.90 |
| 15 | Israel | 52.70 |

Source: Global Innovation Index Database, GII, 2024.

Figure 10. Global innovation index.

Innovation outputs stem from the innovative activities taking place within the economy (GII, 2024, p. 252). The GII 2024 reveals who is leading globally in innovation, ranking the innovation performance of 133 economies and highlighting their strengths and weaknesses. According to the Global Innovation Index 2024, Finland ranks 7th in the rank of 50 countries globally in terms of innovation development and high-income economies. At the same time, Israel ranks 15th place globally (14th in the rank of hi-income). Israel (15th place) leads the Northern Africa and Western Asia region, although moving down one rank from previous year. It leads to several key innovation indicators, ranking 1st globally in R&D expenditure, venture capital received, R&D performed by business, ICT services exports and unicorn valuation (Global Innovation Index, 2024).

| Economy | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Finland ranking | 7 | 7 | 9 | 6 | 7 |
| Israel ranking | 13 | 15 | 16 | 14 | 15 |

Source: Global Innovation Index Database, GII, 2024.

Figure 11. The GII dynamo, 2020-2024.

Since both countries are key players in the global innovation landscape and can benefit greatly from cooperation. By using their complementary strengths, they can create synergies that boost innovation and growth for both. This partnership has strong potential to be a win-win situation.

As previously described (Chapter 3.1), Breznitz & Ornston (2012) indicate another strong innovation attributes of Israel and Finland driven by peripheral agencies. “As agencies successfully introduce radical policy innovations, their higher profile exposes them to greater political interference and reduces their entrepreneurial capacity” (Breznitz & Ornston, 2012, p. 2). This concept is backed by studies of Finland and Israel, two countries that once had low technology levels but managed to achieve fast growth through innovation.

Additionally, by examining how Finland and Israel entered new high-technology industries, we have shown how reform-minded policymakers can encourage Rapid Innovation-Based competition. We suggest that these initiatives are more likely to come from smaller, less powerful agencies on the edges of the public sector, rather than from major central organizations (Breznitz & Ornston, 2012, p. 27).

## 3.4 Startup countries

Israel and Finland have both established themselves as significant players in the global startup landscape. This chapter examines their startup ecosystems through the lens of the Global Startup Ecosystem report by Startup Genome (GSER 2024), and the Global Startup Ecosystem Index by StartupBlink (2024), Since the startup industry is an integral part of the high-tech industry, it is important to analyze the two high-tech industries in Finland and Israel and try to find key points for enhancement between these two countries.

The definition of start-up company according to StartupBlinq is a startup is any business that utilizes an innovative, technology-driven solution with the potential for scalable growth (StartupBlinq, 2024, p. 38). On the other hand, Genome defines a start-up as “an innovative or technology-driven company that was founded within the last 10 years and that has technology and/or scalability at the core of its business model. In addition to software, this includes startups active in deep tech, such as robotics, life sciences, and more” (Genome, 2024, p. 301).

As of 2023 (Statista), almost 4,580 technology startup companies were active in Israel. This reflected a significant decline of about 11 percent from the previous year. According to

WorkInFinland report (2024), approximately 3,800 startups companies are in Finland. Helsinki stands out as the primary startup hub, hosting more than half of the nation's startups and accounting for 82% of the total enterprise value.

According to StartupBlinq (2024), Finland ranks 11th globally and 4th in the EU in business score rankings, indicating a startup-friendly environment. Finland has a successful startup ecosystem supported by key benefits, such as world-class technology infrastructure, a talented workforce, and high levels of R&D investment. The Finnish business background is renowned for being stable and transparent, with a low level of bureaucracy and high openness to new technologies.

Israel has consistently held 3rd place globally for the fourth year, in spite of geopolitical challenges. There's a good reason why Israel is known as the Startup Nation. Despite its small size, the country manages to make a significant impact on the global startup ecosystem (StrartupBlinq, 2024, p. 64).

The figure below (Figure 12) presents the ranking of Israel and Finland according to StartupBlinq 2024. The figure includes each ecosystem and its total score, which is the sum of three sub scores measuring quantity, quality, and business environment. Additional details are provided to explain the components of each sub-score.

| | 2020 | 2021 | 2022 | 2023 | 2024 | Score (2024) |
|---|---|---|---|---|---|---|
| **Israel ranking** | **3** | **3** | **3** | **3** | **3** | **51.557** |
| **Finland ranking** | **13** | **14** | **14** | **13** | **14** | **18.147** |

| **Ranking methodology** | |
|---|---|
| **Quantity Score** | Total startups<br>Total investors<br>Total of coworking spaces<br>Total of accelerators<br>Total of startup-related meetups |
| **Quality Score** | Number of accumulated private sector startup investment<br>Number of startup sector employees<br>Total of unicorns and exits above $1B US<br>The attraction of startups in each ecosystem (traffic, domain authority, customer base)<br>R&D centers of international technology companies (e.g. Alphabet, |

| | |
|---|---|
| | Microsoft, Meta, Cisco)<br>Branches of international companies and brands (e.g. WeWork spaces)<br>Total of exits under $1B US<br>Total of global start-up events & conferences<br>Local presence of Pantheon associate<br>Global startup leaders' presence and impact<br>Total of start-ups accepted by top global accelerators per ecosystem<br>Total of market capitalization of listed companies in technology sectors |
| **Startup Business Environment** | Index of diversity<br>Internet speed<br>Internet costs<br>Internet freedom<br>Research and development investment<br>Many technological services (payment portals, ridesharing apps, cryptocurrency)<br>English level and proficiency<br>Passport power or travel freedom<br>Access to startup or digital nomad visas<br>Corporate taxation level<br>Labor laws supportive of startups<br>Corruption perception rating<br>Number of top-ranked universities by location |

Figure 12. Ranking results for Israel and Finland according to StartupBlinq 2024

According to StartupBlinq (2024), Israel continues to be a leader in Artificial Intelligence startups, with Tel Aviv ranked 7th and Jerusalem 25th globally in this sector. Tel Aviv excels in Cybersecurity, where it ranks 2nd in the world for the second straight year. Tel Aviv ranks 6th worldwide in the Social & Leisure industry, its top-performing sector, followed closely by 7th place in Software & Data.

Finland however offers growth opportunities for companies, especially in the fields of bioeconomy, clean and smart technologies, health and wellbeing, ICT and digitalization, and travel and tourism.

Figure 13 presents another widely recognized result from the Global Startup Ecosystem Report (GSER 2024), showing the world rankings of Israel and Finland. These rankings are based on a weighted average of five key factors: Performance (30%), Funding (25%), Market Reach (20%), Talent & Experience (20%), and Knowledge (5%).

| | Overall Ranking (2024) | Performance | Funding | Talent & Experience | Market reach | Knowledge |
|---|---|---|---|---|---|---|
| **Tel Aviv** | **4** | 10 | 8 | 9 | 10 | 7 |
| **Helsinki** | **40** | 1 | 1 | 1 | 1 | 1 |

Figure 13. The ranking of Israel and Finland according to Genome 2024 (GSER 2024)

According to the Genome Report (2024), the startup industry in Israel has three strong areas: AI, Big Data & Analytics, Cybersecurity and Life Sciences.

It is remarkable to consider that Finland and Israel, now recognized as global leaders in innovation, were once among the least research-intensive and lowest-technology economies. In the early postwar period, each invested less than one percent of their GDP in research and development (R&D). By 2000, however, both nations had successfully transformed into high-technology pioneers and international models of effective innovation policy (Breznitz and Ormiston, 2012, p. 8).

## 3.5 Investments

### 3.5.1 State investment in R&D

The role of industry in driving GDP growth has been extensively examined, particularly in the context of the industrial revolution, which emerged in the mid-18th century as the first major wave of innovation (Baneliene, 2021, p. 66). Research and Development (R&D) investment is a critical driver of innovation and economic growth. Nations that invest a larger share of their GDP in research and development (R&D) are frequently leaders in technological innovation, scientific breakthroughs, and industrial competitiveness. Such investment in research drives innovation, strengthens global standing, and contributes to an improved quality of life for their citizens (Worldstats, 2025).

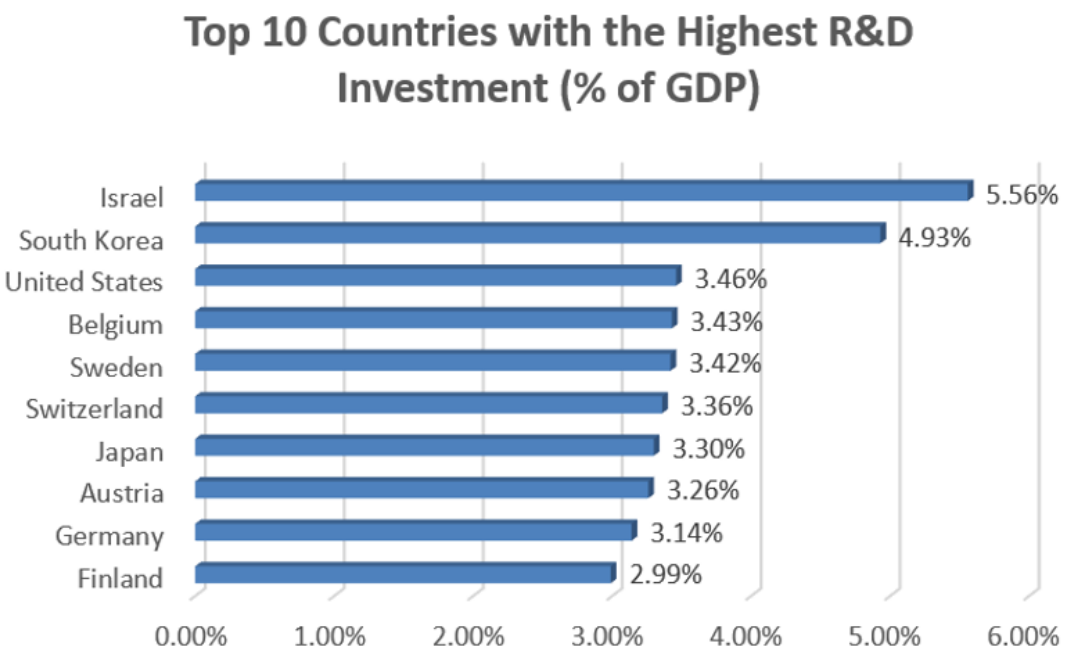



Figure 14. 10 countries with the highest R&D investment. Source: Worldostats World Data & Statistics. https://worldostats.com/rd-investment-of-gdp-by-country-2025

Israel leads globally in R&D investment, allocating an impressive 5.56% of its GDP to research and development. This high level of commitment highlights the strength of its innovation-driven economy and vibrant technology ecosystem (Senor & Singer, 2011, p. 14). Finland in a good position as well, located number ten in the world list with a focus on technology and sustainable development (Worldostats, 2025).

Research and development (R&D) encompasses a wide range of activities, including basic research, applied research, and the development of new innovations. Broadly, R&D refers to systematic efforts aimed at expanding knowledge and applying it to create new products, processes, or services (Liargovas, 2014, p. 5516). It is often assumed, and clearly understood, that greater investment in R&D will lead to greater applied research and to an increase in the number of inventions. This straightforward view of the innovation process positions R&D investment as the primary driver of technological advancement and, ultimately, economic growth (Liargovas, 2014, p. 5385).

### 3.5.2 Foreign direct investment

Foreign investments are seen as a driver of future economic growth and are considered a key factor in international economic integration (Winiarczyk et al., 2017, p. 139). High-technology industries need large investment funds which come in forms of Foreign Direct Investment (FDI) (Ekananda & Parlinggoman, 2017, p. 195). Foreign Direct Investment plays a crucial role in the fast-changing process of international economic integration, often called globalization. FDI helps establish direct, stable, and long-term connections between economies (Winiarczyk et al., 2017, p. 140).

According to Lloyds band (2025), Israel has a quite liberal investment system, and most activities are open to both channels, private national and foreign investors. According to UNCTAD's World Investment Report 2024, Israel's inward investment flows decreased to 16.4 billion USD in 2023, compared to 23 billion USD one year before. At the end of the same period, the total stock of inward FDI stood at 244.4 billion USD.

Most of the FDI to Israel is focused on manufacturing (mainly for electronics equipment i.e. computers), information and communication support, professional scientific and technical activities, and financial and insurance activities. In terms of countries, the United States and the Netherlands are the main partners (where U.S. companies make up almost 2/3 of the over 300 research and development centers set up by international firms in the country). Moreover, Chinese investment in Israel has increased significantly in recent years, especially in the areas of software, IT services, and consumer electronics (Lloyds bank, 2025).

Israel has several assets attractive to foreign investors, including a high-skilled with multiple languages communication workforce and a strong R&D sector (it has the world's highest R&D intensity, almost twice the OECD average – data World Bank), advanced procedures and industrial technologies, governmental incentives and grants to foreign investors, a moderate bureaucracy and a diversified economy. The hi-technology sector, especially start-ups, has attracted a significant amount of foreign investment. However, the country's geopolitical environment is particularly unstable because of tensions with the Palestinian territories and support for American policy by Israel.

Foreign direct investment (FDI) flows to Finland have been varying in recent years, and were negative by 1.6 billion USD in 2023 (compared to +5.8 billion one year before) according to the World

Investment Report 2024 published by UNCTAD. At the end of the same period, the total stock of inward FDI stood at 149.6 billion USD (Lloyds bank, 2025).

The country's has various strengths including a highly educated workforce, a knowledge-based and innovative economy, a reputation for stability and lack of corruption, competitiveness, a strategic position at the center of a dynamic zone near Russia, within Scandinavia and the Baltic countries and its prominent orientation towards high technology, research and development. The country also offers strong expertise in ICT and cutting-edge technologies, such as microelectronics, quantum computing, forestry, shipbuilding, and renewable energy. In recent years, the government announced several tax incentives for foreign investors to conduct research and development activities in Finland. Among the country's weak points are the small size of its market, a high vulnerability to the international situation, considerable labor costs and a high degree of dependence of the country's banking sector on Scandinavian financial sectors. Furthermore, significant modifications to the Monitoring of Foreign Corporate Acquisitions Law entered into force (172/2012), widening the options of business acquisitions that are subject to mandatory pre-approval (Lloyds bank, 2025).

As for both countries investments in hi-tech sector, according to Lloyds bank (2025), In October 2024, the hi-tech sector in Israel alone attracted over 1 billion USD. No specific details were mentioned on the Finnish hi-tech sector. Nevertheless, according to Invest in Finland report (2021), Finland is number #1 leader in number of FDI projects in the Nordic Countries (according to Ey's Nordic Attractiveness survey conducted on 2019).

## 3.6 Future opportunities

When talking about internationalization between the two countries, it is worth looking at the vector of the high-tech sector and examining whether there is a connection between Israel and Finland. It is essential to identify the sectors that will be critical to the future global economy, such as innovations, climate-tech solutions, etc. (Israel Innovation Authority, 2024). As a technologically advanced, highly digitalized nation with a well-educated population, Finland is well-positioned to continue developing globally competitive high-tech products in the future (Finnish government, 2024).

After conducting research on which high-tech fields are of most interest within the next few coming years, it was found that there is a strong correlation between the two countries.

According to Israel Innovation Authority (2024), Our survey asked numerous venture capital funds about their expected investment focus over the next three years, compared to their current investment portfolios. The results indicate that these funds plan a growing emphasis on fintech and organizational software as key areas of investment in the near future.

They also anticipate growth in climate-tech segments such as energy, Agri-tech, Food-tech, and water technologies.

According to the Finnish government report (2024), Finnish companies face various challenges in their internationalization efforts. Although they have strong capabilities and competitive offerings, they are often restricted by unequal conditions in global trade. While Finland advocates for greater global market integration, there is also an expectation that Finnish firms will benefit from these exchanges. It is important to involve not only large corporations but also small and medium-sized enterprises in international activities. Moreover, Finnish companies are well-positioned to actively contribute to the procurement processes of major international organizations.

Finland focuses on its key strengths: digitalization, energy and education.

The figure below highlights the key sectors that are expected to be prioritized in the near future in both countries:

| | Israel | Finland |
|---|---|---|
| Source: | Israel Innovation Authority<br>2024 Annual Report<br>The State of High-Tech | Finnish Government Report on International Economic Relations and Development Cooperation<br>Publications of the Finnish Government 2024:39 |
| Key focus for the near future | Fintech<br>Organizational software<br>Energy<br>Agri-tech, food tech and water | Digitalization<br>Education and research<br>Climate and energy |
| Other sectors in the survey with less focus | Smart transportation<br>Content and media<br>E-commerce<br>Pharma and life sciences<br>Medical devices<br>Communications and semi-structured<br>Digital health<br>Cyber | Transportation<br>Health |

Figure 15. Israel & Finland's hi-tech sector future steps

As highlighted in the future opportunities analysis, the comparison presented above (see Figure 15) is excellently summarized by the Finnish government's statement in the report: during times of geopolitical tension, partnerships and collaboration with like-minded countries should be strengthened (Finnish government, 2024).

# 4 Research and development methodologies

Research methodology refers to the organized set of principles and procedures used to carry out a research study (Goundar, 2012, p. 13), or alternatively It is a systematic approach to solving a research problem by logically following a series of structured steps (Patel & Patel, 2019, p. 1). During this thesis, several research and development methods were used, which were linked together for the purposes of this study. Designing the research is one of the essential steps in the research process (Abutabenjeh, 2018, p. 238). This chapter outlines the methodologies selected and explains how they address the research questions.

## 4.1 Research questions

Formulating a strong research question is a crucial foundation of the entire research process (Lipowski, 2008, p. 1667). Moreover, when the research questions are not clearly known, people reading the study may fail to understand the objective of the study (Thabane et al., 2008, p. 73). Hence, this research focus is with the aim of answering the following research questions:

How can Israeli and Finnish high-tech companies can better facilitate internationalization in these markets?

a. What are the mutual Israeli and Finnish hi-tech industry market insights which may provide companies viable information, and assist them in marketing and management decisions?

b. What are the entry barriers to internationalize between Finland and Israel in high-tech sector?

c. How Israeli and Finnish companies can overcome these obstacles and improve their internationalization in these markets?

## 4.2 Methodology

The research methodology follows a constructive research design. Instead of analyzing a single business case, the study examines broader patterns and challenges in internationalization between the hi-tech sectors of the two countries. In this context, the term construct refers to the new contribution being created such as model, theory or framework (Goundar, 2012, p. 32). The research approach of this thesis was a qualitative research approach. The qualitative researcher seeks to uncover meaningful causes behind phenomena and emphasizes understanding the reasons behind these occurrences (Alase, 2017, p. 12). The data was collected to find out valuable information about Israeli and Finnish business internationalization using knowledge from a range of sources. The credibility of research greatly depends on the value of its qualitative findings (Alase, 2017, p. 18). The internationalization of research is influenced by various factors that either directly or indirectly promote or delay international research collaboration (Woldegiyorgis et al., 2018, p. 5).

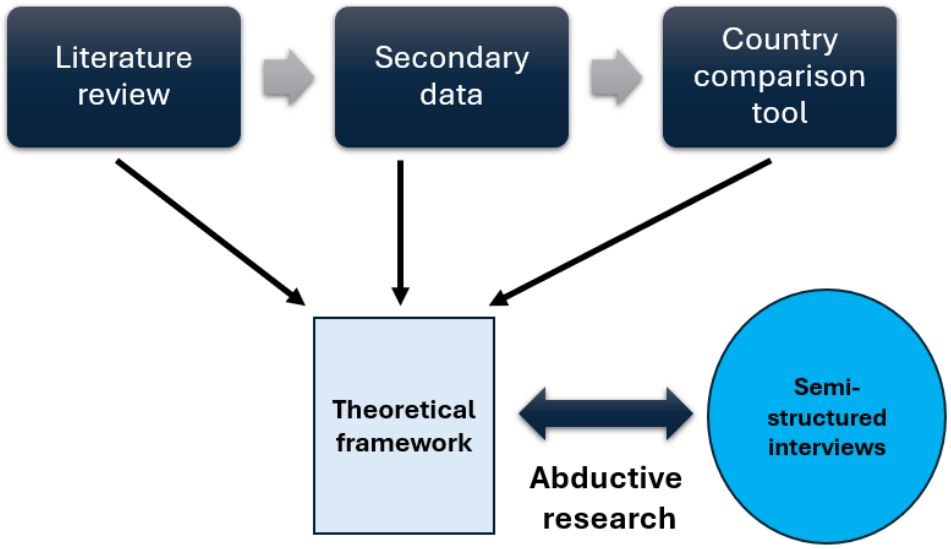



Figure 16. Data collection and empirical research process

### 4.2.1 Data collection process

A multi layered approach was made to gain a comprehensive understanding of the business environments between Israel and Finland. Selecting data collection methods is a multifaceted process that requires careful consideration of various factors to ensure cost-efficiency and effectiveness (Mwita, 2002, p. 532).

First, the research started with analyzing reports and documentations from public organizations and published reports. This data was collected from advertised reports from various organizations e.g. economic offices, public organizations and marketed firms.

Secondly, a software comparison tool was used to qualitatively analyze the two markets, providing cultural data insights into their respective economic characteristics, technological advancements, and innovation capabilities. The comparison was focused on the business relationship within the hi-tech sectors.

Finally, semi-structured interviews were conducted with key stakeholders and representatives from both Israeli and Finnish companies. Semi-structured interviews fall between structured and unstructured formats, they are neither limited to yes/no or multiple-choice questions nor entirely freeform without a predefined structure. Instead, they mix both approaches, following a flexible guide while allowing for open-ended responses (Karatsareas, 2022, p. 100). These interviews offered valuable and practical information providing perspectives of industry professionals who have experienced working in collaboration between Israel and Finland. A key strength of the Interpretative phenomenological analysis approach lies in its ability to interpret the 'lived experiences' of participants, enabling the research to deeply explore and understand the phenomenon under investigation (Alase, 2017, p. 11).

In order to analyze the phenomenon, it was important to examine it from various theoretical and practical sources. Traditional content analysis methods often fall short in advancing theory or capturing the depth of lived experiences, as their sampling and analysis techniques make it challenging to conclude clear theoretical relationships from the findings (Hsieh & Shannon, 2005, p. 1281).

The data collected from versatile sources provided wide understating of the phenomena and covers the research part from different perspectives and which eventually brings to an extensive and valuable multicolored insights.

### 4.2.2 Data collection from comparison tool

Culture refers to the shared mental patterns that differentiate one group or category of people from another (Hofstede, 2011, p. 3). The comparison tool is a well-established framework for such cultural studying exploring six different dimensions of national cultures: power distance, individualism vs collectivism, motivation towards achievement and success, uncertainty avoidance, long vs short term orientation, and Indulgence vs restraint. A dimension is a measurable aspect of culture that allows for comparison between different cultures (Hofstede, 2011, p. 7).

Because cultural foundations exist at different levels, they influence behavior in distinct ways. According to the 'onion model,' the outer layers symbols, heroes, and rituals, represent 'practices' tied to organizational culture. At the core are values, which reflect national culture. When the gap between these levels becomes too wide, the ideal fails to function effectively (Hofstede & Fink, 2007, p. 7). Organizational and national cultures shape the values and behaviors that are essential when comparing how individuals from different countries conduct business and build relationships.

Since national cultures are not easy to change, if at all. In contrast, organizational cultures are more flexible and less deeply rooted. As a result, it is often possible to adopt a new organizational culture when transitioning from one company to another (Hofstede & Fink, 2007, p. 16).

The figure below presents the definition of the six cultural dimensions according to Hofstede and their source:

| Dimension | Definition | Source |
|---|---|---|
| **Power Distance** | Power Distance refers to the degree to which individuals with less power in organizations and institutions (such as families) accept and believe that power is distributed not as equal as needed. | Hofstede, 2011, p. 9 |
| | In cultures with high power distance, each individual is seen as having a defined position within the social hierarchy. | Hofstede & Mooij, 2010, p. 89 |

| | | |
|---|---|---|
| **Individualism** | Individualism refers to the extent to which individuals in a society are connected to social groups. In individualistic cultures, personal connections are relatively loose, and people are generally expected to take care of themselves and their close family members. | Hofstede, 2011, p. 9 |
| | In collectivist cultures, individuals are aware of themselves as part of a group, emphasizing a 'we' mentality. Their sense of identity is closely tied to the social group they belong to, and maintaining reputation and dignity is highly valued. These cultures typically use high-context communication, characterized by an indirect communication approach. | Hofstede & Mooij, 2010, p. 89 |
| | In individualistic cultures, the sales process tends to be direct, with both sides preferring to reach the main point quickly. In contrast, collectivist cultures place importance on first establishing a relationship and building mutual trust. This contrast is also evident in the function of advertising: in individualistic settings, the focus is on persuasion, while in collectivistic contexts, the emphasis is on fostering trust. | Hofstede & Mooij, 2010, p. 89 |
| **Motivation towards achievement and success** | In high motivation towards achievement and success individuals often prioritize personal accomplishments, financial success, and the recognition of social standing. | Smith, 2023, p. 3 |
| | In low motivation towards achievement and success people place greater importance on well-being, supporting those in need, preserving free time, and reaching mutual understanding. | Smith, 2023, p. 3 |
| **Uncertainty Avoidance** | Uncertainty Avoidance is different from risk avoidance. It refers to a society's ability to handle ambiguity. It reflects the degree to which a culture encourages its members to feel either at ease or uneasy in uncertain or unstructured situations. | Hofstede, 2011, p. 9 |

| | | |
|---|---|---|
| | In cultures with high uncertainty avoidance, there is a greater need for rules and formal structures to organize life. Individuals in these cultures are typically less receptive to change, and innovation compared to those in cultures with low uncertainty avoidance. | Hofstede & Mooij, 2010, p. 90 |
| **Long-term orientation** | In societies with a strong long-term orientation, the one constant belief is that change is a continuous and unavoidable part of life. | Smith, 2023, p. 3 |
| | East Asian countries tend to have a strong long-term orientation, with Eastern and Central European nations following closely. Countries in Southern and Northern Europe, as well as South Asia, typically exhibit a moderate-term orientation. In contrast, the United States, Australia, Latin American, African, and Muslim-majority countries are generally characterized by a short-term orientation. | Hofstede, 2011, p. 15 |
| **Indulgence** | Indulgence refers to a society that permits the relatively free expression of basic human desires connected to enjoyment and leisure. In contrast, restraint describes a society that limits the fulfillment of such desires, guiding behaviour through firmly established social norms. | Hofstede, 2011, p. 15 |

Figure 17. Definitions and sources for Hofstede's six cultural dimensions

### 4.2.3 Data collection from interviews

In order to collect data from interviews, semi-structured interviews were conducted. Semi-structured interviews primarily consist of open-ended encourage interviewees to elaborate on their thoughts and ideas, share their personal viewpoints on the topic, discuss their experiences, and express themselves in their own words (Karatsareas, 2022, p. 100).

The questions were mainly designed to guide the interviews and direct the participants. Although the interview follows a set list of questions, they are not fully strict. These questions are generally posed to each participant in a consistent manner and in a specific sequence, but the semi-structured format allows interviewers some flexibility to deviate from the script when needed (McIntosh & Morse, 2015, p. 4).

### 4.2.4 Abductive content analysis

The data analysis in this research was done applying the abductive approach. Since the research aims to explore concepts about business relationships between Israel and Finland the abductive approach found to be the most suitable for it. An abductive approach is valuable when the researcher aims to uncover new insights, identify additional variables, and explore different relationships (Dubois & Gadde, 2002, p. 559).

The abductive approach was the best methodology to carry the analysis and perform the research on the phenomena. Researchers should recognize and embrace the abductive methodological framework guiding their analysis (Thompson, 2022, p. 1411). The continuous refinement of concepts means they serve both as inputs and outputs in an abductive study (Dubois & Gadde, 2002, p. 558).

At the end of the analysis, a data display was created following step number 7 in Thompson's methodology (2022). Data display illustrates the use of thematic network analysis to show how theoretical themes arise from empirical text and coding (Thompson, 2022, p. 1416). In qualitative research, data display involves presenting text excerpts that best highlight the key concepts being studied (Mezmir, 2020, p. 26). The goal is to gradually transform raw, seemingly unorganized data into a clear and well-structured conceptual framework (Mezmir, 2020, p. 20).

In the data display the Theiorising, as described in step #5, can be seen connecting between the themes. This step involves presenting the connections and narrative that occur between the themes (Thompson, 2022, p. 1416).

The following figure presents the abductive approach as Thompson outlines (2022, p. 1412- 1418) and the description of the steps which were taken in this research in relation to this approach:

| Abductive approach steps (Thompson, 2022) | | Steps taken for interviews |
|---|---|---|
| Step #1 - Transcription and Familiarization | Audio recordings and field notes can be transcribed in full during or after the data collection phase of the re-search. | All interviews were recorded except for one interview since the informant did not agree to rec-ord. The recordings were made to be able to replay again the interview and perform further analysis. Notes were taken in each interview. |
| Step #2 - Coding | A code is defined as “a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data. | Codings were made to condense the mass of qualitative data by categorizing and color highlighting certain sentences. |
| Step #3 - Codebook | Codebooks have been popularized within thematic analysis to provide clarity and structure to the coding pro-process. | Codes were named and labeled. |
| Step #4 - Development of Themes | Developing themes begins by looking at relationships between different codes. Codes are specific and concise, while themes can be much more complex. | Groups of codes were structured into themes. |
| Step #5 - Theorising | Explain the relationship and story between your themes and your entire dataset. | Themes were linked based on the connection between themes. |
| Step #6 - Comparison of Datasets | Comparing qualitative data quantitatively to measure the frequency of codes among different groups. This process is often impossible. | This step was not performed since the objective of the re-search is exploration for conceptual understanding. |

| | | |
|---|---|---|
| Step #7 - Data Display | There is no requirement for data display to be quantified. Though, thematic network analysis shows how theoretical themes derive from empirical text and codes. | Data-display maps were created to present the thematic analysis results. |
| Step #8 - Writing Up | For each theme, there should be a theoretical ex-planation illustrating how theory is linked to empirical data. Researchers should use quotations any time where thematic development and abstraction may be unclear to a reader. | Main quotations and explanations were provided and described. |

Figure 18. Abductive content analysis (Thompson, 2022)

### 4.2.5 Research approach

The research study was made with a qualitative research approach. Qualitative descriptions play a crucial role in identifying potential relationships, causes, effects, and dynamic processes (Goundar, 2012, p. 23). Since the study of the phenomena is rather more about finding certain characteristics which may affect the nature of the business relations between both countries, it is generally applied to the study of human behavior (Patel & Patel, 2019, p. 49). The qualitative aspect of the study involves analyzing the text within the social context (Korzilius, 2010, p. 8).

As described above, the qualitative analysis method in this research is using the abductive approach. Thematic analysis is an increasingly popular method to analyse qualitative data. Abductive methodologies draw from foundational works in thematic analysis and emphasize the importance of balancing theory development with empirical data, which is an essential aspect of abductive research (Thompson, 2022, p. 1410).

## 4.3 Development methods

The results of the empirical study formed the basis for the development of a business guide to support Israeli and Finnish companies to improve internationalization in these countries. The business guide is intended to utilize the perceptions which were revealed and pointed out in this research. Unlike the rest of the research, the business guide brings a more practical perspective which is of course supported by the theories, data and information obtained from the prolong study process. The business guide may be used by business firms in Israel and in Finland to promote business relationships and collaborations in both countries.

### 4.3.1 Co-development with customers

The development methodology used in this thesis is co-development method using the Lean startup tool. Although originally developed to evaluate new products in startup companies, the Lean Startup approach has quickly become widely adopted across the startup world (Blank, 2013, p. 4). There are several reasons for choosing this method. First, it is because this method offers a very effective technique for developing a new business idea or evaluating a new business strategy. When starting a new venture, whether it's a tech startup, a small business, or a project within a large corporation “it has always been a hit-or-miss proposition” (Blank, 2013, p. 4). Another reason is that this thesis does not have a formal commissioner or a specific “customer.” However, the companies and representatives who participated in the interviews and supported the research may also provide additional valuable feedback on the Minimum Viable Product (MVP). These interviewees are all involved, to some extent, in the business relationship between Finland and Israel. Therefore, a natural connection exists between the parties, as they essentially become the end-users of the guide, helping to close the loop through their collaboration and support in its development.

### 4.3.2 Minimum Viable Product

The Minimum Viable Product (MVP) is an early version of a new product that enables a team to gather the most valuable customer insights with minimal effort (Taibi & Lenarduzzi, 2016. p. 1). The MVP, in this case a first version of an Israeli Finnish business guide that was developed and

sent for feedback to the "customers" which, as mentioned, were representatives from high-tech companies from Finland and Israel who agreed and wanted to take part in the development of the business guide. The MVP testing process was indeed found to be very efficient and professional. It is a methodology that prioritizes experimentation over extensive planning, values customer feedback over intuition, and emphasizes iterative design rather than traditional upfront development (Blank, 2013, p. 4).

However, in this case the MVP was not a “minimal” product. Since in the Lean Startup method there is a need to work efficiently, so it is important to get to the MVP quickly as possible to obtain early customer feedback. In this case, the product was almost in its final form because most of the development was done following the research part. Once the preliminary version of the business guide was ready, it was sent for feedback for adjustments and final improvements.

### 4.3.3 Build-Measure-Learn cycle

The Build-Measure-Learn approach in Lean Startup involves iteratively testing key assumptions by presenting a Minimum Viable Product (designed to test any assumption) to potential users as early as possible. Actionable data is then collected and used to decide whether to continue refining the product or change direction. This cycle is repeated frequently to continue the learning and improvement process (Carter et al., 2022, p. 177). The Minimum Viable Product is an early version of a new product designed to gather the most validated learning with minimal effort (Carter et al., 2022, p. 177).

Rather than strictly following business plans, working in secrecy, and launching fully developed prototypes, young ventures focus on testing hypotheses, collecting early and frequent customer feedback, and presenting minimum viable products to potential customers (Blank, 2013, p. 4).

To uncover and validate assumptions, innovators must leave the office and engage directly with customers (Carter et al., 2022, p. 168). Those who ultimately succeed move fast from one failure to the next, continuously adapting, refining, and improving their original ideas based on ongoing customer feedback and learning (Blank, 2013, p. 5).

# 5 Research process and outcomes

This research main goal is to evaluate how to improve internationalization between Israeli and Finnish Hi-Tech companies, by gathering information and insights from several resources. This is according to the research questions which were specified in Chapter 3. The research questions set the direction and focus for the entire study.

The first resource was to gain information from academic materials and relevant theoretical backgrounds. Later, secondary data was collected from Israeli and Finnish public reports and documentation. Afterwards, the research was conducted using an open-source software country comparison tool. And last, in-depth semi-structured interview were made with ten Israeli and Finnish interviewees. The research process was as illustrated below (see Figure 19).

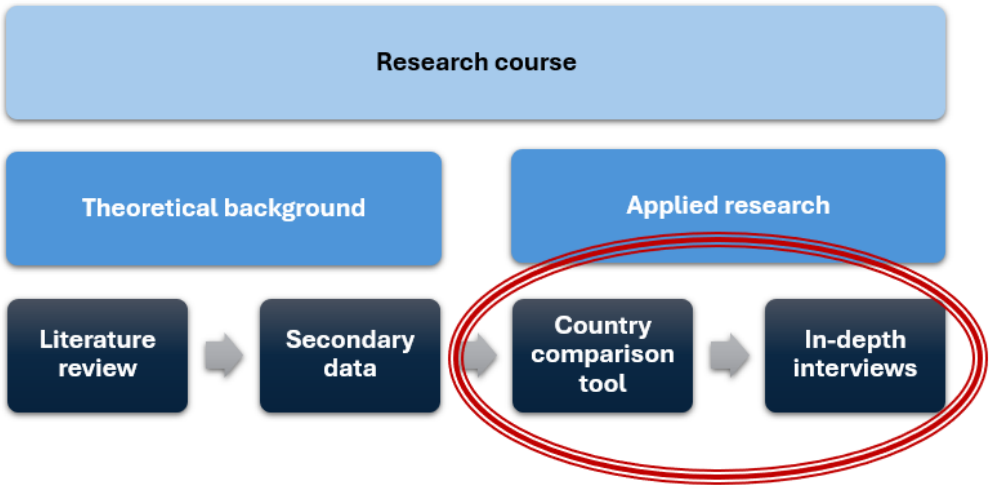



Figure 19. Research process

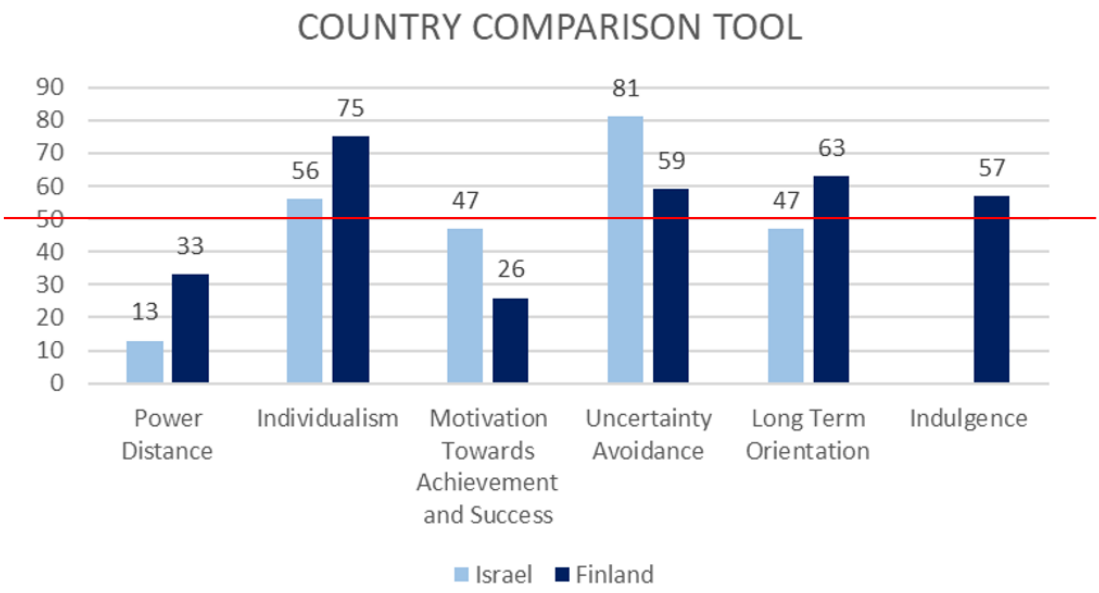
This chapter will cover the applied research part using the country comparison tool, and the interviews conducted as marked in red in the figure above.

## 5.1 Country comparison tool

This chapter uses the Hofstede's software comparison tool to map the cultural profiles of Israel and Finland and analyze their potential regarding hi-tech collaboration.

This analysis outlines the conceptual foundations of Hofstede's dimensions, illustrating how each dimension pinpoints specific collective beliefs and behaviors. Additionally, demonstrating how similarities or differences in each dimension might shape management styles, communication approaches, and decision-making processes in the hi-tech sector.

The following figure presents the results by comparing Israel and Finland using the Hofstede's country comparison tool:




Source: Hofstede country comparison tool

https://www.theculturefactor.com/country-comparison-tool

Figure 20. Country comparison results

The next sub-sections will analyze the six different dimensions in the context of Israel and Finland, focusing on business relations in the high-tech sector. In the end of each sub-section results and recommendations are provided.

### 5.1.1 Power distance dimension

According to the country comparison tool Israel scores 13 points – which is extremely low power distance score. Work environments tend to be equal, hierarchy is minimal, and superiors are approachable. Employees expect to be consulted and often participate in decision-making.

Finland scores 33 points – a relatively low Power Distance as well. Although slightly higher than Israel's score, Finnish workplaces also feature a flat hierarchy, accessible managers, and informal communication.

Both Israeli and Finnish teams typically prefer a flat or democratic style of management. This can facilitate smoother communication in joint ventures or multinational teams because neither side tends to expect rigid hierarchies.

While Finland scores 33 it is still low, it is notably higher than Israel which is 13. Israelis may expect extremely direct communication and immediate accessibility from the very top of the organization. Finns, though open, might still respect certain hierarchical structures or roles. These differences might lead to occasional confusion over decision-making protocols or who has ultimate authority. Particularly in Finland, maintain clarity around who signs off on critical decisions and within what timeframe, so Israelis do not feel delayed by "bureaucratic" layers.

Also, encourage continuous feedback loops. Because both cultures are comfortable with direct dialogue, regularly scheduled check-in or status meetings/calls can keep everyone on track.

### 5.1.2 Individualism dimension

Israel scores 56 points – connects the line between individualist and collectivist personalities. Close family and social ties remain important, but personal achievement and self-actualization are also prized.

Finland scores 75 points – strongly individualist, with a high preference for personal autonomy, self-responsibility, and individual merit in the workplace.

Individuals from both societies value personal initiative. In hi-tech, which often demands creative problem-solving and innovation, this can be an advantage. Team members will be comfortable taking ownership of projects and contributing ideas.

Israelis may more often integrate personal relationships (friendships or family) into professional settings. Finns, while pleasant and collaborative, may remain more independent and categorized (work vs. personal life). These differences might affect how relationships are built and how trust is established in cross-border teams.

For the Israeli culture, allocate time for relationship-building. Trust can be strengthened through more informal team bonding. Organize social events or periodic informal gatherings to support a sense of friendship that appeals to Israelis' balance of collective and individual tendencies.

For the Finnish culture, respect privacy and independence. Especially with Finnish colleagues who strongly value individual space, ensure that collaborative sessions are balanced with opportunities for independent work or reflection.

### 5.1.3 Motivation towards achievement and success dimension

Israel scores 47 points – score is near the center, reflecting a culture that values both achievement and well-being. There is a degree of competitiveness, but also a desire for harmony.

Finland scores 26 points – significantly lower indicating a focus on quality of life, work-life balance, and shared success rather than individual competition.

Israeli firms often prioritize performance, assertiveness, and decisive action especially in fast-paced start-ups or product lines. Finnish firms tend to emphasize consensus, team harmony, and well-being.

Israelis may push for rapid decisions, driven by performance metrics and short innovation cycles. Finns may prefer to consult multiple stakeholders, seeking a harmonious consensus even if it lengthens the timeline.

Combine rapid innovation with consensus building plans. Encourage Israeli partners to present quick prototypes or MVPs (Minimum Viable Products) early. At the same time, establish structured feedback sessions with Finnish stakeholders to ensure agreement from all involved. Emphasize that success is measured not only by immediate market performance but also by sustainable growth, employee satisfaction, and product quality. This approach can balance with the Finnish preference for consensus and Israel's middle-ground stance.

### 5.1.4 Uncertainty avoidance dimension

Israel scores 81 points – very high uncertainty avoidance indicating a preference for clear structures, rules, and predictability. This is despite for Israel's reputation for spontaneity and entrepreneurship. Emotional expressions can be noticeable, and rules are often expected, even if they are challenged ones.

Finland scores 59 points – moderately high uncertainty avoidance, suggesting that Finns also appreciate clarity, rules, and risk mitigation, though not to the same extent as Israelis.

Despite the shared emphasis on technology innovation, Israelis might push for well-defined processes or timelines to limit risk. At the same time, they can be quite agile, comfortable with pivoting when challenges arise. Finns typically approach new technologies methodically, carefully planning each step, but might be slightly more relaxed than Israelis if uncertainty remains.

Given Israel's higher uncertainty avoidance, Israeli teams often appreciate direct communication about timelines, tasks, and responsibilities. Finns may naturally follow these expectations because they also value clarity, though their threshold for uncertainty might be marginally higher.

In the uncertainty avoidance an implement of clear project frameworks would help. It is recommended to develop detailed project plans with milestones, timelines, and responsibilities. This structure will satisfy both sides' preference for certainty. Create open channels for risk reporting and problem-solving. This will ensure that issues are surfaced quickly, which is especially important for Israeli teams that may be particularly sensitive to unknowns.

### 5.1.5 Long-term orientation dimension

Israel scores 47 points – in the mid-range, indicating no strong preference for tradition versus pragmatism. Israeli culture can combine forward-thinking, innovative ideas with a respect for past traditions and norms.

Finland scores 63 points - higher long-term orientation, suggesting a pragmatic mindset. Finnish culture prioritizes saving, investing, and adapting to new conditions in a measured, sustainable manner.

Israeli companies are frequently known for rapid innovation cycles and start-up mentalities, sometimes at the expense of long-term strategic planning. Finns generally adopt a more measured approach, focusing on sustained growth and consistent improvement.

Potential synergies may occur between Israel and Finland. Israelis can infuse dynamism and quick pivots, while Finns can ensure thorough research and sustainability in strategic initiatives. This complementary dynamic can be particularly powerful in hi-tech collaborations that require both fast development and reliable, scalable products. This also can be done by encourage Israeli teams to lead early-stage innovation or brainstorming, while Finnish teams refine and stabilize products for international market readiness.

### 5.1.6 Indulgence dimension

Israel NA – no official score is provided.

Finland scores 57 – moderately high Indulgence, indicating that Finns generally value personal leisure, freedom to enjoy life, and a positive attitude toward fulfilling one's desires and interests.

Leisure and work culture: If Israeli work culture is perceived as intense and time-urgent, Finnish counterparts may be more accustomed to prioritizing breaks, personal well-being, and leisure time outside of work hours. If Israelis are on the same page as the Finns so it will be more recognized by both sides.

Both societies, despite other differences, likely support a degree of personal freedom and work-life balance. Particularly relevant in modern hi-tech offices that stress creativity and autonomy. Consider flexible work policies. Offer remote work options, flexible hours, and wellness programs that align with Finnish indulgence value. This can also appeal to many Israelis, especially in a competitive tech scene looking to attract global talent.

### 5.1.7 Results and recommendations

When it comes to improving internationalization between Israeli and Finnish hi-tech companies, cultural awareness is very important. The Hofstede tool indicate the following results. The biggest gaps in scores were in uncertainty avoidance (22) and after that motivation towards achievement

and success (21). The lowest gaps in scores were in long term orientation (16) and after that in individualism (19). However, although in the long-term orientation pillar was the lowest gap, in this case Israel and Finland are inclined to two different sides. Israel is in the middle tends towards short term orientation. Finland however is opposite and is with clear long-term orientation. This result indication can of course affect the collaboration among high-tech companies, as Israel tends to plan for the short term and Finland for the long term.

The key contrasts arise in uncertainty avoidance, motivation towards achievement and long-term orientation. By recognizing these differences companies can improve their internationalization by adopting the following strategies. Establish shared values of equality, direct communication and individual responsibility to encourage open dialogue. Integrate flexible, transparent project management structures that satisfy both cultures' desire for clarity and accountability.

Ultimately, the synergy created by combining Israel's entrepreneurial skill with Finland's disciplined, long-term perspective can yield notable results in product innovation, global market expansion, and sustainable company cultures. Balance rapid, decisive action (often seen in Israeli culture) with consensus-driven, long-term-oriented planning (common in Finnish culture).

## 5.2 Interviews

The interviews were made during January – February 2025 (see Appendix 4). The interviews were conducted in a semi-structured format and followed a list of questions which was identified before the interviews. However, the answers were completely flexible and usually led to a brief discussion.

Throughout the interview, additional questions were posed to explore the phenomena more in depth. For instance, questions such as "Why?" or "Do you have any example?" or "please explain?" were used. This was very important and helped to fully understand the occurrences, and to comprehend the minor details which eventually makes the difference when analyzing what distinct the Israeli Finn collaboration has over other countries.

The interviews followed the list of open-ended questions as presented in Appendix 3.

### 5.2.1 Interviewees background

The interviews were conducted with ten participants from Finland and Israel, five high-tech representatives from Finland and five from Israel. The first interview was conducted on January 2nd, 2025. And the last interview was on February 21st, 2025. The interviews were conducted online (via Teams or Zoom) except for one interview which was conducted in a face-to-face meeting. All interviewees are either people directly from high-tech companies holding a full-time position (marketing managers, CEOs, etc.) or those who work in companies that support the high-tech sector (innovation authority, government offices, etc.).

The interviewees were unnamed, only the general description was given (see Figure 21), this is due to two main reasons. The first is since some companies have sensitive business information and to help them keep this information as discreetly as possible. The second reason is that not providing personal details contributes to greater openness and helps the interview to succeed. When personal details are given, interviewees can feel like they are being inspected and that every word they say is being checked to see if it is true or not. This way, the interviewee can feel free to express their own opinions and easily share his or her thoughts.

All interviewees have gained during the years and extensive experience in the high-tech sector, and all were involved in projects between Israel and Finland. Everyone has at least two years of experience, and some have even a few decades of experience. Altogether, all the interviewees sum up to roughly 100 years of experience. Some of the interviewees have experience with several projects between Israel and Finland, and some have managed projects worth several million euros.

The interview with the Israeli interviewees were conducted in Hebrew, and the transcripts were translated to English for analysis purposes. And the interviews with the Finnish participants were all conducted in English. It is important to note that there may be minor changes in the answers of the interviewees from Israel due to the translation into English.

Each interview took approximately 45-90 minutes. All interviewees were cooperative and provided meaningful information from the interviewee’s knowledge and experience.

The figure below presents the list of interviewees:

| Interviewee | Country | Title/Job description | Company/organization | Finn-IL expirience | Type of meeting |
|---|---|---|---|---|---|
| **A** | Israel | Program Manager | Hi-tech company | ~5 years | Face to face |
| **B** | Finland | Consultant/expert | Economic agency | ~5 years | Teams |
| **C** | Israel | Advisor | Government office | ~2 years | Teams |
| **D** | Israel | VP Marketing | Hi-tech company | ~20 years | Teams |
| **E** | Finland | Company employee | Government office | ~2 years | Teams |
| **F** | Israel | CEO | Hi-tech company | ~2 years | Zoom |
| **G** | Israel | Former advisor | Government office | ~10 years | Zoom |
| **H** | Finland | Marketing manager | Hi-tech company | ~5 years | Zoom |
| **I** | Finland | Sales Director | Hi-tech company | ~20 years | Zoom |
| **J** | Finland | Chairman | Trade Association | ~30 years | Zoom |

Figure 21. Interviewees list

More information about the interviews such as time and date as well as several other notes can be found in Appendix 4.

### 5.2.2 Abductive content analysis

Qualitative analysis was made to the interview's transcripts using abductive content analysis based on Thompson (2022, p. 1412-1418) methodology. The abductive analysis includes eight steps which were described above (see Figure 18). The figure also shows how the method was adapted to analyze the information within the framework of this research.

In addition, several other steps have been taken to make the information more easily analyzed, including: (1) The interviews content was copied to an excel file. (2) The important notes and phrases were marked in several colors according to subjects. (3) The marked expressions were also compared with the notes taken from each interview to see if it correlates and to check if any important words are missing. (4) In several cases, recordings were replayed again where the meaning was not fully clear from the text.

The figure below presents the outcomes and references of the abductive analysis:

| Abductive analysis steps Thompson (2022) | Analysis outcomes |
|---|---|
| Steps 1,2, 3 and 4 | Appendix 5 - presents an example of steps 1-4 from interviewee A |
| Step 5 | Figure 23 |
| Step 6 | NA |
| Step 7 | Figure 23 |
| Step 8 | Chapter 5.2.3 |

Figure 22. Abductive analysis steps outcomes

### 5.2.3 Interviews findings

After analyzing all the answers from the interviews, all the collected data was processed into five themes: National differences, Finnish Israeli business behaviors, standards/regulations, geographic distances and Finnish Israeli business improvement.

Below are the main quotations related to each theme and the interpretation of the answers given:

#### 5.2.3.1 National differences

There was of course almost unanimity that the Israeli and Finnish cultures are different. Small distinctions in communication style, trust-building, even social rituals can either support or halt relationships:

> *Our culture is different from the Finnish culture. It always affects when creating new business relationships. Many things like cultural nuances that someone is not aware of and that are very important to the other side... This is mainly important for the trust.* – participant 1

On the Israeli side, Finland is seen as a thorough, reliable and with a good reputation:

> *Finland is similar to Japan or Singapore. Very precise.* – participant 1

> *Scandinavians are very good customers… With high reputation* – participant 2

Finnish interviewees, in turn, comment about the following Israeli personalities:

> *Israelis are very forward-looking and positive which we could use more here in Finland.* – participant 1

> *Israelis are tending more to personal relations. Generally speaking, they are more loud, fast, aggressive, and less formal.* – participant 2

It is important to note that despite all the differences between the cultures, many of the participants noted that the cooperation between the countries is very good and that they have good interpersonal relations between the parties. Also, they added that the relationship is an important part for them:

> *The collaboration with the Finns is good and pleasant... They try to help each other all the time. The atmosphere is almost always good.* – participant 1

> *Drink beer in a pub together is the most Israel-Finn thing. In the beginning the Finns are close but then they are very open. Personal relationships are very dominant.* – participant 2

> *Israelis are tending more to personal relations.* – participant 3

Several participants noted that the language is a difficulty between cultures:

> *While English is widely spoken, local language can be a barrier when dealing with authorities.* – participant 1

And the religion and kosher food should be more introduced:

> *It is important that as part of the cultural training the Finnish people will get some more information about the Jewish religion and the Kosher food for instance.* – participant 1

#### 5.2.3.2 Finnish Israeli business behaviors

Israelis and Finns naturally have different work habits. It is important for each party to be familiar with the other party's habits in order to avoid misunderstandings and have a better business relationship. For example, interviewees described Israel as a center of innovation and rapid execution, and provided Israel’s business strength and challenges:

> *Israel is strong in innovation, advanced technologies, strong security and defence. Active startup and innovation network.* – participant 1

> *Israel is a tech pioneer with a strong link between the military and tech ecosystem, even green tech.* – participant 2

> *Israeli business culture is fairly low hierarchy.* – participant 3

> *Israel defence sector is good. Regarding the software sector sometimes others afraid of the Israeli intelligence capabilities and that they may be influenced by it.* – participant 4

The statements above point the Israeli agilities. However, one participant noted:

> *Israel service should be improved.* – participant 1

In Finland, precision and respect for commitments are essential elements:

> *Finns demand quality, precise schedule, obligations fulfilling…: The Finns are honest, collaborative and they maintain mutual respect.* – participant 1

> *The Finns are ready to take decisions! they are in one side very organized and on the other side unformal. They have love and passion for tech and innovation.* – participant 2

> *Finnish business culture values transparency, and punctuality.* – participant 3

These answers show a culture with high values and with systematic project management approach. However, one tradeoff is speed:

> *Tender processes are longer in Finland than in Israel.* – participant 1

Here are some head-to-head comparisons of both countries:

> *Israel much more business oriented. Finnish people are more hesitating people… Israelis are more open minded and take more risks.* – participant 1

> *Israel better in general view. Finns better into details.* – participant 2

> *The Israelis run fast in business, the Finns will go slow and check 1000 times. Both sides are practical and would like to work without "diplomacy".* – participant 3

> *Israelis are fast, American type. Finland limited budget. Israelis do not have the patience. Israelis are arrogant. Finns work with budget, facts, and evaluation.* – participant 4

As indicated by the interviewees, Israeli business is fast-paced, innovative, and with a strong tech and defence sector, with more risk-taking, and business-driven. However, some interviewees showed concerns about service quality and precision. In contrast, Finnish business culture emphasizes accuracy, reliability, transparency, detail-oriented and budget-conscious.

#### 5.2.3.3 Standards & regulations

Regarding standards and regulation, there was no dispute that Finland has more requirements, it is more strict than in Israel, and that Israeli companies must comply with the Finnish and/or European requirements:

> *Finnish culture has a lot of regulation and restriction. Israel has much less.* – participant 1

> *It is important that the Israeli company will meet the Finnish and/or European standardization.* – participant 2

> *High environments standards, more paperwork, they wanted some in Finnish, it was hard.* – participant 3

> *They needed from us high quality standards, declarations from accountants, it is not easy for small companies.* – participant 4

#### 5.2.3.4 Geographic distance

The physical separation imposes its own frictions, and the main difficulties raised regarding geographical distance were flights, shipments at sea and project coordination between both partners:

> *Flights are long and makes it more difficult.* – participant 1

*No strait line connection at sea. And currently no direct flights.* – participant 2

*Since we are not close to each other project meetings require good planning, scheduling and coordination.* – participant 3

#### 5.2.3.5 Finnish Israeli business improvement

Here are some of the practical recommendations as specified by the interviewees to improve the internationalization between Israel and Finland as seen by the hi-tech representatives. Some recommendations are relevant for the Israelis and some for the Finnish. In addition, some are relevant for both.

At first, in order for the Israeli companies to win the Finnish customers, interviewees advised as follows:

*The Finns are practical, they lose their interest very fast. If the other side doesn't know what he is doing? Or not enough professional? They just won't continue. So, it is important to do homework in advance.* – participant 1

*Work with local business accelerators to gain insights… Create research collaborations e.g. Aalto Uni & TLV… Join industry groups like Finnish Startup Community to build credibility… Participate in Slush & Vaasa Energy Week to build presence & network.* – participant 2

*In Finland it is better to focus on hubs such as energy, health, etc. There is innovation in Finland in startups, hospitals, etc.* – participant 3

*Israelis - no superlatives, Finns will check the facts.* – participant 4

*Connect with company that already operates in Finland. Work on EU projects, or EU fundings.* – participant 5

*Another important aspect is to deeply understand what the Finnish customer needs are, what is important to him? and what hurts him? This is especially important between cultural differences.* – participant 6

*Israeli companies – especially from cyber & defense industry – find Finland interesting because of the current security environment.* – participant 7

*We have an informal partnership with a local law firm that has experience with Israeli clients – very helpful with e.g. banking issues, etc. Opening a corporate bank account is definitely the number one issue when establishing a company here.* – participant 8

Finnish firms can strengthen their Israel entry by leveraging local network and infrastructures:

*Israel is very advanced in technology within the defence products or environmental technologies e.g. drinking water comes from the sea, solar panels have been there forever, etc.* – participant 1

*Israel has one of the highest R&D spending as a % of GDP in the world which has brought them great economic growth.* – participant 2

*Israel has a very active startup and innovation network.* – participant 3

*No problem for Finnish company to operate in Israel. Otherwise, it is more difficult* – participant 4.

*Israel is known for their tech.* – participant 5

*Israel is definitely an interesting country for Finland.* – participant 6

*There are quite a few good examples of good Finnish companies operating in Israel.* – participant 7

Joint recommendations for the Israeli and Finnish companies:

*Israel and Finland have strong hi-tech sectors with complementary strengths – Israel excels in cybersecurity, AI, and deep tech, while Finland is strong in telecommunications, 5G, and sustainable technologies. There is potential for more collaboration through joint R&D projects, investment, and startup exchange programs.* – participant 1

*Cultural course adaptation is recommended.* – participant 2

> *Sometimes product modifications are needed because of different temperatures or humidity, or because of transportation, product handling, etc.* – participant 3

> *There is a lot of potential which I believe today is not fully fulfilled. The main thing is the advertising, knowledge and awareness of both sides, and the possible business options.* – participant 4

> *For both countries the other markets are less big and attractive. There is mainly innovation... Also, Israel is looking mainly towards US, Finland towards EU... Each one has different relative advantages. Every country has its own characteristics. One needs to see where the relative advantage is.* – participant 5

> *Collaboration guidance can be assisted by local organizations e.g. Business Finland, Israel Innovation Authority, trade chambers, etc. which can help establish and strengthen these relationships.* – participant 6

The interviewees emphasized the importance of collaboration with the local partner which provides a bridge between the different cultures:

> *It is necessary to find good local partner that will promote your products and your business in Finland.* – participant 1

> *Find some local partners to give the customer confidence and trust.* – participant 2

> *Search for a local partner with an advantage.* – participant 3

> *Hire local employees who understand the market and language.* – participant 4

Above are all practical recommendations which were provided by the Israeli Finnish hi-tech experienced interviewees with particular approach recommendations such as what to do e.g. Israelis - no superlatives, Finns will check the facts, and who to contact for further assistance (Business Finland, Israel Innovation Authority, etc.).

For Israeli firms seeking to enter the Finnish market, it is essential to be well-prepared, professional, and fact-based, as Finnish clients value precision and quickly lose interest if competence is lacking. On the Finnish side, companies looking to enter Israel should establish partnerships with local experts and highlight its advanced tech within the local ecosystem.

Almost all the interviewees highlighted the critical role of local partners in bridging cultural and business gaps. Trust, credibility, and local market understanding are greatly enhanced by partnerships or hiring local personnel.

### 5.2.4 Data display

The data display below demonstrates a visualization of a thematic network analysis approach, highlighting how theoretical themes are constructed from empirical data. The figure presents the extracted codes, the corresponding themes, and the connections identified through the analysis of the interview responses.

This form of data presentation aligns with Step 7 of the abductive thematic analysis process as outlined by Thompson (2022). As illustrated in Figure 13, the abductive approach does not rely on pre-existing theoretical frameworks. Unlike deductive analysis, it doesn't require explaining the data using predefined variables or relying on existing theories.

Given that the core objective of this thesis is to explore ways to enhance internationalization between Israel and Finland in the high-tech sector, special attention is placed on identifying areas where meaningful improvements can be made. The following chapter will explore deeper into these opportunities.

The following figure presents the data display created after the analysis was conducted, following the data collection phase, which shows steps 3, 4, 5, and 7.

The data display illustrating the results of the abductive analysis is as follows:

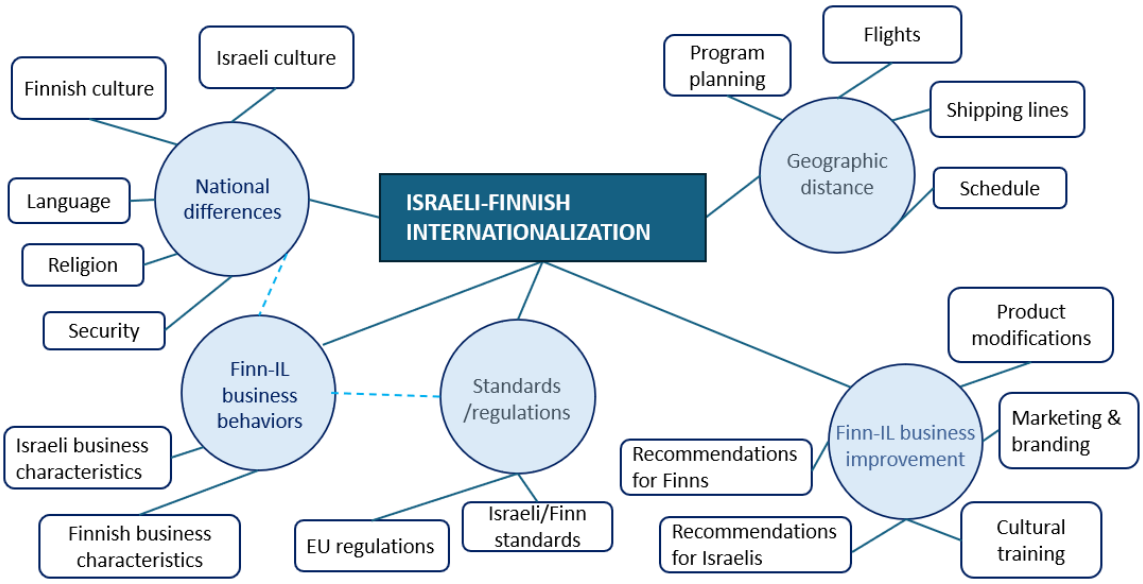



Figure 23. Data display results

### 5.2.5 Results and recommendations

After analyzing all the collected data from the interviews, it is important to focus on ways in which improvements can be made. During the interviews, the interviewees provided numerous recommendations related to improving the development of business internationalization. Some recommendations were specifically to Israeli companies searching to internationalize in Finland. Some were for Finnish companies looking to internationalize in Israel, and some were general recommendation for internationalization regardless to specific market. The figure below presents the improvement points raised by the interviewees. The improvement elements were divided according to the codes as per the abductive analysis by Thompson (2022) which was presented in figure

18. The recommendations were used to develop the business guides and were implemented in the appropriate sections.

| Code/Topic | Summarized answers from the interviews |
|---|---|
| Recommendation for Israelis | Please refer to 5.2.3 – recommendations for Israelis |
| Recommendation for Finns | Please refer to 5.2.3 – recommendations for Finns |
| Recommendations for both sides | It is important to increase the advertising, knowledge and awareness of both sides, and the mutual business options.<br>It is necessary to find good local partner.<br>Focus on specific tech/product, not necessary for mass production.<br>Identify the area of collaboration, define well your needs.<br>Testing proof of concept is required.<br>Start with small business and continue to bigger business operations.<br>Learn from other fields.<br>For both countries the other markets are less big/attractive.<br>There is mainly innovation.<br>Check where the relative advantage is.<br>Communication will help.<br>Check history business data, perform market surveys, check government programs, try to complete something which is missing.<br>Israel and Finland have strong and complementary hi-tech companies.<br>There is potential for more collaboration. |
| Product modifications | Sometimes product modifications are needed. |
| Marketing and Branding | Marketing and branding needed to be improved. |
| Cultural training | Cultural course adaptation is recommended. |

Figure 24. Results of interviews

# 6 Development of Israeli Finnish business guide

After carrying out the empirical research phase, this chapter will implement the research results by forming a tailored business guide to support Israeli and Finnish companies to improve their internationalization focusing on hi-tech companies.

This business guide will serve as a reference handbook for any Israeli company that wishes to develop its business in Finland, as well as for any Finnish company that wishes to develop business in Israel similarly. The business guide will include a variety of guidelines arising from all parts of the research, starting from the literature review, secondary data, country comparison tool and up to the interviews with the high-tech representatives in Israel and Finland. However, the guide will not include aspects such as risk assessment, budgetary, legal restrictions, etc.

The business guide is based on the theoretical model of Global Strategy Formulation (see Chapter 2.2). The business guide modules are the same as described by Czinkota & Ronkainen (2007) where tailored practical actions and recommendations are provided within.

The business guide model follows the following structure:

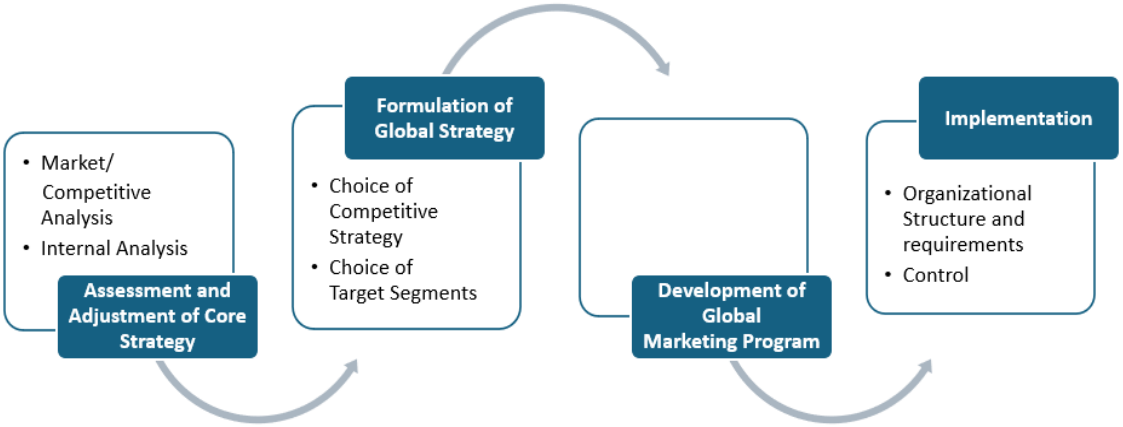



Figure 25. Business guide modules

Two minor updates were made to the business model to make it more suitable for internationalization of high-tech companies from these specific two countries. Choice of Target Countries and Segments changed to Choice of Segments since the country is already known. Organizational structure changed to Organizational Structure and Requirements, because it was found that there are many requirements that the organization must meet.

## 6.1 Business guide development process

The business guide was developed using the co-development method, where the tool used is the Lean start-up. The Lean Startup approach provides a working method to quickly identify and enhance the business model (Israeli Finnish business guide) into models that actually work. In contrast to traditional product development, in which each stage follows linear order and lasts for long time, this development method builds products in short time and in repeated cycles. The initial phase involves developing a Minimum Viable Product (MVP), which in this case refers to the first version of the business guide. This MVP contains only the core features, is used to gather feedback from users, and then go through additional revisions to produce an improved version of the guide.

The Minimum Viable Product which we aimed to test was the draft version of the Israeli Finn business guide. Since Israel and Finland have diverse guidelines there are two different business guides, one for the Israeli companies planning to internationalize in Finland, and another business guide for Finnish companies wishing to internationalize in Israel. Both Minimum Viable Products are available in the appendixes (the MVP for the Israeli companies is in Appendix 6, and the MVP for the Finnish companies is in Appendix 7).

The Build-Measure-Lean process was as follows:

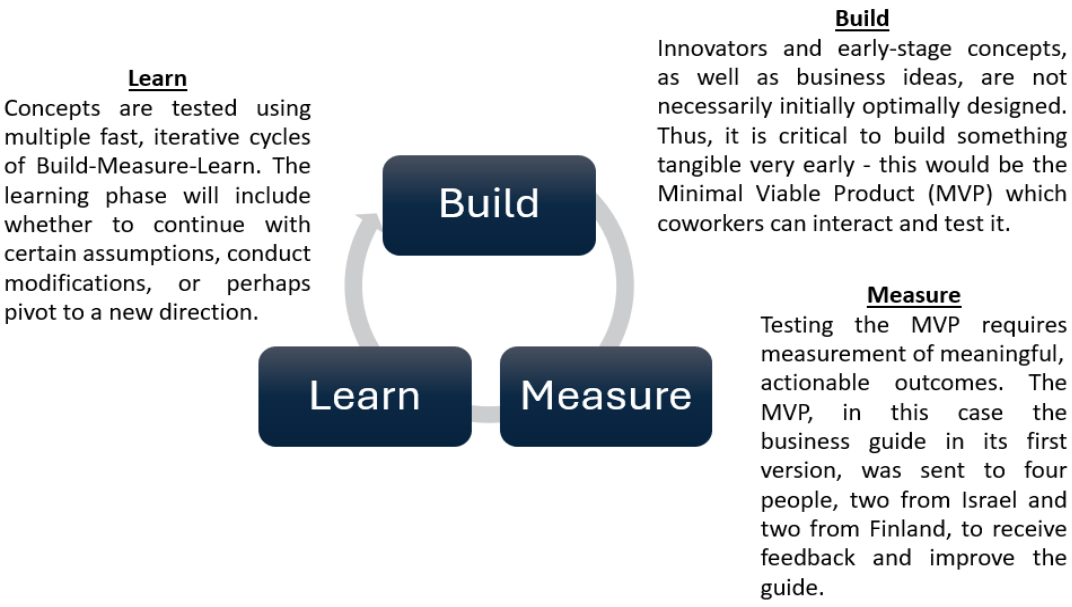



Figure 26. Build-Measure-Learn cycle

The MVP was sent for feedback, learn and improvement, to four customers, two from Israel and two from Finland. All customers also took part in the interviews during the data collection phase. Each participant primarily represents one side, such as an Israeli company representative who would typically use the guide intended for Israeli firms expanding into Finland (and vice versa). However, since they each possess substantial knowledge of both markets, it was decided to share both versions of the business guide (MVPs) with all four representatives.

In order to measure the Minimum Viable product, there are quantitative methods to chart a decision on whether to keep the current assumptions, modify them, or pivot to another direction. Since the MVP in this case is a business guide which is designed to the high-tech sector in general and not to a specific company. Moreover, the MVP in this case is not so minimal and is an advanced version based on a lot of information from many sources. Therefore, no quantitative process was conducted to assess the guide after receiving feedback. Instead, only qualitative comments were gathered to refine and improve the existing version of the product.

## 6.2 Feeback from customers

Four representatives were asked to give their opinions and send feedback regarding the first version of the business guide: interviewee A, D, H and I. All four members participated in the interviews a few months prior to the feedback of the business guide phase. The timeline for the above-mentioned steps started with the interviews which were held during January-February 2025, and the feedback on the business guide which was during April 2025.

The following list presents the customers which received the MVP and sent their feedback:

| # | Country | Title/Job description | Company/organization |
|---|---|---|---|
| **Interviewee A** | Israel | Program manager | Hi-tech company |
| **Interviewee B** | Finland | Consultant/expert | Economic agency |
| **Interviewee C** | Israel | Advisor | Government office |
| **Interviewee D** | Israel | VP marketing | Hi-tech company |
| **Interviewee E** | Finland | Company employee | Government office |
| **Interviewee F** | Israel | CEO | Hi-tech company |
| **Interviewee G** | Israel | Former advisor | Government office |
| **Interviewee H** | Finland | Marketing manager | Hi-tech company |
| **Interviewee I** | Finland | Sales director | Hi-tech company |
| **Interviewee J** | Finland | Chairman | Trade Association |

Figure 27. Customers list for feedback about the MVP

The customers chosen to provide the feedback were chosen for two main reasons. One reason is due to a better personal acquaintance with the author. And the second reason is because these customers have good business perspectives, good experience between Israel and Finland, and the ability to provide important details to better modify the business guide.

After the MVP was sent to the customers, a number of different comments were received from each one. Several business comments were received, such as providing specific information to local business support points of contact. For example, one of the customers added that VTT in Finland could also be a very important partner for the purpose of collaborations between Israelis in Finland, it can be in the field of research or in many other business areas.

Some academic comments were also received. Two out of the four customers sent more academic materials about internationalization such as market entry, market penetration strategies, etc. Although a considerable part of those studies had already been used in the research and in the preparation of the business guide.

Finally, some general comments were also received such as graphic design or user interface comments. For example, blank lines, broken bullet-point structure as well as the section headers, which are not completely organized.

However, there is one important remark for future improvement. Some of the customers did not understand the “big picture context”. Since the business guide is for academic purposes, some have asked where are the references? Or why is it not based on any theory? And recommended academic materials which were already been used as part of the entire research. In the future, it is necessary to explain better and more broadly what the purpose of the feedback is, what it is used for, and what does it includes and what it does not include.

Yet, the use of the co-development with customers method has proven itself. The method is extremely effective, simple to use, and provides fast and very good results for product improvement. Regardless of whether it is a startup or other business model.

## 6.3 Keynotes for the business guide

It is also important to note that all activities related to the business activities by an Israeli or Finnish company, with the help of the business guide, must always be fully aligned with the company's overall business strategy.

The business guide is a practical tool, which provides a supporting procedure to bridge business operational and cultural gaps. However, its success depends on contextual adaptation, strategic alignments, and organizational support.

The details of the steps which are described in the business guides are as they emerged from empirical research. Some of the details are practical steps that may be relevant to any internationalization process regardless of specific country, and some of the steps and details are specific to Finland and Israel in particular.

For the Israeli companies business guide – see Appendix 1.

For the Finnish companies business guide – see Appendix 2.

# 7 Conclusions

This thesis examined how to improve internationalization between Israeli and Finnish high-tech companies through a comprehensive analysis combining theoretical models, market data, usage of comparison tools and qualitative interviews. Both countries present strong innovative ecosystems, yet they differ significantly in structure, culture, and strategic approaches. The study aimed to conduct thorough research and bridge these differences by offering practical recommendations that could promote collaboration, reduce internationalization barriers, and encourage both countries to share each other's strengths to achieve mutual success.

Key findings of this research show that while Israel succeeds on speed, entrepreneurship and a bottom-up approach to innovation, Finland relies more heavily on long-term planning, systemic policies, and broad sectors coordination. However, there are also many commonalities between the Israeli and Finnish business culture such as: practical approach, the importance of strong relationships, trust and so forth. Additionally, both countries admire advanced technology, and their high-tech sectors are world leaders. Each one has its own stronger HUBs and capabilities and therefore further collaborations can be explored where each can complement the other.

The empirical findings confirmed that cultural differences remain a barrier to collaboration. Israeli interviewees emphasized the importance of quick decision-making, rapid approach, and flexibility, often describing informal work environments and a readiness to change course without long internal procedures. In contrast, Finnish respondents highlighted the value of clear structures, pre-planned processes, and consensus-building.

Communication style appeared to be an important factor. Israelis tend to communicate directly and sometimes with arrogancy, while Finnish professionals often adopt a more reserved, cautious, and rational tone. Few Finnish interviewees indicated that Israelis failed in some business leads due to their aggressive approach which was inappropriate.

An important empirical insight was the need for Israeli companies to improve their service quality, as mentioned by Finnish interviewees. Israelis were described as passionate and innovative, yet Finnish respondents highlighted frequent issues with more punctuality, and consistent service delivery. Finnish interviewees from the Finnish hi-tech sector recognize these flaws as critical. Addressing this service gap, potentially through training, mutual communication or management measures could greatly enhance trust and facilitate better interactions between the two sides.

Moreover, Finnish and EU standards and regulatory requirements emerged from the empirical study as more severe compared to those generally enforced in Israel. Finnish companies place strong emphasis on quality standards, documentation, and compliance with environmental regulations. Interviews revealed instances where Israeli companies take too lightly the complexity of meeting such requirements, leading to delays or additional costs. Israeli firms intending to penetrate the Finnish and broader European market must adapt by acquiring relevant expertise and investing early in regulatory compliance strategies. This can be more challenging to small size companies.

In terms of both countries' internationalization, it seems that it is easier for a Finnish company to internationalize into Israel rather than for Israeli company to internationalize into Finland. This is mainly due to standards, regulations and administration aspects.

The empirical findings indicate that Finland has more structured work processes compared to Israel, characterized by long-term planning, attention to detail, and the involvement of multiple stakeholders. However, these qualities also contribute to longer project timelines in Finland relative to those in Israel.

Another interesting aspect that also influences business practices, mainly gathered from the interviews, is that Finnish culture tends to be more fact-based, whereas Israeli culture is more feeling-based. This distinction was mentioned repeatedly by several interviewees in various ways.

The findings clearly emphasized the value of cultural adaptation courses as a strategic tool to enhance cross-cultural competence. Moreover, Finnish and Israeli participants alike highlighted the critical advantage of partnering with a local company or advisor. Such local partnerships facilitate market entry by providing domestic knowledge, better communication, and assisting foreign companies to better understand local business protocols, language and regulatory aspects.

The Hofstede cultural comparison tool showed that dimensions such as power distance, individualism, and short- or long-term orientation influence the way business is conducted in each country. For instance, Israel's low power distance and high individualism suggest fast-paced decision-making and flat hierarchies, while Finland's higher long-term orientation implies a greater need for structured planning and risk mitigation. Success in bilateral cooperation depends on understanding cultural factors such as communication style, decision-making pace, and perceptions of hierarchy and uncertainty. The Hofstede model proved especially useful in mapping these gaps.

However, one result from the Hofstede tool came out as a surprise. The uncertainty avoidance for Israel. Israel received a very high score (81) indicating a desire to always be with high certainty. This data is surprising considering the understanding, also supported by empirical research, that Israelis are flexible, plan for the shorter term, and are often willing to take risks. It is possible that although Israelis tend to be flexible and risk-taking, these behaviors occur within broad and well-defined boundaries. In the context of the high-tech sector, this duality may help explain Israel's success in innovating under pressure, balancing bold decision-making with structured planning.

To support internationalization efforts, a business guide was developed as a practical output of this thesis. The guide incorporates insights from a wide variety of sources and was developed with the assistance of Israeli and Finnish hi-tech customers following the co-development with customers methodology. The main purpose of the Israeli Finnish business guide is to assist high-tech companies in navigating the unique challenges and opportunities arising between the two outstanding markets.

In conclusion, Israeli and Finnish high-tech companies have much to gain from working together. Their differences, if well managed, can become strategic assets. By encouraging more dialogues, promoting flexible joint networks, and advancing each other’s innovation strengths, both ecosystems can accelerate international growth and set an example for small nations seeking global impact through cooperation.

# 8 Discussion

Israel and Finland are two major players in the innovative global market. The entire study is about answering the research questions as defined and which constitute fundamental guidelines through the entire study. However, when looking at it from a different and broader perspective, it can be realized that the research is actually about how to take two successful players, different players with impressive past performance, players who play the game differently, and to pursue how these two major players can cooperate and together achieve far better results.

The research revealed a handful of significant market understandings including complementary strengths, innovative styles, investments backgrounds, successful collaboration potential, individual business approach, etc. Throughout the study, we analyzed how these insights could help and improve the internationalization between Israeli and Finnish hi-tech companies.

The empirical findings align closely with several key theoretical frameworks discussed in the literature review. First, the Uppsala internationalization process model (Welch et al., 2007, p. 35), emphasizing gradual international market entry based on incremental learning and psychic distance, is partly supported by empirical evidence. While Finnish companies appear aligned with this gradual and structured internationalization process, Israeli companies are mostly rapid, opportunity-driven entry strategies somewhat depart from the incremental approach outlined by the Uppsala model (Welch et al., 2007, p. 35).

The empirical results supplement the theory which in highly dynamic sectors such as high-tech, more applicable for Israeli companies, rapid entry modes consistent with Oviatt and McDougall's international new ventures framework (Oviatt & McDougall, 1994, p. 58), might also yield success, which describes how certain companies expand internationally at a rapid pace from the very beginning, instead of adopting traditional, step-by-step approaches to internationalization such as the Uppsala model (Welch et al., 2007, p. 35).

International marketing theories emphasized by Czinkota and Ronkainen (Czinkota & Ronkainen, 2007, p. 4 and 194) highlight the strategic necessity of adapting market-entry strategies to local market demands and conditions. The empirical data supports this theoretical viewpoint, as interviewees highlighted the necessity of adapting Israeli service standards to meet Finnish expectations. This indicates an important practical dimension not obviously addressed in the theoretical

literature, service quality and customer relationship management as essential factors for successful internationalization.

Hofstede's cultural dimensions theory is supported by empirical insights (Hofstede, 2011, p. 8). Israeli and Finnish firms exhibit different short vs. long term orientation, emphasizing Israelis fast decision-making and flexibility, whereas Finnish companies demonstrate more multi-discipline arrangements, focusing on detailed planning and structured processes. Empirical data confirmed these cultural dimensions significantly influence innovation styles, decision-making processes, and approaches to business operations.

Certain theories and insights from the research were not explored in dept, for example, peripheral innovation agencies (Breznitz & Ornston, 2012, p. 3), as they were outside the study's main focus, market matrix models (Czinkota & Ronkainen, 2007, p.197 and Bickhof et al., 2014, p. 53) due to their limited relevancy, as well as examples of secondary data, etc. Nonetheless, this information contributed to the research by offering an additional layer of context and enriching the overall understanding of the phenomenon.

The Israeli Finnish internationalization includes various market entry barriers consisting of cultural differences, market size, difference of regulatory and standards, geographical distance, requirements for product adaptation and legal and administrative complexity. After analyzing these market barriers, a set of recommendations for improvement were established in order to overcome these difficulties.

It is worth mentioning that SME firms often lack internal capacity or experience in internationalization, making first-time expansion risky. Therefore, the Israeli Finnish business guide as provided in this thesis, may certainly be a useful tool to mitigate these risks. The international business strategy was used to build the business guide (Czinkota & Ronkainen, 2007, p.194). Except for minor changes which were described in Chapter 6, the international business model gave a good structure and foundation for the business guide.

As part of the research, several ways were found to improve the internationalization between Israel and Finland. The first way is to improve the level of internationalization within Israel or Finland. Meaning increasing existing business activity to a higher level, it can be by increasing the local operations or by adding more effort into the internationalization, perhaps according to the Uppsala model (Welch et al., 2007, p. 35), or for instance by developing from one foreign operation method to another (Welch et al., 2007, p. 4). For example, growing from management contract to sales office, or later to partly or fully investment and ownership.

Another way is to work together with each one's strength and capabilities. Combination of the Israeli creativity and the ability to develop a groundbreaking initial product, with the Finnish ability to control, plan and improve the final solution could be a winning strategic business formula for combining the strong assets of each side.

One option to implement this is by establishing a research and development (R&D) center or innovation center in Israel by a Finnish company or in collaboration with a Finnish partner. Once the initial product development was made, to transfer this product for further business development in Finland. This recommendation can be mostly relevant for the big Finnish technology firms.

Correspondingly, it can be done in a similar way but in the other direction. For example, after the initial stages, an Israeli startup company can move to Finland, as part of a strategic growth, for further business development of the product or company.

Israel and Finland have both a strong hi-tech sectors with complementary strengths. Israel excels in cybersecurity, AI, and deep tech, while Finland is strong in telecommunications, 5G, and sustainable technologies. There is strong potential for more collaboration through joint R&D projects, investment, and startup exchange programs.

The tech industry can use the strong hub of the other country as a gateway to the global markets. Meaning Israeli companies can collaborate with the Finnish strong hubs i.e. energy, health and communication. Similarly, Finnish companies can work with Israeli firms in defence, cyber, green tech, etc.

In order to gain higher achievements between Finland and Israel, it is recommended that the public sectors will increase more resources to benefit from each other. Various more programs such as joint ventures, shared programs, dual accelerators, linked networks, etc. can significantly contribute to both economies.

Since Israel and Finland are both small markets, when looking for ways to collaborate each corporation must search for the "relative advantage" in order to provide an efficient, successful and sustainable collaboration.

Following the entire research, specifically after the interviews and the co-development feedback on the MVP, it was mentioned several times, that the most important detail in improving

cooperation between the two countries in the field of high-tech is "communication". Improving communication was indicated as the key factor which could clearly improve the collaboration.

The co-development with customers based on the Lean Startup method was found very effectively (Carter et al., 2022, p. 168). The “get out of the office” approach is very recommended. The customers are the most perfect candidates to evaluate the MVP. This method is very good for testing an MVP, a business model, or any kind of other initiative. The feedback loop enabling continued improvements is a key element for success.

## 8.1 Future research directions

Several opportunities for further research emerged during this study. First, deeper research about internationalization in the hi-tech sector in specific fields i.e. software companies, medicine, electronics, etc. This can bring more pinpoint recommendations for improvement. Secondly, both countries, like many other countries, seek more ways to improve in the field of innovation. And more importantly, how can it be improved? How to implement it? Additional future research particularly regarding innovation between Finland and Israel can be very fruitful.

Additionally, further research among governments is highly recommended. Most of the interviewees indicated that there is a lack of knowledge and awareness about business opportunities between the countries. Furthermore, they also mentioned that there is a lot of potential and interest between both sides. Here are several recommendations in order to support this gap. First, marketing budget allocation and planning should be increased. More relevant information should be published among hi-tech sector associates. This could be done by the hi-tech companies but moreover by the government offices and supporting firms. Secondly, issuing a strategic plan by the government offices with a clear roadmap which involves all relevant parties to promote the Israeli Finn collaboration. Also, to launch more delegations of business and economy experts to visit both countries for further introduction and knowledge share. Last, when there are existing success stories from Finnish Israeli tech collaboration to publish it more on relevant channels.

## 8.2 Validation measures

Validity in this study was ensured by obtaining information from multiple and diverse sources, including literature reviews, secondary data, cultural comparison tools, and interviews with high-tech sector representatives. Cross-checking information from these various sources helped establish the validity of the research findings.

Reliability in this study was supported through comprehensive research methods and the use of a few resources. Answers were repeated several times from different sources which positively provided high level of reliability.

To ensure the credibility of this study and the accuracy of the data, empirical data was gathered through interviews with ten experts, each possessing long experience in business operations between Israel and Finland. Collectively, these interviewees brought approximately 100 years of practical experience and knowledge to the research.

## 8.3 Epilogue

The research encountered a few challenges. One challenge was the complexity in integrating theoretical models with the real-world experiences of companies. While academic frameworks such as the Eclectic Model and Hofstede's cultural dimensions provided analytical clarity, they occasionally oversimplified the lived realities of international business. Another limitation was the availability of directly comparable secondary data due to the different definitions of "hi-tech" across countries. Another challenge was to find ten Israeli Finnish interviewees with extensive knowledge and experience to take part in the interviews. Following the interviews some have also contributed again by sending their feedback on the MVP.

The thesis was written during wartime in Israel. The research scope deliberately excluded any political or security developments in order to maintain focus on business internationalization aspects only.

Although the author has experience with Israeli Finnish internationalization, this research has been a learning journey with a lot of new knowledge and experiences. It is hoped that this thesis will contribute to both countries in areas such as research, the economy, and innovation.

While writing the thesis, very good collaboration was received from many people who helped to prepare the research with data collection, sending reports, conducting interviews, and providing feedback on the MVP. These people contributed greatly to the success of the research. Much appreciation for each one who helped in this valuable mission.

During the research there was great interest from many people in this study about this topic. As an indication of that, four out of ten interviewees asked to read the thesis once it's ready and published. Some have even asked to read it as soon as possible. In fact, one of the reasons that made the author to choose this topic for the research is because over the years the author has met many people who expressed a lot of interest in Israel or Finland, especially in the business ecosystem.

This thesis was written out of strong personal connection to both countries and interest in the high-tech sector. Above all, it was driven by a personal commitment to contribute to the business ties between Israel and Finland and to promote meaningful and long-term cooperation.

There are a lot of similarities (and of course differentials) between Israelis and Finns in terms of history, culture and business aspect, but one of them is the meaning that both cultures give for good relationship. As said by interviewee D *"Drink beer in a pub together is the most Israel-Finn thing"*, So hope in the pub or not, this research will help to yield more successful business, relationships, and other collaborations.

List of references

Abutabenjeh, S. (2018). *Clarification of research design, research methods, and research methodology: A guide for public administration researchers and practitioners.* Department of Political Science and Public Administration, Mississippi State University, Mississippi, USA.

Alase, A. (2017). *The Interpretative Phenomenological Analysis (IPA): A Guide to a Good Qualitative Research Approach*. International Journal of Education & Literacy Studies.

Aspelund, A. & Madsen, T.K. & Moen, O. (2006). *A Review of the Foundation, International Marketing Strategies, and Performance of International New Ventures*. European Journal of Marketing.

Babinska, D. (2013). *The Role of Knowledge in Internationalization Process of Firms – A Review of Selected Research Literature*. University of Economics in Katowice.

Baneliene, R. (2021). *Industry impact on GDP growth in developed countries under R&D investment conditions.* Journal of Small Business Strategy.

Bearman, M. & Dawson, P. (2013). *Qualitative synthesis and systematic review in health professions education*. Health Professions Education and Educational Research (HealthPEER), Monash University, Melbourne, Victoria, Australia.

Bickhof, N. & Hollensen, S. & Opresnik, M. (2014). *The Quintessence of Marketing.* Springer Heidelberg New York Dordrecht London.

Blank, S. (2013). *Why the Lean Start-Up Changes Everything*. Harvard Business Review.

Breznitz, D. & Ornston, D. (2012). *The Revolutionary Power of Peripheral Agencies: Explaining Radical Policy Innovation in Finland and Israel.* Collegio Carlo Alberto.

Business Finland. (2021). *Finland a Global Leader in Future Health Innovations*. Finland Health Factbook 2021. Retrieved 01.02.2025: https://www.businessfinland.fi/48e09a/globalassets/julkaisut/invest-in-finland/finland_health_factbook_web.pdf

Carter, M. J.P, Cook, D. A. Bikkani, A. (2022). *Evaluating education innovations rapidly with build-measure-learn: Applying lean startup to health professions education*. Medical Teacher.

Czinkota, M.R. & Ronkainen, I.A (2007). *International Marketing.* Thomson South-Western.

Dev, C. & Brown, J. & Zhou, K. (2007). *Global Brand Expansion*. Cornell University.

Dubois, A. & Gadde, L. (2002). *Systematic combining: an abductive approach to case research*. Department of Industrial Marketing, Chalmers University of Technology, Gothenburg, Sweden.

Ekananda, M. & Parlinggoman, D.J. (2017). *The Role of High-Tech Exports and of Foreign Direct Investments (FDI) on Economic Growth.* European Research Studies Journal.

Gabrielsson, M. & Kirpalani, M. (2004). *Born globals: how to reach new business space rapidly.* International Business Review.

Global Innovation Index. (2024). Executive summary. Retrieved 15.01.2025: https://www.wipo.int/edocs/pubdocs/en/wipo-pub-2000-2024-exec-en-global-innovation-index-2024.pdf

Goundar, S. (2012). *Research Methodology and Research Method. Methods Commonly Used By Researchers.* Victoria University of Wellington.

Halme, K. & Lindy, I. Piirainen, K, A. Salminen, V. White, J. (2014). *Finland as a Knowledge Economy 2.0. Lessons on Policies and Governance.* The World Bank

Hsieh, H.F. & Shannon, S. E. (2014). *Three Approaches to Qualitative Content Analysis.* Health Research.

Hofstede, G. (2011). *Dimensionalizing Cultures: The Hofstede Model in Context.* Universities of Maastricht and Tilburg, The Netherlands.

Hofstede, G. & Fink, G. (2007). *Culture: Organisations, personalities and nations. Gerhard Fink interviews Geert Hofstede.* European Journal of International Management.

Hofstede, G. Mooij, M. (2010). *The Hofstede model Applications to global branding and advertising strategy and research.* International Journal of Advertising, 29(1), pp. 85–110.

Israel Innovation Authority. (2024). Report Annual 2024. The state of Hi-Tech. Retrieved 03.04.2025: https://innovationisrael.org.il/wp-content/uploads/2024/06/2024-Annual-Report-The-State-of-High-Tech.pdf

Jankowska, B. (2011). *Implications of Coopetition for International Competitiveness and Internationalization of Firms: Perspective of SME and Large Companies*. International Journal of Business and Management Studies.

Johanson, J. & Vahlne, J. (2017). *The Internationalization Process of the Firm - A Model of Knowledge Development and Increasing Foreign Market Commitments*. Center of International Business Studies University of Uppsala and Institute of International Business Stockholm School of Economics.

Karatsareas, P. (2022). *Semi-Structured Interviews*. Cambridge University Press.

Kline, S. & Rosenberg, N. (2010). *An Overview of Innovation*. An Overview of Innovation.

Klussman, K. & Huntoon Lindeman, M. I. & Nichols, A. L & Langer, J. (2020). *Fostering Stress Resilience Among Business Students: The Role of Stress Mindset and Self-Connection.* Connection Lab, San Francisco, CA, USA.

Korzilius, H.P.L.M. (2010). *Quantitative Analysis in Case Studies*. Radboud Repository Sharing Science.

Lederman, G.N. & Lederman, J.S. (2015). *What Is a Theoretical Framework? A Practical Answer*. The Association for Science Teacher Education, USA.

Liargovas, P. (2014). *R&D Investment as a Percentage of GDP*. Department of Economics, University of Peloponnese, Tripolis, Greece.

Lipowski, E.E. (2008). *Developing great research questions*. American Society of Health-System Pharmacists, Inc.

Lloyds Band (2025), Retrieved 01.04.2025: https://www.lloydsbanktrade.com/en

Loredana, E. (2017). *The Use of Ansoff Matrix in the Field of Business.* University of TG-JIU, Economy Series, Special Issue, volume II/2017.

McIntosh, M. & Morse, J. (2015). *Situating and Constructing Diversity in Semi-Structured Interviews.* SAGE

Michalski, E. (2015). *Foreign Market Entry Strategy*. Koszalin University of Technology.

Mezmir, E. (2020). *Qualitative Data Analysis: An Overview of Data Reduction, Data Display and Interpretation*. Wolkite University, Department of Sociology.

Mwita, K.M. (2022). *Factors to consider when choosing data collection methods.* International Journal of Research in Business and Social Science.

Onwuegbuzie, A.J. & Leech, N.L. (2010). *Guidelines for Conducting and Reporting Mixed Research in the Field of Counseling and Beyond.* Journal of Counseling & Development American Counseling Association.

Onwuegbuzie, A.J. & Leech, N.L. & Collins, K.M.T. (2012). *Qualitative Analysis Techniques for the Review of the Literature.* The Qualitative Report 2012 Volume 17, Article 56, 1-28.

Oviatt, B. & McDougall, P. (1994). *Towarda Theory of Internationalnew Ventures.* Journal of International Business Studies.

Patel, M. & Patel, N. (2019). *Exploring Research Methodology: Review Article*. IJRR International Journal of Research and Review.

Perks, K. J. & Hughes, M. (2007). *Entrepreneurial Decision-Making in Internationalization: Propositions From Mid-Size Firms.* Loughborough University.

Pisanty, S. (2023). *A Comparative Study of the IoT Ecosystem in Finland and Israel*. Haaga-Helia University of Applied Sciences.

Podnebesnikova, E. (2021). *Start-up Ecosystems and the Role of State and Municipal Support Agencies: Finnish and Israeli Comparisons*. Metropolia University of Applied Sciences.

Poyhtari, J. (2019). *The Role of Internationalization Consultancy in SME Internationalization*. Jyväskylä University School of Business and Economics.

Rashid, Y. & Rashid, A. & Warraich, M.A. Sabir, S.S, Waseem, A. (2019). *Case Study Method: A Step-by-Step Guide for Business Researchers*. International Journal of Qualitative Methods, SAGE.

Report on International Economic Relations and Development Cooperation (2024). Publications of the Finnish Government 2024:39. Retrieved 03.04.2025: https://julkaisut.valtioneuvosto.fi/handle/10024/165757

Senor, D. & Singer, S. (2011). *Start-up Nation the Story of Israel's Economic Miracle*. Twelve.

Sipola, S. (2015). *Understanding Growth and Non-Growth in Entrepreneurial Economies*. University of Oulu, Department of Management and International Business.

Smith, J. (2023). *Cultural Compass Report of John Smith.* The Culture Factor Group.

Startupblink. (2024). Global Startup Ecosystem Index 2024. Retrieved: 09.01.2025: https://www.aen.pr.gov.br/sites/default/arquivos_restritos/files/documento/2024-05/startupecosystemreport2024.pdf

Startup Genome. (2024). The Global Stratup Ecosystem Report 2024 (GSER 2024). Retrieved 10.01.2025: https://startupgenome.com/reports/gser2024

Taibi, D. & Lenarduzzi, V. (2016). *MVP Explained: A Systematic Mapping Study on the Definitions of Minimal Viable Product.* Faculty of Computer Science Free University of Bolzano/Bozen Italy.

Thabane, L. & Thomas, T. & Chenglin, Y. & Paul, J. (2008). *Posing the research question: not so simple*. Canadian Anesthesiologists' Society 2008.

Thompson, J. (2022). *A Guide to Abductive Thematic Analysis.* The Qualitative Report, 27(5), 1410-1421.

Welch, L.S & Benito, G.R.G & Peterson, B. (2007). *Foreign operation methods: Theory, Analysis, Strategy*. Edward Elgar Publishing Limited.

Wen-Cheng, W. & Chien-Hung, A. Ying-Chien, C. (2010). *Types of Competitive Advantage and Analysis.* International Journal of Business and Management.

Winiarczyk, I. & Stverkova, H. & Jasińska-Biliczak, A. (2017). *Foreign Investment of Hi-Tech Enterprises as the Source of Knowledge Transfer to the Region – Opolskie Voivodship Case Study.* Wyższa Szkoła Zarządzania i Administracji w Zamościu.

Woldegiyorgis, A.A & Proctor, D. & Wit, Hand de. (2018). *Internationalization of Research: Key Considerations and Concerns*. Journal of Studies in International Education.

Zekiri, J. Angelova, B. (2011). *Factors that Influence Entry Mode Choice in Foreign Markets.* European Journal of Social Sciences – Volume 22, Number 4 (2011)

Zemaitis, E. & Vilys, M. Jakubavicius, A. (2016). *High Technology Sector Internationalisation: Open Innovation Perspective*. International business and economics department, Vilnius Gediminas Technical university, Vilnius, Lithuania.

Appendix 1 – Business guide for Israeli companies

**Business guide for Israeli companies planning to internationalize in Finland**

| | | |
|---|---|---|
| Assessment and Adjustment of Core Strategy | Market/ Competitive Analysis | ▪ Identify the area of business potential.<br>▪ Check business history data.<br>▪ Perform market survey.<br>▪ Check for government programs.<br>▪ More information and business opportunities can be obtained from Business Finland, Business Tampere (or other regions), embassy of Israel, etc.<br>▪ Check if VTT can be a research or business partner.<br>▪ Check for local partner with advantage. |
| | Internal Analysis | • Define well your business needs.<br>• Check whether the product is suitable for the climate conditions in Finland.<br>• Deeply understand what the Finnish customer needs are.<br>• Testing proof of concept if required. |

| | | |
|---|---|---|
| Formulation of Global Strategy | Choice of Competitive Strategy | • Focus on specific tech/product, not necessarily for mass production.<br>• Try to complete something missing.<br>• One needs to see where the relative advantage is.<br>• Work with strong local ecosystems i.e. accelerators, universities (Tampere, Aalto, etc.)<br>• Tender processes takes more time in Finland than in Israel. |
| | Choice of Target Segments | • If possible/relevant - consider hi-tech sector capabilities with complementary strengths. Finland is strong among others in telecommunications, 5G, energy, health and sustainable technologies.<br>• Search for EU projects/fundings |

| | |
|---|---|
| Development of Global Marketing Program | • Participate in Slush & Vaasa Energy Week to build presence & network.<br>• It is necessary to find good local partner that will promote your products.<br>• Marketing and branding needed to be improved in terms of colors, graphic designs, scenarios, etc.<br>• Make all the preparations. The Finns are practical, they lose their interest very fast if the partner is not ready.<br>• Finns work with budget, facts, and evaluation.<br>• Israelis less superlatives, more facts.<br>• Provide evidance/proof based marketing program. |

| | | |
|---|---|---|
| Implementation | Organizational Structure and Requirements | • Start with small business and continue to bigger business operations.<br>• It is important that the Israeli company will meet the Finnish and/or European standardization.<br>• Finnish culture has a lot of regulation/restriction.<br>• High environments and quality standards.<br>• Sometimes product modifications are needed whether because of different temperatures or humidity, or because of transportation, product handling, etc. |
| | Control | • Cultural course adaptation is recommended.<br>• Encourage continuous communication and feedbacks because both cultures are comfortable with direct dialogue.<br>• Note that Finns may prefer to consult multiple stakeholders, seeking consensus even if it lengthens the timeline.<br>• Finns generally adopt a more measured approach, focusing on sustained growth and consistent improvement.<br>• Pay extra attention to small project details.<br>• Finnish business culture values transparency, and punctuality. adjustments in approach.<br>• The Finns demand quality, precise schedule, obligations fulfilling.<br>• Pay extra attention to provide good service.<br>• Place a local Finnish person as a local representative. |

| | |
|---|---|
| Customer Approach | • Be more punctual/accurate. Try to be more patient, humble and polite!<br>• For both sides communication and trust are key elements for success. |

Appendix 2 – Business guide for Finnish companies

**Business guide for Finnish companies planning to internationalize in Israel**

| | | |
|---|---|---|
| Assessment and Adjust-ment of Core Strategy | Market/ Competitive Analysis | • Identify the area of business potential.<br>• Check business history data.<br>• Perform market survey.<br>• Check for government programs.<br>• More information and business opportunities can be obtained from Israel Innovation Authority, embassy of Finland, etc.<br>• Check for local partner with advantage. |
| | Internal Analysis | • Define your needs.<br>• Check whether the product is suitable for the climate conditions in Israel.<br>• Testing proof of concept if required. |
| | | |
| Formulation of Global Strategy | Choice of Competitive Strategy | • Focus on specific tech/product, not necessarily for mass production.<br>• Try to complete something missing.<br>• One needs to see where the relative advantage is.<br>• Work with strong local ecosystems i.e. accelerators, startups, etc.<br>• Israel is strong in innovation, advanced technologies, strong security and defence. Active startup and innovation network. |
| | Choice of Target Segments | • If possible/relevant - consider hi-tech sector capabilities with complementary strengths. Israel excels among others in defence, cybersecurity, AI, deep tech and green tech. |

| | |
|---|---|
| Development of Global Marketing Program | • Participate in CyberTech Tel Aviv, & Defense & HLS Expo, etc. to build presence & network.<br>• It is necessary to find good local partner that will promote your products.<br>• Marketing and branding needed to be improved in terms of colors, graphic designs, scenarios, etc.<br>• The Israelis have open and warm appraoch.<br>• Israel much more business oriented with forward thinking approach.<br>• Israelis are fast in business.<br>• Marketing program shall be based on scenarios, feelings, etc. |

| | | |
|---|---|---|
| Implementation | Organizational Structure and Requirements | • Start with small business and continue to bigger business operations.<br>• Sometimes product modifications are needed whether because of different temperatures or humidity, or because of transportation, product handling, etc.<br>• Kosher food for the Jewish religion visitors. |
| | Control | • Cultural course adaptation is recommended.<br>• Encourage continuous communication and feedbacks because both cultures are comfortable with direct dialogue.<br>• Note that Israelis may push for rapid decisions, driven by performance metrics and short innovation cycles.<br>• The Israeli mentality can sometimes be at the expense of long-term strategic planning.<br>• Israelis are more business oriented and take more risks.<br>• Place a local Israeli person as a local representative. |

| | |
|---|---|
| Customer Approach | • Israelis may be more loud, fast, aggressive, and less formal.<br>• Less patience and modesty is accepted!<br>• For both sides communication and trust are key elements for success. |

Appendix 3 – Questionnaire to Israeli and Finnish Hi-tech interviewees

1. If possible, could you please provide description about your experience in internationalization between Israel and Finland?

2. What were the lessons learned and how is the Finnish or Israeli internationalization compared to internationalization to other countries?

3. What were the country market choice reasons made you to choose/operate in Israel or Finland?

4. What are the obstacles/market entry for a Finnish company aiming to operate in Israel or in collaboration with Israeli company? Or vice versa?

    a. What were the main challenges?
    b. What is the country specific characteristics that affected entry to Finland or Israel? How did they discover them? How did it affect the business relationship?
    c. Were there any regulatory or legal challenges and how were they tackled?
    d. What are the cultural differences? How did it affect the business relationship?
    e. How did geographical distance influence the business?
    f. Any issues with logistics or supply chain?
    g. Anything surprising that they did not account for or expect?

5. How do you think Israeli and Finnish hi-tech companies can overcome these entry barriers?

    a. Where did they get the knowledge or help / resources to tackle the challenges?
    b. Did they follow a Uppsala style internationalization or more direct?
    c. Did partnerships or networks help or play a role in overcoming challenges? If so, how?
    d. Did they have to adapt or modify their product/ service offering and if so, why was that?
    e. Where did the resources and capabilities come for internationalization and overcoming challenges?

6. How would you describe the current overall situation between Israel and Finland in the hi-tech sector? What is the potential to improve the internationalization?

7. What is specifically important in the hi-tech sector regarding internationalization of the two countries?

8. What should I add to my business guide of how to improve internationalization between Israeli and Finnish Hi-Tech companies?

9. Do you have any other important comments to add for my research?

Appendix 4 – Interviews information table

| Interviewee | Country | Title/Job description | Company/organization | Finn-IL expirience | Date | Time | Type of meeting | Notes |
|---|---|---|---|---|---|---|---|---|
| **A** | Israel | Program Manager | Hi-tech company | ~5 years | 02.01.2025 | 11:00-12:00 | Face to face | Meeting was recorded with audio application |
| **B** | Finland | Consultant/expert | Economic agency | ~5 years | 07.02.2025 | 09:30-10:30 | Teams | Meeting was recorded |
| **C** | Israel | Advisor | Government office | ~2 years | 10.02.2025 | 10:00-11:00 | Teams | Meeting was recorded |
| **D** | Israel | VP Marketing | Hi-tech company | ~20 years | 13.02.2025 | 13:15-14:00 | Teams | The interview continued and completed on 16.12.2025 between 10:15-11:00am. Meetings were recorded |
| **E** | Finland | Company employee | Government office | ~2 years | 13.02.2025 | 16:30-17:30 | Teams | Informant did not agree to record the meeting |
| **F** | Israel | CEO | Hi-tech company | ~2 years | 16.02.2025 | 12:30-13:30 | Zoom | Meeting was recorded |
| **G** | Israel | Former advisor | Government office | ~10 years | 17.02.2025 | 15:00-16:00 | Zoom | Meeting was recorded |
| **H** | Finland | Marketing manager | Hi-tech company | ~5 years | 20.02.2025 | 10:00-11:00 | Zoom | Meeting was recorded |
| **I** | Finland | Sales Director | Hi-tech company | ~20 years | 21.02.2025 | 10:00-11:00 | Zoom | Meeting was recorded |
| **J** | Finland | Chairman | Trade association | ~30 years | 21.02.2025 | 11:00-12:00 | Zoom | Meeting was recorded |

Appendix 5 – Content analysis table for interviewee A, Quality analysis, abductive approach steps 1-4 (Thompson, 2022, p. 1412-1418)

| Interview questions | Step 1- Interviewee A answers (translated) | Step 2 - Coding word or short phrase that symbolically assigns a summative | STEP 3 - Name Codes | STEP 4 - Group Codes: Themes |
|---|---|---|---|---|
| If possible, could you please provide description about your experience in internationalization between Israel and Finland? | I am a program manager in a hi-tech company in Israel. I am working with Finnish people in few projects and from several companies in the last 5 years or more. I am also experienced with companies from other countries so I have the reference to say what is the difference with the business relationship with Israel and Finland compare to other countries. | NA. Not relevant for the content analysis. | NA. Not relevant for the content analysis. | NA. Not relevant for the content analysis. |
| What were the lessons learned and how is the Finnish or Israeli internationalization compared to internationalization to other countries? | The Finnish culture is different from us, more European for example. In general, the collaboration with the Finns is good and pleasant. They demand quality, precise project schedule, fulfilling the obligations. They are very honest and understand how to find the way to be collaborative in order to jointly promote the project. They try to help each other all the time. The atmosphere is almost always | The culture is different. The Finns demand quality, precise schedule, obligations fulfilling. The Finns are honest, collaborative and they maintain mutual respect. | Israeli culture. Finnish business characteristics. Finnish culture. | National differences. Finn-IL business behaviors. |

| Interview questions | Step 1- Interviewee A answers (translated) | Step 2 - Coding word or short phrase that symbolically assigns a summative | STEP 3 - Name Codes | STEP 4 - Group Codes: Themes |
|---|---|---|---|---|
| | good, and they maintain honesty and mutual respect. | | | |
| What were the country market choice reasons made you to choose/operate in Israel or Finland? | The contact was actually made from the Finns to us. They were interested in our products. They reached us following open media publications. | The Finns reached us. They were interested in our products. | Israeli business characteristics. Finnish business characteristics. | Finn-IL business behaviours. |
| What are the obstacles/market entry for a Finnish company aiming to operate in Israel or in collaboration with Israeli company? Or vice versa?<br>What were the main challenges?<br>What is the country specific characteristics that affected entry to Finland or Israel? How did they discover them? How did it affect the business relationship?<br>Were there any regulatory or legal challenges and how were they tackled?<br>What are the cultural differences? How did it affect the | First of all, the culture difference. Our culture is different from the Finnish culture. It always affects when creating new business relationships. Many things like cultural nuances that someone is not aware of and that are very important to the other side. This is mainly important for the trust. Secondly, the standardization in also important. It is important that the Israeli company will meet the Finnish and/or European standardization. What is acceptable here is not always acceptable in Finland. Lastly, the geographical distance is challenging. We are not part of the EU. Business trips takes time and both sides needs to | Our culture is different from the Finnish culture. There are different cultural nuances. This is important for the trust. It is important that the Israeli company will meet the Finnish and/or European standardization. Geographical distance is challenging. | Finnish culture. Israeli culture. EU Standardization. Geographic distance. | National differences. Standards/regulations. Geographic distance. |

| Interview questions | Step 1- Interviewee A answers (translated) | Step 2 - Coding word or short phrase that symbolically assigns a summative | STEP 3 - Name Codes | STEP 4 - Group Codes: Themes |
|---|---|---|---|---|
| business relationship?<br>How did geographical distance influence the business?<br>Any issues with logistics or supply chain?<br>Anything surprising that they did not account for or expect? | plan it and coordinate carefully. | | | |
| How do you think Israeli and Finnish hi-tech companies can overcome these entry barriers?<br>Where did they get the knowledge or help / resources to tackle the challenges?<br>Did they follow a Uppsala style internationalization or more direct?<br>Did partnerships or networks help or play a role in overcoming challenges? If so, how?<br>Did they have to adapt or modify their product/ service offering and if so, why was that?<br>Where did the resources and | I think that in order to overcome these barriers, one need to maintain very good interpersonal relationships. Create trust and together overcome these barriers. In the end, the goal of both sides is to create a win-win situation. Another important aspect is the to deeply understand what the Finnish customer needs are, what is important to him? and what hurts him? This is especially important between cultural differences. One last thing, sometimes product modifications are needed because of different temperatures or humidity, or because of | It is important to maintain good interpersonal relationships, to create trust, deeply understand what Finnish customer needs are.<br>Sometimes product modifications are needed. | Recommendations for Israelis.<br>Product modifications. | Finn-IL business improvement. |

| Interview questions | Step 1- Interviewee A answers (translated) | Step 2 - Coding word or short phrase that symbolically assigns a summative | STEP 3 - Name Codes | STEP 4 - Group Codes: Themes |
|---|---|---|---|---|
| capabilities come for internationalization and overcoming challenges? | transportation, product handling, etc. | | | |
| How would you describe the current overall situation between Israel and Finland in the hi-tech sector? What is the potential to improve the internationalization? | What I know is that the situation is quite good. Although I think it can be improved. The familiarity between the two sides is not that great, perhaps because of the geographical distance. If we were able to increase the familiarity and the various companies, the knowledge about the Israeli and Finnish products, I think it would be very helpful. Today it is relatively limited. I think more advertising could help. | The familiarity between the two sides is not that great. More familiarity and more advertising could help. | Recommendations for Israelis. Recommendations for Finns. | Finn-IL business improvement. |
| What is specifically important in the hi-tech sector regarding internationalization of the two countries? | There are specific elements only among the Finns, maybe all sorts of things in Nordic culture. In the high-tech field, you have to treat the people you work with according to these specific elements. | There are specific elements only among the Finns. | Finnish culture. | National differences. |
| What should I add to my business guide of | It is necessary to find good local partner that will | It is necessary to find good local partner that will | Recommendations for Israelis. | Finn-IL business improvement. |

| Interview questions | Step 1- Interviewee A answers (translated) | Step 2 - Coding word or short phrase that symbolically assigns a summative | STEP 3 - Name Codes | STEP 4 - Group Codes: Themes |
|---|---|---|---|---|
| how to improve internationalization between Israeli and Finnish Hi-Tech companies? | promote your products, your business, the things you want to market. The leads will allow access to the local business world, and help you enter a place you are not familiar with. Such as what are the implications, organizational politics, etc. The right local partner will open the doors and opportunities to succeed. | promote your products and your business in Finland. | | |
| Do you have any other important comments to add for my research? | There is a lot of potential which I believe today is not fully fulfilled. The main thing is the advertising, knowledge and awareness of both sides, and the possible business option. It requires investment, but there is potential, and it is worth investing in it because both parties will benefit from it. I personally really enjoy working with the Finns, they are very good partners. | There is a lot of potential which I believe today is not fully fulfilled. The main thing is the advertising, knowledge and awareness of both sides, and the possible business option. | Recommendations for Israelis. | Finn-IL business improvement. |

Appendix 6 – Minimum Viable Product (MVP) for Israeli companies

| | | |
|---|---|---|
| Assess-ment and Adjust-ment of Core Strat-egy | Market/Competitive Analysis | Identify the area of potential business<br>Check business history data. Perform market survey. Check government programs. |
| | Internal Analysis | Define your needs.<br>Testing proof of concept<br>Deeply understand what the Finnish customer needs are |

| | | |
|---|---|---|
| Formulation of Global Strategy | Choice of Competitive Strategy | Focus on specific tech/product, not necessarily for mass production<br>Try to complete something missing<br>Check where the relative advantage is?<br>Work with strong local ecosystems i.e. accelerators, universities, etc. |
| | Choice of Target Segments | If possible/relevant - consider hi-tech sector capabilities with complementary strengths. Finland is strong among others in telecommunications, 5G, energy, health and sustainable technologies.<br>Search for EU projects/fundings |

| | |
|---|---|
| Development of Global Marketing Program | Check for local partner with advantage<br>Marketing and branding need to be improved in terms of scenarios for Israel, adjusted graphic design, etc.<br>Make all the preparations. The Finns are practical, they lose their interest very fast if others are not prepared<br>Notice that Finns work according to budget, facts, and evaluation<br>Less superlatives, more facts are required<br>Tender processes in Finland takes more time in Finland than in Israel |

| | | |
|---|---|---|
| Implementation | Organizational Structure and requirements | Start with small business and continue to bigger business operations<br>It is important that the Israeli company meet the Finnish and/or European standardization<br>Finnish culture has a lot of regulation/restriction (more than Israel)<br>High environments and quality standards are required<br>Sometimes product modifications are needed whether because of different cold temperatures, or because of transportation, product handling, etc. |
| | Control | Cultural course adaptation to work with the Finns is recommended<br>Encourage continuous communication and feedback because both cultures are comfortable with direct dialogue<br>Note that Finns may prefer to consult multiple stakeholders, seeking consensus even if it lengthens the timeline |
| | | Finns generally adopt a more measured approach, focusing on sustained growth and consistent improvement<br>Pay extra attention to small project details<br>Finnish business culture values transparency, and punctuality. Take adjustments in approach if needed.<br>The Finns demand quality, precise schedule, obligations fulfilling.<br>Pay extra attention to provide good service |

| | |
|---|---|
| Additional | Be patient, humble and polite!<br>For both sides relationships and trust are key elements for success. |

Appendix 7 – Minimum Viable Product (MVP) for Finnish companies

| | | |
|---|---|---|
| Assessment and Adjustment of Core Strategy | Market/Competitive Analysis | Identify the area of potential business<br>Check business history data. Perform market survey. Check government programs. |
| | Internal Analysis | Define your needs<br>Testing proof of concept |
| | | |
| Formulation of Global Strategy | Choice of Competitive Strategy | Focus on specific tech/product, not necessarily for mass production<br>Try to complete something missing<br>Check where the relative advantage is?<br>Work with strong local ecosystems i.e. accelerators, startups, etc.<br>Israel is strong in innovation, advanced technologies, strong security and defence. Active startup and innovation network. |
| | Choice of Target Segments | If possible/relevant - consider hi-tech sector capabilities with complementary strengths. Israel excels among others in defence, cybersecurity, AI, deep tech and green tech. |

| | |
|---|---|
| Development of Global Marketing Program | Check for local partner with advantage<br>Marketing and branding need to be improved in terms of scenarios for Israel, adjusted graphic design, etc.<br>Israelis are very warm people, they are usually not shy<br>Israel much more business oriented. Israelis are open minded and take more risks.<br>Israelis are fast in business |

| | | |
|---|---|---|
| Implementation | Organizational Structure and requirements | Start with small business and continue to bigger business operations.<br>Sometimes product modifications are needed whether because of different hot temperatures or humidity, or because of transportation, product handling, etc.<br>Be prepared for Kosher food for the Jewish religious visitors |
| | Control | Cultural course adaptation to work with the Israelis is recommended. Also, introduction to the Jewish religion is recommended.<br>Encourage continuous communication and feedback because both cultures are comfortable with direct dialogue<br>Note that Israelis may push for rapid decisions, driven by performance metrics and short innovation cycles.<br>The Israeli mentality can sometimes be at the expense of long-term strategic planning<br>Israelis are more business oriented and take more risks |

| | |
|---|---|
| Additional | Less patience and modesty are accepted!<br>For both sides relationships and trust are key elements for success. |