



The opportunities South-Korean markets could offer for Finnish companies in the green technology sector

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Abstract

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South Korea is one of the biggest economies in the world and it holds many market opportunities. This thesis was made to research the opportunities the South Korean markets could offer Finnish companies in the green technology sector.

The main objectives of this thesis were to introduce the South Korean market and business culture and to discuss the Korean New Deal that was launched in 2020. The thesis also discussed the relations between Finland and South Korea and Finnish companies that already operate in the South Korea market.

The empirical research of the thesis consisted of two surveys. One conducted to establish the awareness of Finland among South Korean consumers and the other survey was sent to Finnish companies operating in the South Korean market to get an insight to their experiences in South Korea.

The results of the thesis showed that South Korean consumers were mostly aware of Finland and thought of Finnish products as trustworthy. The Finnish companies who operate in South Korea reported that the market is highly competitive with a strong bias towards local companies.

Keywords

South Korea, Business culture, Market environment, Green technology

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1 Introduction

This thesis is a research on South Korea's steps towards tackling climate change and how could this ongoing process offer new opportunities for Finnish companies in the South Korean markets in the green technology sector. The topic was chosen due to personal interest and experience of South Korea. The thesis process was started in South Korea while working as an intern in the Embassy of Finland in Seoul.

After an exchange semester and an internship in South Korea, writing a research about South Korea felt like the natural thing to do. After learning about the Korean New Deal, the idea was born to write the thesis about the environment and steps to tackle climate change in South Korea. Climate change and environmental issues are discussed all around the world and action to stop them is constantly made, therefore the topic is very current.

1.1 Aim of the research and research questions

The main objective of the thesis is to identify the possible opportunities for Finnish companies in the South Korean market in the green technology sector and what products and services are currently in demand in South Korea. Below, the main research question and sub-questions to help answer the main research question are presented. The matrix the research questions shows where the theory of the questions and finding can be found in the thesis.

Research question: What opportunities could South Korean markets offer to Finnish companies in the green technology sector?

Sub-question 1: Cultural aspects of South Korea.

Sub-question 2: What is the Korea New Deal?

Sub-question 3: Experiences of Finnish companies in South Korea.

Sub-question 4: South Korean consumers awareness of Finland.

Table 1. Matrix of the research questions

Main RQ: What opportunities could South Korean markets offer to Finnish companies in the green technology sector?		
	Theory	Findings, questions
Sub-question 1: Cultural aspects of South Korea.	2.2	2.2
Sub-question 2: What is the Korean New Deal?	2.3	2.3
Sub-question 3: Experiences of Finnish companies in South Korea.	Survey Appendix 2.	3.4.1
Sub-question 4: South Korean Consumers awareness of Finland.	Questionnaire Appendix 1.	3.4.2

1.2 Demarcation

As mentioned before, climate change and environment issues are an important topic around the world. The idea to write the thesis about the opportunities for Finnish companies in the South Korean market was born very early on during the thesis process. While interning in the Embassy of Finland in Seoul, the steps South Korea was taking towards environmental changes seemed to constantly be integrated into many work-related tasks, therefore the interest towards the demarcation topic was sparked.

1.3 Main concepts

The main concepts for the thesis are the following:

South Korea

The main characteristics of South Korea and the market will be explained. Before expanding business to anywhere, it is important to have as much knowledge as possible on the target country.

Culture

The thesis will discuss South Korean culture from social to business culture. When planning on internationalizing a business to a new country, it is extremely important to know the business culture of the target country to successfully operate there. A country comparison between Finland and South Korea will be presented and discussed.

South Korea and the environment

South Korea and the environment will be discussed. The steps that South Korea is taking towards carbon neutrality and green economy are introduced as possible market opportunities for Finnish companies operating in the green technology sector.

Finland in South Korea

The last concept is Finland in South Korea. The relations between Finland and South Korea will be discussed and existing Finnish companies in the market will be introduced.

1.4 Limitations of the thesis

The thesis was written during the COVID-19 pandemic, which brought limitations to the research process. During the COVID-19 pandemic, holding face to face interviews would have been difficult, therefore it was decided to conduct the data collection online which limited the number of survey responders. One of the limitations for the thesis was the language barrier. Being more efficient in the Korean language could have had an impact on the thesis. The South Korean government has large amounts of information that could have been used in the research, but the information was only available in Korean. Language skills could have also affected the number of responders in the data collection phase, as if more information could have been provided in Korean to the target group, the number of responders could have been higher.

1.5 Thesis structure

In the second chapter, the theoretical framework for the thesis will be presented. Based on the framework, the data collection surveys for the empirical research were decided. Chapter three will explain the empirical research. The research data was collected by conducting two surveys, one for Korean citizens living in South Korea and the other one for Finnish companies that operate in South Korea. The chapter also includes an introduction to the findings of the surveys. The last chapter will include a summary of the main findings. It also discusses the reliability of the research and recommendations and suggestions for future research on the topic. Lastly the chapter will have an evaluation and a self-reflection of the thesis writing process.

2 Theoretical frame of reference

In this chapter the theoretical framework used in this thesis will be explained. This chapter will first give an outlook on South Korea and the characteristics of South Korean markets. This chapter will then discuss South Korea's steps against climate change and the 2020 launch of the Korean New Deal. The last part of the chapter discusses the relationship between Finland and South Korea and existing Finnish organisations in the South Korean markets.

2.1 Basic introduction of South Korea

The Republic of Korea, more commonly known as South-Korea, in Korean 대한민국, is a democratic state located in East-Asia. The language spoken in South Korea is Korean. The Korean language has its own alphabet and writing system called Hangeul or 한글 in Korean. South Korea uses their own currency, the Korean won (KRW, ₩) (KOTRA 2019, 9). In 2019 the population of South Korea was approximately 51 million people, of which 10,5 million reside in the capital city of Seoul. The surface area of South Korea is approximately 99 square kilometers. Major cities in South Korea include, Incheon, Busan, Daejeon, Daegu, Gwangju and Ulsan. South Korea neighbors China, Japan and North Korea (Hoare 2021, 3).

South Korea is a part of the Korean peninsula that it shares with North Korea, officially called People's Republic of Korea. The Korean peninsula has been divided into two since 1948. After the Japanese Colonial Rule, Korea was divided into Soviet and American zones that were originally made for the purpose of making the Japanese surrender. The allies could not agree on Korea's future which led to the division of the Korean peninsula. The Korean War started in July 1950 and it lasted until an agreement was made on July 27th in 1953. The recovery from the war took a long time and both Koreas were left devastated. The damage the war had on South Korea was estimated to be 2 billion US \$. From 1953 onward, both Koreas concentrated on rebuilding what was lost during the war. South Korea's recovery from the war was slower, as North Korea, whose damages were bigger, was aided by the Soviet Union, its allies and China. North Korea kept receiving aid from the Soviet Union until its demobilization in 1992. (Hoare 2021, 17-27)

South Korea was deemed as an economical failure as it struggled after the war. The per capita income was astonishingly low, and the president seemed to have little to no interest in economic matters. When the Korean war ended, South Korea became a democratic state, but after President Rhee Syngman's political corruption came to light, the army seized power and South Korea remained under military dominance until 1992. In the late

1970's, South Korea had managed to transform from a mainly agricultural country into an industrial one. South Korea now had established a position that matched its northern neighbor who would start to fall behind. (Hoare 2021, 26-30)

2.1.1 Economy of South Korea

From 1962 to 1992 South Korea grew their real GDP annually by an average of 10%, while exports grew by 20% in the same time period. Since then, South Korea has been a model country for rapid development (Statista 2021a, 7). The 1997-1998 Asian financial crisis hit South Korean companies hard which led to the GDP to ultimately drop by 7% in 1998. South Korea managed to overcome the crisis by increasing the flexibility of the labor market and opening more foreign imports and investments. (CIA 2021)

In 2021, South Korea is the 10th biggest economy in the world (Finland Abroad 2021) and in 2020, the GDP of South Korea was 1 638,26 billion US dollars. Figure 1. shows the steady rise of the GDP in the 2000's. The real GDP that is adjusted to inflation, is expected to rise by 2,8% from 2020 to 2025. From 2010 to 2020 the increase in real GDP was 2,4%. After the rapid economy growth, South Korea has entered the gradually slowing economic growth phase, that is common for advanced economies. (International Monetary Fund 2021; Statista 2021a, 16; CIA 2021)

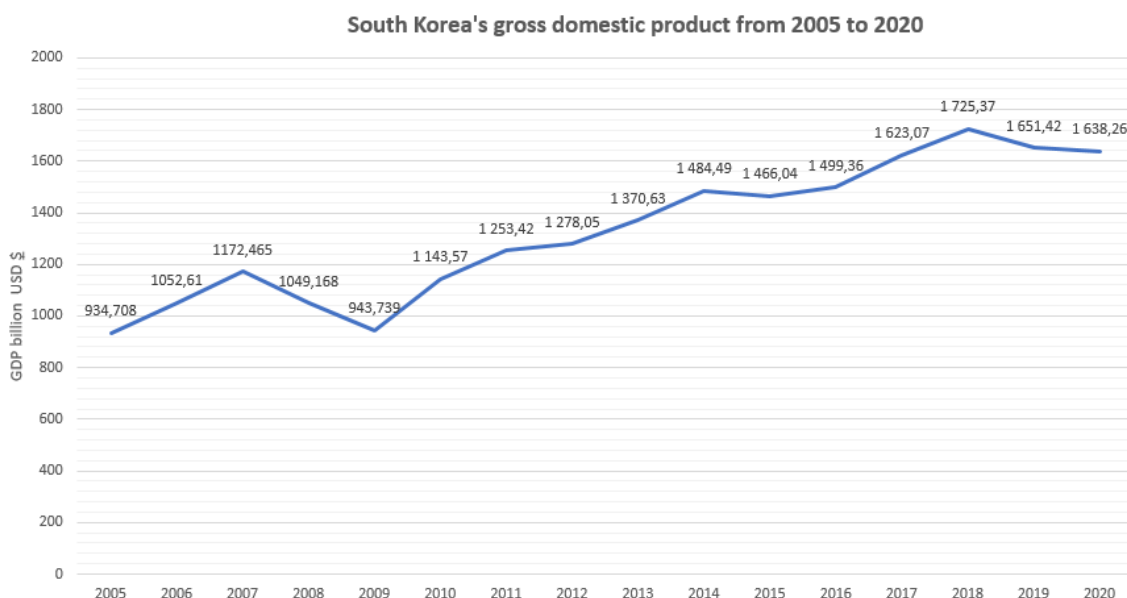


Figure 1. South Korea's gross domestic product from 2005 to 2020 (International Monetary Fund 2021)

In South Korea, the real GDP per capita was 32,635 USD in 2020, which was higher than the average GDP per capita that year. In 2019, South Korea had 24th highest GDP per capita among 149 countries (Statista 2021a), but the average GDP per capita was 20% lower than in the best OECD countries. (OECD 2021)

2.1.2 Characteristics of the South Korean markets

South Korea's main export countries are China, the United States, Vietnam, Hong Kong and Japan. In 2019, exports to China were 25% of all South Korea's exports. In 2020, the exports from South Korea were 606,71 billion US dollars and imports were 540,96 billion US dollars. The biggest exports from South Korea are ships, cars/ vehicle parts, office machinery, integrated circuits and refined petroleum. South Korea's biggest import partners are China, the United States and Japan. The main imports to South Korea in 2019 were integrated circuits, natural gas, coal and refined and crude petroleum. (CIA 2021)

The European Union and South Korea entered into a free trade agreement in 2011. The trade agreement oversaw the elimination of customs from nearly all products and many services for investors and businesses opened between EU and South Korea. The removal of tariffs and other trade barriers made exporting and importing easier on both sides. In the first five years of the Free Trade Agreement, exports from the EU to South Korea increased by 55% and the trade of goods between the EU and South Korea reached a record high of over 90 billion euros. (European Commission)

Mostly family-run mega conglomerates, known as chaebols, are an important part of the South Korean markets and they played an important part in South Korea's transformation into one of the world's largest economies. The large business entities represent an important part of South Korea's economy. Included in the biggest chaebols that operate in South Korea, are Samsung, LG and Hyundai. The chaebol structure has received criticism for limiting the development of small and medium-sized business and creating an imbalance in the economy. The power these large chaebols have, put South Korea in an economic risk, as the failure of them could cause economic instability. In the last decade Samsung by itself has accounted for over 14% of South Korea's GDP. In 2016, Chaebols had a market cap share of 77% and non-chaebol companies had only 23%. 41% of the chaebol market cap share belonged to Samsung. (Council on Foreign Relations, 2018)

2.2 South Korean culture

This chapter will go through aspects and dimensions of South-Korean culture. First this chapter will talk about values and attitudes in South Korean culture. The second part will explain business culture in South Korea. In the last part of the chapter, a country comparison between South Korea and Finland will be demonstrated.

Knowing the main aspects of a culture is important for successful operations in any country. Knowing how individuals in the society function based on shared values is good

to know before starting operations in a new market. Getting to know the main characteristics of a culture before starting the process to contact possible business partners will help to determine how to address and approach them. Offending someone from the get-go is not something anyone wants when doing business with new partners.

In South Korea people tend to show more reserved behaviour when communicating with people they are unfamiliar with. People may seem standoffish and unfriendly when meeting strangers. Even though Koreans may seem unfriendly, they can quickly form close friendships if they find things in common with new acquaintances. When first meeting Korean people, they often make efforts to establish links, that could be a shared hometown or school or even shared hobbies. It is likely that personal questions will be asked about your age, family, education, or marital status. This information will help Korean people to determine how they will position themselves in relations to new acquaintances. All the information they acquire from these questions will give a social standing. (Hoare 2021, 32-34)

One aspect of South Korean culture is the widespread respect for older people. Showing respect to seniors or those who are older in years is regarded very highly. Some younger Koreans may feel reluctant to eat or drink in front of parents and it is advised to not sit down before people who are senior have taken their seats. Standing up when a senior enters the room also leaves a good impression. If talking to an older Korean person, they may abandon a younger person mid-conversation to start a new conversation with an elder colleague if one enters the room. It is good to note that this is not done to offend the younger person. (Hoare 2021, 35- 36)

Generally, Koreans are friendly and polite towards foreigners and are often trying to be helpful. Even if there is no shared language, Koreans try to make foreigners feel at ease. (Hoare 2021, 37)

2.2.1 Business culture

South Korea's economy has been rapidly transforming in the last 70 years and the rapid economy development has driven more and more foreigners to do business in and with the country. Doing business in South Korea has proven to be no less difficult than any other country. Regardless of this, Koreans still do things slightly differently than business in the West.

South Korean business practices are often characterized "Confucian" and it tends to mean that Koreans value hierarchy and hard work (Hoare 2021, 130). Confucianism creates a

dynamic, where loyalty and dedication to elders is the workplace. In workplaces, employers are favoured, and employees show loyalty to employers by sacrificing personal time to work long hours (Kim & Jaffe 2016, 179). The attitude towards women in business is another aspect of Confucianism. Women rank lower in the Confucian hierarchy. Women in South Korea are fighting against discrimination and making their presence seen on areas that are traditionally men dominated. Women who are non-Korean, benefit from being outsiders to whom the normal rules are not applied to, but they still may feel that they are not treated as equals to their male peers. (Hoare 2021, 130-131)

In South Korean business culture “face” and “save face” are important. The term essentially comes down to avoiding actions and saying something that could embarrass your Korean counterpart in any way in front of others. If a person ends up losing “face” it will not only embarrass the person perpetuating the deed, but they have also put other people into an impossible situation. The way to handle situations where losing “face” could happen, is to avoid direct confrontation and blame in front of others and to handle the issues privately. The same applies to business negotiations. It’s good to remember that neither side wants to “lose” face. (Hoare 2021, 131-132)

The South Korean approach to business is more formal than in the West. In South Korea it is common to have set-piece negotiations with large groups, but normally only one person on each side will do the speaking. Koreans will not be impressed if a junior member of the team intervenes, and the other team members are there only for written advice and consultations if needed. Formalities may also continue into social occasions that are associated with business. Do not be surprised if an older person will not talk to younger ones at social events and if it is hard to get much information out of a younger member on the Korean side. (Hoare 2021, 133)

It is important to give a good impression at first introductions. Men should offer their hand for a handshake, but it is not common for Korean women to shake hands. Generally, the senior will make the first move, but for foreigners the same rules do not apply. A business card should be always presented after the first introduction. Cards should be offered with using both hands if possible. Business cards in South Korea contain a lot of information. As hierarchies are important in South Korea, Koreans will also be very interested in others. Operating without a business card in South Korea would be a great mistake. Koreans hope that a business card will supply them with information about the person or their status, therefore it is important to include as much information in them as one can. (Hoare 2021, 134-136)

Then planning on starting operations in South Korea, knowing what is wanted and needed from the Korean partner company and establishing which companies meet those needs is important. An essential part of conducting business is perseverance in keeping contact with Korean partners. In South Korea, most business transactions will not conclude after one session, and it is expected to visit South Korea more than once if any sort of long-term commitment is involved. (Hoare 2021, 136-137)

When doing negotiations in South Korea, negotiate like the Koreans. Negotiations are likely to take time (Hoare 2021, 137). When attending any business engagements, arriving on time is very important, as being on time and punctual is seen as a sign of respect (World Trade Press 2010, 26). During business engagements and negotiations, it is important to remember to allow time for interpretations as many Koreans might not be at ease with speaking English, even if they are able to read it. Regardless of the other sides English speaking abilities, the remarks should never be addressed to the interpreter. Always refrain from using given names, as Koreans rarely do so themselves. When speaking to people such as a chairman or a president, they should be addressed as their title rather than by "Mr" or "Mrs". During negotiations, getting a broad base to keep in contact is more important than reaching a document that was agreed upon. Even signed contracts may not necessarily be seen as a final agreement, but more of a stage towards a final agreement. Even if an agreement is not reached, a hostile situation should be avoided at all costs, as if good will remains, it may be possible to review the issue at a later time. (Hoare 2021, 137-138)

2.2.2 Country comparison

The word culture carries several meanings. Geert Hofstede defines culture as "*The programming of the human mind by which one group of people distinguishes itself from another group*". Culture is learned in the environment where people grow up in. In the core of every culture are values that are learned when individuals go through childhood. (Hofstede Insights 2021c)

The theory of cultural dimensions is not an accurate way to analyze cultures as it gives a very subjective view on cultures, but it can be a way to get an overview on a country's national culture. The six dimensions of a national culture are based on research done by Geert Hofstede, Gert Jan Hofstede, Michael Minkov and their teams. The different cultural dimensions represent the preferences on certain aspects, and they are used to distinguish countries from each other. (Hofstede Insights 2021b)

In figure 2. the comparison of these 6 dimensions between South Korea and Finland can be seen.

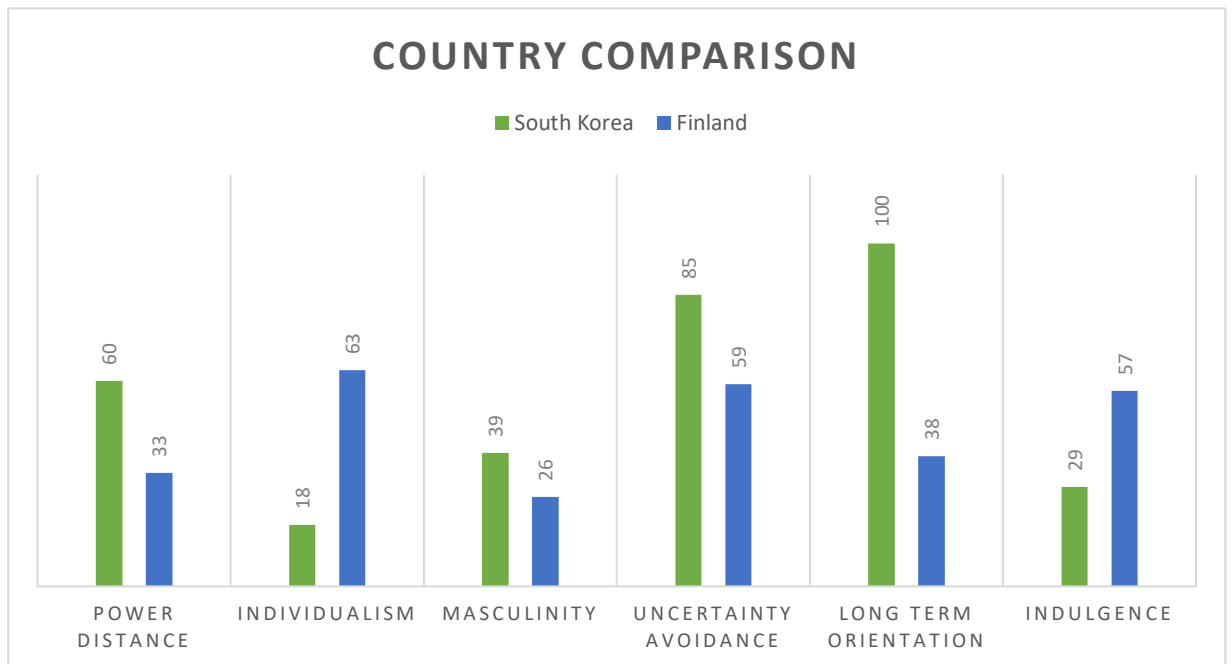


Figure 2. Country comparison. (Hofstede Insights 2021a)

In power distance South Korea scores higher than Finland. This means that South Korea is a slightly hierarchical society where people accept an order in which everyone has their place and they do not need more justifications for it. Finland that scores lower, on other hand is more independent and hierarchy is only for the purpose of convenience. In South Korea the power is centralized whereas in Finland it is the opposite. In Finland managers rely on the skills and experience of the workers and in return the employees expect to be consulted. Attitudes towards managers are informal and first names are used in workplaces. In South Korea the hierarchical order in organizations is seen as a reflection of inherent inequalities and employees expect to be told what to do. (Hofstede Insights 2021a)

In individualism Finland scores higher than South Korea. Finland is a loose-knit society where every individual is expected to take care of themselves and immediate family. In contrast, South Korea scores low on the individualism dimension and it is considered a collectivistic society that is manifested as long-term commitment. Loyalty is very important in collectivistic societies, and it often overrules most regulations and social rules. In individualistic societies employer-employee relationships are based on mutual advantage and management is individual whereas in collectivistic societies the relationships between employers and employees are perceived as moral terms and management is management of groups. Offences in individualistic societies often cause guilt to individuals while in collectivistic societies they cause shame (Hofstede Insights 2021a). In South

Korea, individualism is often discouraged and boundaries between personal and work life often are nonexistent. (Kim & Jaffe 2016, 177)

According to Hofstede Insights, South Korea and Finland score relatively low on the masculinity dimension and are considered to be feminine societies. In both societies the focus is on working in order to live. In feminine countries, conflicts are solved by compromises and negotiations and equality is valued in working life. Free time and flexibility are also valued. (Hofstede Insights 2021a)

The dimension for uncertainty avoidance is high for both Finland and South Korea. South Korea is one of the most uncertainty avoidance countries in the world and it maintains codes and behaviors and unconventional behaviors and ideas are unwelcomed. In cultures with high uncertainty avoidance there is emotional need for rules and regulations. Time is money and working hard and punctuation and precision are the norm. Often innovation might be unwelcomed and resisted. For individuals' motivation, security is often an important element (Hofstede Insights 2021a). In South Korea

South Korea scores a 100 on the long-term orientation dimension. Individuals tend to live their lives according to virtues and practical examples. Finland on the other hand scores low and can be classified as a normative society. Individuals in these cultures respect traditions and small tendency to save for the future. Focus is often on achieving fast results. In South Korea the priority is on achieving steady growth instead of quick results and make companies durable and to benefit the society for many years (Hofstede Insights 2021a). As mentioned before, when doing business in South Korea, it is expected to return to South Korea more than once if any kind of long-term commitment is involved. (Hoare 2021, 137)

South Korea scores low on indulgence is considered to be a restraint society. Societies with a low score on indulgence tend not to put much emphasis on leisure time and feel they are restrained by social norms and indulging might be seen as somewhat wrong. Finland scores relatively high on the indulgence dimension and is considered an indulgence country. People in indulgence societies feel generally free to express their impulses and desires leading to having fun and living a good life. (Hofstede Insights 2021a)

2.3 South Korea's climate change efforts

Many countries have been very keen on environmental issues in the latest years and South-Korea is one of them. In the latest years South Korea has been going ahead with their plans on zero net carbon neutrality by the 2050.

South Korea has actively been engaging in efforts to tackle climate change for over a decade. South Korea is an active participant in climate change negotiations, and they believe addressing climate change provides opportunities to create future drives for growth. By active participation, South Korea has strived to contribute to successfully launching a new climate regimen. In these climate change negotiations, South Korea has been acting as a bridge between developed and developing countries. (Ministry of Foreign Affairs s.a.)

In 2021 South Korea's government announced the Presidential Committee on Carbon Neutrality that will help guide the country towards their carbon neutrality goals. In his speech South Korea's president Moon Jae-in said that achieving carbon neutrality is an unavoidable challenge that all humanity must tackle together. The launch of Presidential Committee on Carbon Neutrality aims to unite everyone's capabilities to successfully take on the challenges of achieving carbon neutrality. Amid fierce global competition and with other countries making huge green investments, South Korea is making carbon neutrality their opportunity to emerge as pacesetting nation. (The Republic of Korea Cheong Wa Dae 2021)

The Presidential Committee was announced ahead of the 2021 P4G Seoul summit, that was held to unite world leaders and heads of international organizations for action to meet climate commitments. South Korea announced the P4G partnership in 2017 and has demonstrated success and commitment to sustainable development. With collaborations with P4G, South Korea supports curation of new partnerships that line up with its development priorities and also the implementation of these new solutions. (P4G 2021)

2.3.1 The Korean New Deal

In 2020, the South Korean government published their new national strategy called the Korean New Deal that aims to transform South Korea from a fast follower to a first mover. The government introduced two main policies to achieve this goal: The Digital New Deal and the Green New Deal. The strategy also includes a plan stronger safety net to strengthen the basis for a country that is people-centered and inclusive (Ministry of Economy and Finance 2020, 10). Figure 3. below shows the structure and focus areas of the Korean New Deal.



Figure 3. Focus area of the Korean New Deal (Ministry of Economy and Finance 2020)

This thesis will focus on the Digital New Deal and the Green New Deal. The Korean New Deal introduces 28 projects to achieve a smart, green and a safe country. 20 of these projects are focused on the Digital New Deal and the Green New Deal (Ministry of Economy and Finance 2020, 9). This chapter will elaborate more on these projects.

2.3.2 Digital New Deal

The digital new deal consists of ten projects, and it aims to build a digital economy and promote growth in “untact” industries. The transformation of economic and social structure emphasizes how important digital capabilities are. Businesses that provide digital services such as remote working tools are becoming promising industries and it is high competition to businesses that are not able to provide such services and are being left behind. As South Korea is aiming to build a more digital economy, there will be major changing in infrastructures that will be digitalized. Through these efforts to foster “untact” industries, South Korea seeks to generate more added-value and create new jobs in the future. (Ministry of Economy and Finance 2020, 17)

The Digital new deal has four focus areas that combines 12 projects:

Stronger Integration of DNA throughout the Economy

In this focus area consists of four projects that focus on promoting the use and integration of Artificial Intelligence (AI), data and the 5G network in all sectors to create new digital services and products. The productivity of the

economy will also be enhanced. The first project will be collecting, disclosing and utilizing data in areas that are closely related to people's lives. The data ecosystem will be reinforced and a data tower for the management for public and private data will be established. Data collection and utilization in medical and manufacturing fields will be expanded. Big data platforms will be established for different sectors and additional data will be collected for AI-learning purposes. Vouchers for progressing AI data-learning will be introduced for 6,700 small and medium-sized enterprises and 8,400 companies for data purchasing and processing. Expanding the integration of 5G and AI into industries will be the second project of the focus area. This will include projects that will integrate 5G and AI into different sectors of the economy for the digitalization of industries and for creation of new markets. 160 Information Communication Technology (ICT) based smart museums and galleries will be constructed and the technology to make self-driving vehicles and self-navigating vessels commercial will be in development. AI-based home services will be supplied and leading projects that are integrating AI with technologies areas close people's lives are going to be implemented. Support will be offered to 1,000 startup businesses that provide "untact" services and a new "Smart Korea Fund" worth of 6 trillion Korean won will be created. The 3rd project is making a smart government that utilizes 5G and AI. By utilizing 5G and cloud networks, the government will adapt to a new smarter working environment. Pilot projects that are based on block chain technology will be implemented while customized information of pension plans and government aid will be provided. Government complexes will move to 5G in phases and public information systems will be transitioned into cloud computing. The last project is to advance cyber security. To combat the increase of cyber threat that accelerated digitalization brings, cyber security will be strengthened national wide. (Ministry of Economy and Finance 2020, 18-19)

Digitalization of Education Infrastructure

The 2nd focus has two projects that will expand digital infrastructure and educational materials to integrate a mixture of online and offline methods into learning environments of all educational and job training institutions across South Korea. The first project is to create a technology-based infrastructure for grades 1 to 12. Elementary, middle and high schools across the country will be provided with high-speed Wi-Fi in classrooms. 1,200 schools will be provided with 240,000 tablet computers for testing an

online textbook program in order to develop new learning and teaching models. A new platform for online learning that utilizes numerous education materials and data for customized learning materials will be launched. This will provide both private and public learning material and is meant for all learning stages. The 2nd project is strengthening the online education systems in universities and job training institutions. 39 universities will receive new servers and network facilities. 10 support centers for remote educations for shared use by universities and 28 training centers for building the digital capacity of faculty will be installed. Lectures on the demand of the Fourth Industrial Revolution will be developed for the general public and made available on the Korean Massive Open Online Course by 2025. E-learning and virtual training will be developed to enhance job-training. Occupational training institutions will be provided with consultation services on adapting to online programs. (Ministry of Economy and Finance 2020, 20)

Fostering the “Untact” Industry

In the 3rd focus area of the Digital New Deal the focus is on building the groundwork for promoting the “untact” industry by establishing infrastructures that are closely connected to people’s daily lives. The first project of this area is to build smart medical and care infrastructures by utilizing digital technology such as 5G and Internet of Things (IoT) to build 18 smart hospitals that allow real-time monitoring and interdisciplinary diagnosis and treatment of patients. 120,000 elderlies and people vulnerable to health issues will be provided with digital health services such as IoT sensors and AI speakers that enhance cognitive functions by engaging in conversations. 200,000 people with chronic illnesses will be provided with wearable devices that monitor their conditions. Promoting remote working in small to medium-size enterprises is the second project of the focus area. 160,000 companies will receive vouchers to support solutions to remote working. Support for enhancing the quality and security of software on task management and videoconference programs by developing ways to utilize new digital technologies is provided. Over 1,500 new videoconferencing rooms will be established in areas where venture companies and small to medium-size enterprises operate. The last project is supporting microbusinesses on online activities. 320,000 microbusinesses will be offered a space for online exhibitions, live commerce markets or shopping malls. Each year, support for subscription service pilot projects is given to 5,000 microbusinesses that have stable demand. 100,000 smart stores and 10,000 smart workshops

that are based on 5G or AI will be integrated to microbusiness's workplaces. These smart stores are "untact" ordering systems and the workshops are manufacturing businesses that utilize smart technology. (Ministry of Economy and Finance 2020, 21)

Digitalization of Social Overhead Capital (SOC)

The last focus area is on creating a safer and more convenient lifestyles by applying ICT technology to key SOC infrastructures and strengthening the competitiveness in relative industries by adding smart components to industrial complexes, logistic systems and urban spaces. Three projects are combined to this focus area and the first one is building a smart management system for four sectors. In the transportation sector, major road will adopt a Cooperative-Intelligent Transportation System (C-ITS), in all railroads IoT sensors will be installed and in three national fishing harbors digital management systems that utilize IoT, and CCTV will be established. Real-time monitoring and remote-control systems will be installed in 73 national rivers, 37 dams and 27 reservoirs to insure safer water management. As for disaster management, 510 warning systems will be set up for areas with high risks for disasters. Geographic information system will have an update with a comprehensive 3D map and a precise roadmap on 15 types of structures underground. In 120 km of underground utility pipe conduct, measuring instruments will be set up and 20 harbors, digital platforms will be installed. The 2nd project is on adding digital innovations to industrial complexes and urban spaces. Platforms utilizing closed-circuit televisions (CCTV) will be installed in urban areas to manage traffic and prevent crime in 108 smart cities. Usage of smart city solutions such as drone delivery, demand responsive transportation and smart crosswalks will be promoted. Two smart city projects will be implemented. To establish real time management of traffic, crime and safety, control centers will be installed in 10 industrial complexes. The 3rd and last project is building a smart logistic and distribution system. Large e-commerce distribution centers will be built, and 11 smart distribution centers shared by SMEs will be established. Two port complexes will also have smart distribution centers installed. The real-time information management on harbor activity for efficient shipment will be expanded. A platform to trading, management agricultural products and meal services and a platform for livestock online auctioning will be established. Research and development of logistic technology will be supported. (Ministry of Economy and Finance 2020, 22-23)

2.3.3 Green New Deal

The Green New Deal aims to achieve net-zero emissions and transform South Korea into a green country. The government is planning on building eco-friendly energy infrastructures that will promote saving energy and increase the use of renewable energy. The Green New Deal will strengthen all climate-friendly industries in every way possible.

In South Korea, greenhouse gas (GHG) has been steadily increasing by 2% every year from 2007 to 2017 and the industrial structure still heavily relies on carbon. South Korean government is still moving towards zero-net society. South Korea has ongoing policies such as the target of reducing GHG emissions and having renewable energy account 20% of South Korea's generation capacity by 2030. A green transition of infrastructures will be made to make stronger safety net against climate and environmental risks. (Ministry of Economy and Finance 2020, 25)

In the Green New Deal, the focus will be on 3 areas that include 8 projects:

Green Transition of Infrastructures

This focus area includes 3 projects towards creating a future where humans and nature can peacefully coexist. The first project will be turning public facilities into zero energy buildings by using high performance insulation and renewable energy equipment. Old school buildings energy efficiency will be enhanced by installing solar panels and eco-friendly insulations. The second project will be restoring the terrestrial, urban and marine ecosystems. By 2022, 25 regions in South Korea will be introduced to custom solutions based on ITC and environmental technology by conducting comprehensive diagnosis of cities climate and environmental challenges. New forest and green sites will be created near residential and school areas and urban green spaces with forests are crated to act as a barrier against fine dust. Restoring the health of ecosystems will be made in 4.5km² of tidelands, 25 urban spaces and 16 national parks. The last project of this focus is building a management system for safe and clean water. The project will target 48 inter-regional and 161 local water supply systems that will be made into smart systems through the use of AI and ICT. 15 sewage treatment plants will be improved by adding smart components by 2022 and until 2024 a smart sewage management project controlling flooding and wastewater odor will be piloted in 10 locations. Old water pipes and 12 inter-regional water

purification plants will be remodeled to prevent leakages and improve water quality. (Ministry of Economy and Finance 2020, 26-27)

Low-Carbon and Decentralized Energy

This focus area also consists of 3 projects that aim to prepare South Korea for a paradigm shift towards future energy by active investment in research and development facilities that are promoting the use of renewable and sustainable energy. The first project will be building a smart grid for energy management that will be more efficient. 5 million apartments will be provided with advanced metering infrastructure (AMI). AMI is an integrated smart meters system that enables two-way communication between consumers and suppliers. To reduce emissions of pollutants from generators powered by diesel in island regions, an eco-friendly generation system will be established. In 34 island regions there will be renewable energy facilities installed, 5 island regions will have high-performance hybrid generators installed and in 3 island regions, new facilities to improve air quality will be built. In school zones and other areas where needed, overhead electric and telecommunication cables will be replaced with underground cables. The second project will be the promotion of renewable energy use and supporting a fair transition. In up to 13 regions, wind conditions will be measured, and feasibility studies will be conducted to find sites for large-scale offshore wind farms. 200,000 households will receive support for renewable energy facilities to be installed in commercial or residential buildings for private use. The regions that foresee difficulties from reducing the usage of coal power or other energy sources will be ensured a fair transition by supporting their adjustment to renewable energy. The last project of this focus area will be expanding the supply of electric and hydrogen vehicles. Support will be provided for the provision of 1.13 million electric vehicles and 45,000 chargers. The provision of 200,000 hydrogen vehicles and installation of 450 charging facilities will also be supported. Support will be provided to transitioning to liquefied petroleum gas or electric cars. Scrappage of 1.16 million diesel cars and construction equipment will receive support. (Ministry of Economy and Finance 2020, 28-29)

Innovation in the Green Industry

The last focus area focuses on finding areas in the green industry that address environmental risks and climate change strategically and creating an innovative environment. This focus area has 2 projects with the first one being promotion of prospective businesses in leading the green industry and establishing green and low-carbon industrial complexes. 123 small and medium-sized enterprise in the environmental and energy sector will be supported for the entire business item development process. In 5 leading areas, a “green integrated cluster” will be set up as a regional support to the technological development, testing and manufacturing. These 5 leading areas are clean air, hydrothermal energy, biomaterial, recycling of resources and future waste resources. 10 smart energy platforms based on micro power grid will be established to enable real-time monitoring of energy consumptions and generation. This will allow ICT based data collections, operation of an integrated control center for electricity and the visualization of the flow of energy. 9,000 small businesses will be provided facilities for fine dust prevention and 1,750 clean factories and 100 smart ecological will be established to reduce pollution. The last project is laying the foundation for green innovation through the research and development and financial sectors. Reinforcement of measures against fine dust will be made through development of a technology for comprehensive fine dust management. Developing remanufacturing technology and technology on collecting and utilizing rare materials are supported to further promote resource recycling. (Ministry of Economy and Finance 2020, 30-31)

2.3.4 Korean New Deal investments

The project was started in 2020 and it continues until 2025. At the start of the transformation in 2020, the focus was on investing into projects that can help to overcome the COVID-19 crisis or projects that can be immediately implemented. Years 2021 and 2022 will be focused on scaling up the investments to achieve a new growth path. The last years of the Korean New Deal from 2023 to 2025 will be focused on adding final touches to solidify the new growing path that has been achieved. (Ministry of Economy and Finance 2020, 14)

Large scale investments will be made towards achieving the growth path. A total of 160 trillion won will be invested to the projects of the Korean New Deal. Of these 160 trillion won, 58.2 trillion will go to funding the Digital New Deal and 73.4 trillion won to the Green New Deal. These investments will be made from 2020 to 2025 (Ministry of Economy and Finance 2020, 14). The investment plan can be seen in figure 4.



Figure 4. Korean New Deal investment plan. (Ministry of Economy and Finance 2020, 15)

The projects of the Korean New Deal will create a total of 1,9 million new jobs by the end of 2025. Out of the 1,9 million, 887,000 jobs will be created from 2020 to 2022 and the rest during 2023 to 2025. (Ministry of Economy and Finance 2020, 15)

2.3.5 Korean New Deal 2.0

The South Korean government announced an upgrade of the Korean New Deal in July 2021. A year after the original announcement an upgrade to Korean New Deal 2.0 was made. The new upgrade included internal and external changes to the original strategy. The Digital New Deal and Green New Deal was introduced to new upgrades, such as promoting new businesses, ICT services and expanding the projects on carbon neutrality. The new upgrade also includes Human New Deal to advance job and social security programs and Local New Deal to update existing projects to supporting promising local projects. The new upgrades will create 600,000 new jobs in addition to the 1,9 million that the original strategy made, and the investment made by 2025 were raised from 160 trillion won to 220 trillion won. (Ministry of Economy and Finance 2021)

2.4 Finland in South Korea

Finland recognized the Republic of South Korea in April 1973 and four month later in August 1973 diplomatic relations between Finland and South Korea were established. At first the ambassador of Finland in Tokyo, Japan was dual accredited to Seoul, but not having a local embassy had a negative effect on handling business relations. To ease to situation, an honorary consult was appointed to Seoul in 1975 and in the fall of 1976 a

business department of the Finnish embassy in Tokyo was opened in Seoul. The first ambassador appointed to South Korea started their mission in February of 1986. Finland has a very positive country image in South Korea. Finnish education system and innovation is appreciated, and the Nordic lifestyle is admired. (Finland abroad 2021a)

The diplomatic visits between the Finland and South Korea have been frequent (Finland abroad 2021a) and the most recent visit was in July 2021 when Finnish Development Cooperation and Foreign Trade minister Ville Skinnari visited South Korea to discuss the future cooperation between the two countries. During his visit to South Korea, Minister Skinnari discussed strengthening diplomatic and bilateral trade ties and green transition. In his interview with The Korea Times, minister Skinnari said that Finland and South Korea are similar in many ways. According to minister Skinnari, Finland and South Korea are like-minded and great partners in international affairs. (The Korea Times 2021)

South Korea is Finland's 4th most important trade partner in Asia in terms of imports and exports. The main exports from Finland to South Korea are machinery, metal- and chemical industry products and wood and paper products of the forestry industry (Finland abroad 2021a). According to Finnish customs in, the export of motors and machinery in 2017 amounted to over 40% of all export from Finland to South Korea. The export of metals/metal products and chemical substances/products amounted to 6,4% and 15,5%, respectively of all export to South Korea. The imports from South Korea to Finland are mostly machinery and vehicles, which accounted for 78% of all imports. (Tulli 2018, 1, 4).

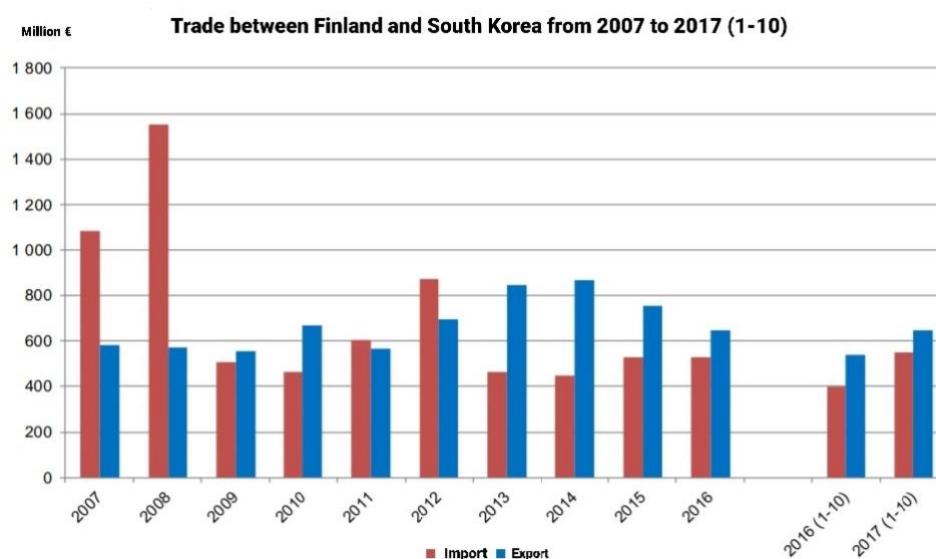


Figure 5. Trade between Finland and South Korea from 2007 to 2017 (1-10) (Tulli 2018)

In figure 5. the trade between Finland and South Korea is illustrated. In the recent years the export to South Korea from Finland has been bigger than the imports. In 2017, South Korea

was Finland's 17th biggest export country and exports amounted to approximately to 643 million euros which was 1,3% of all exports from Finland. (Tulli 2018, 1-2)

According to statistics Finland, 2019 Finland 5 390 affiliates in 135 countries that accumulated around 201 million euros. Approximately 16% of the turnover was from the Asia & Oceania area. The biggest investments from Finnish affiliates were made towards the industrial industry. Around 15% of the investments were to the Asia & Oceania region. In the Asia & Oceania region, the electronic and electrical industries were the biggest from the turnover point of view. (Statistics Finland 2021)

In 2019, the number of Finnish affiliates operating in Asia & Oceania region was 784. Out of these, 25 were operating in the South Korean markets. The Finnish affiliates in South Korea accumulated a turnover of approximately 802,000 million euros in 2019. According to the 2019 statistics, the operations of Finnish companies in South Korea are quite small compared to other East-Asian countries. South Korea ranks the lowest in comparison to other East-Asian countries that Finnish companies have operations in. (Statistics Finland 2021)

Finnish companies that operate in South Korea include Finnair, Fiskars, Iittala, Lumene Korea Ltd., Marimekko, jewelry company Marja Kurki, stainless steel manufacturer Outokumpu Asia Pacific, marine technology company Wärtsilä Korea Ltd., Valmet Inc., Rovio Korea Ltd., Napa Korea Ltd., Naava Group, Halton Group (Finnish Chambers of Commerce 2021). Many of the Finnish companies operating in South Korea are in the technology industry. Both Finland and South Korea are keen on start-up ecosystems and in an interview with The Korean Times (The Korea Times 2021) minister Ville Skinnari said that the Finnish startup ecosystem wants to embrace the South Korean market.

The most notable Finnish company in the South Korean market is Finnair. Finnair has been flying to South Korea since 2008. Finnair flies directly from Helsinki to Seoul every day, in exception during the COVID-19 pandemic, when flights to South Korea were drastically decreased. Finnair has been on the process of launching a new year-around direct route from Helsinki to Busan to act as a hub between Busan and Europe as the first European airline to offer direct flights to Busan. The route was supposed to be launched in 2020, but because the COVID-19 pandemic the launch of the route was postponed. Finnair announced in November 2021 that the Busan route would start operating in March 2022. (Finavia 2019; Finavia 2021; Finnair 2021)

The Team Finland network in South Korea consists of the Embassy of Finland in Seoul and Business Finland in Seoul. Business Finland offers advisory services to Finnish businesses interested in finding local networks and consultants in South Korea.

2.5 Theoretical framework

The important aspects of the research to determine the interest and possible opportunities South Korean markets can be seen in Figure 6. below.



Figure 6. Theoretical framework of the thesis

The first aspect is introducing the possible target market. First, basic information is introduced. In the second part, the characteristic of the South Korean markets is discussed. The South Korean market is competitive to small and medium-sized business as the chaebol companies keep limiting the development and growth. Culture of South Korea is an important aspect of the research. In order to successfully operate in South Korea, it is important to know the business culture.

The second and most important aspect of the research is the next part that discusses South Korea's efforts against climate change and introduces the Korean New Deal. The

introduction of the Korean New Deal helps to see what is in demand in South Korea in the Digital and Green sector and seeing possible opportunities.

The last part of the theoretical framework discusses Finland and South Korea. The chapter introduces Finnish companies that are operating and have had success in South Korea. The biggest exports from Finland to South Korea and trade between the countries is also discussed.

3 Empirical research

In this chapter, the empirical research of the thesis will be explained. In first part of the chapter, the research method will be discussed. The second part will explain the data collection phases and the reasons behind them. The last part of the chapter will focus on how the data will be analyzed and presenting the findings of the data collection phases.

3.1 Research method

The data research method was qualitative method. A Qualitative research is generally conducted, when the topic of the research is not well known and there is no research and theory available on the topic. Qualitative research aims to understand the topic deeper and answer the question of “what is the phenomenon about?”. (Kananen 2017, 32)

Qualitative research is based on understanding people on their own frames and experiences. Qualitative research develops understanding and insights from patterns of the collected data rather than collecting the data to assess a certain theory or hypothesis. The qualitative research process starts with a vague research questions that becomes more specific after spending time with the topic setting. When doing a qualitative research, it is important to study the topic in all perspectives. The point of a qualitative research is to examine how things look different from different perspectives. The perspective of a child or a student is just as important as an adult or a teacher. (Taylor, Bogdan & DeVault 2015, 17-19)

As mentioned before, a qualitative research aims to observe how people perceive things in their daily life. Therefore, when conducting interviews, they should be more like discussions on the topic, instead of question-and-answer exchanges (Taylor, Bogdan & DeVault 2015, 19). The data collection target is narrower in a qualitative research, therefore even though these observation units can be researched with great result, this method will not enable the results to be generalized like in quantitative research would. (Kananen 2017, 33)

During the COVID-19 pandemic, it was determined that the safest way to conduct the data collection, was to do it online. The point of the research was to determine a general outline of awareness of Finland among South Korean consumers and the experiences of Finnish companies operating in the South Korean markets by conducting surveys for the different targets.

3.2 Data collection methods

The data for the research was conducted in two phases 1) in South Korea during August and September 2021 and 2) in Finland during October 2021. The data was collected in two phases, as the targets for the surveys were different. The research questions these surveys were based on were different as well.

The first phase of the data collection was a survey for South Korean consumers. The survey was created in August 2021 and sent to the target audience in September of 2021. The aim of the survey was to get an overview of the awareness of Finland among the South Korean consumers. The surveys consisted of 6 multiple choice questions, of which 5 were closed questions and 1 had an opinion to add one's own answer. The survey can be seen in appendix 1. The survey was completely anonymous, but the responders had an opportunity to leave their phone number in the end of the survey, as five 5000 won gift cards were randomly gifted among the responders who provided their phone number. This was done as an encouragement to get people to answer the survey.

The second phase was done in Finland during October 2021. The second questionnaire was done to determine the experiences of Finnish companies that operate on the South Korean market. The questionnaire had 11 questions that can be seen in appendix 2. The responders were kept anonymous in this thesis.

3.2.1 Target of the data collection

As the data collection phases aimed to provide an insight into very different things, the surveys had very different targets. The selection of the targets to the data collection in the two separate phases will be elaborated below.

South Korea

The survey for South Korean consumers had a very broad target. The survey was targeted towards South Korean citizens of all ages that reside in South Korea. As the aim of the survey was to get an overview on the awareness of Finland among South Korean consumer, it was important to get responses from all consumer age groups. As said before, when doing a qualitative research, the data collected from every perspective is important. When thinking about consumer awareness, the opinion of every consumer matters, regardless of age or gender.

Finland

The aim for the second data collection phase was to get an insight to the experiences on the South Korean market from the point of view of Finnish companies who operate in South Korea. Therefore, the target for the questionnaire was Finnish companies who operate in the South Korean market. The survey was sent to 17 Finnish companies who operate in South Korea by having subsidiaries in the market or operating through a partner. The target companies were decided based on a list of Finnish companies operating in South Korea provided by Business Finland in Seoul.

3.2.2 Data collection

The data collection for both phases was done using the Webropol-survey tool. The Webropol-survey tool was the best way to conduct the surveys, as the tool collects all the data together for an easy analysis of the results. Webropol-survey tool also makes answering fully anonymous and requires no information from the responders. The responders can easily access the survey through the link that was provided to them.

The phase one of the data collection was conducted from September 1st to September 17th of 2021. The survey had an open link, which means that everyone who had access to the link could answer the survey. The open link was shared on online platforms and forums in South Korea. The survey was both in Korean and English. It was clear from the start, that the survey should be in Korean, as it is the local language. If the survey would have been conducted in English, it would have affected the number of responders negatively. The survey has English translations for the sake of the thesis, as the language of the thesis is English.

The second part of the data collection was done from October 4th until October 31st of 2021. The link to the survey was directly sent to the target companies. The cover letter that includes the survey link can be seen in appendix 3. The cover letter was written in Finnish, but the survey was in English as the thesis is in English not Finnish. The survey did not provide such in-depth information as a face-to-face interview would have, but during the COVID-19 pandemic, the data collection was safer to be done online. As the aim was to get an insight to the experience it was decided that a smaller questionnaire would be better than an email interview. The thought was that companies would be more willing to answer a faster questionnaire than an extensive interview via email.

3.3 Data analysis

In a qualitative research, collecting the data and analysing it goes hand in hand. Analysing the collected data is an ongoing part of a qualitative research. The data analysis consists of distinctive steps with the first one being keeping track of the similar themes that are being found during the data collection phase. The second phase occurs after the data collection phase by grouping and coding the data to refine the collected data and making it more understandable. Grouping and coding the data will help find the common themes in the all the data collected. The last and most important step in the process of analysing data is trying to analyse the data in the contexts in which it was collected for. (Taylor, Bogdan & DeVault 2015, 159-161)

3.4 Findings

This part will show the findings from the data collection. The summary of the main findings is done in two sections. The first part will discuss the finding from the survey aimed to outline the awareness of Finland the second part will go through the findings of the questionnaire for Finnish companies in South Korea.

3.4.1 Survey in South Korea

Overall, 41 people responded to the survey. The number of responders was less than hoped and expected for. This could be due to lack of personal connections who could have helped with sharing the survey.

The dominant age group of the respondents, 71% were in their 20's. The other age groups had similar amounts of responders, with people in their 50's being the second largest group to answer the survey. The age group 41-50 had only 2 responders.

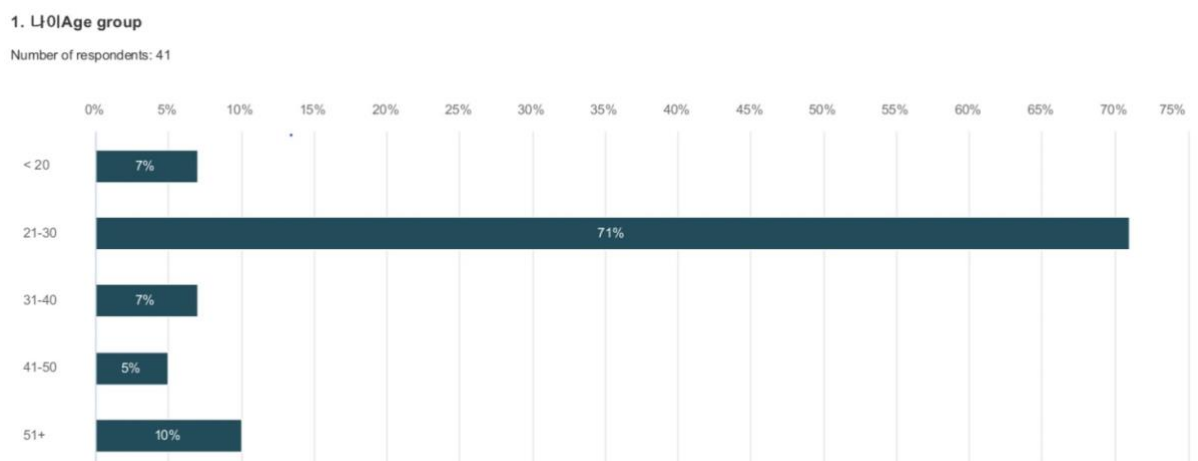


Figure 7. Age

Figure 8. shows that the survey had more women responders than men. Out of all the 41 people who responded to the survey, 22 were women and 19 were men. 82% of the women who responded to the survey were in the age group 21-30.

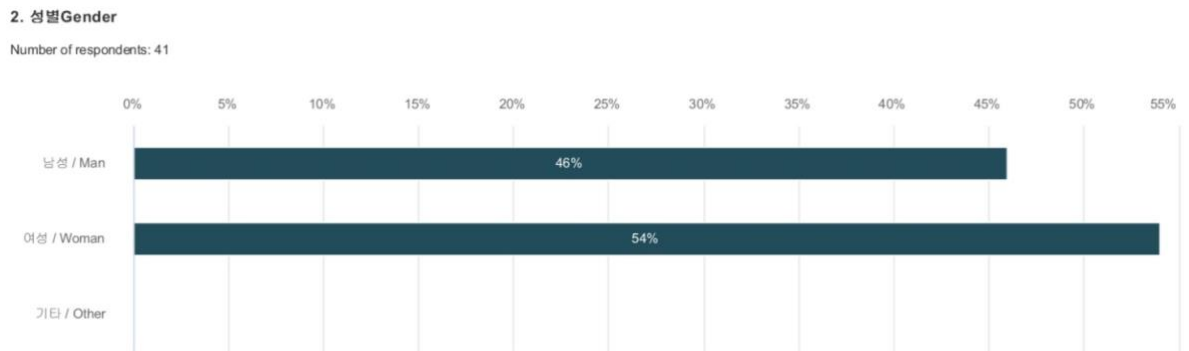


Figure 8. Gender

95% of the responders had heard of Finland before. Only 5%, which was 2 responders had not heard of Finland.

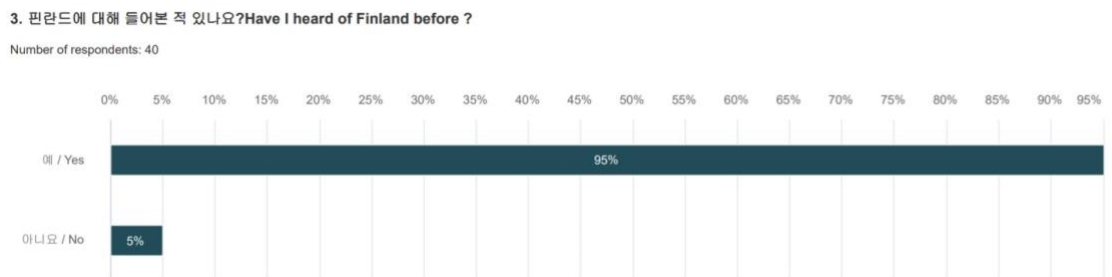


Figure 9. Have I heard of Finland before?

Majority of the responders answered that the first thing that comes to mind when thinking of Finland is nature. 58% of men said that nature is the first thing that comes to mind and 32% of men answered that education is the first thing. Out of the women responders, 81% answered that nature is the thing that comes to mind about Finland. Among women, 2 people answered education. One person said that design is what comes to mind when thanking of Finland and another said furniture which can be linked to design. Only one person answered that technology is the first thing they think about. One person answered that the first thing that comes to mind about Finland is xylitol, which is most likely due to a South Korean xylitol advertisement that are Finland themed. The advertisements depict Finland as a green country will large forest, which might be a reason why many people associate Finland with nature as well.

4. 핀란드를 생각하면 어떤 것이 제일 먼저 떠오르세요?What first comes to mind about Finland ?

Number of respondents: 40

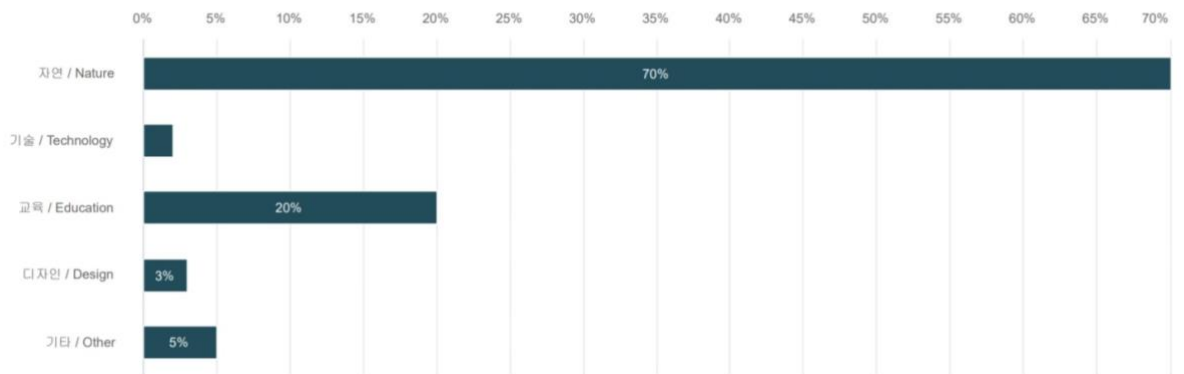


Figure 10. What first comes to mind about Finland?

78% of the responders said that the origin of the product affects their purchase decision. 16% of the men who responded to the survey answered that other origin of the products does not affect the purchase decision. 27% of women answered that the origin of the product won't affect them in making purchase decisions.

5. 제품의 원산지는 제품 구매 결정에 영향을 미치나요?Does the origin of the product affect my purchase decision ?

Number of respondents: 41

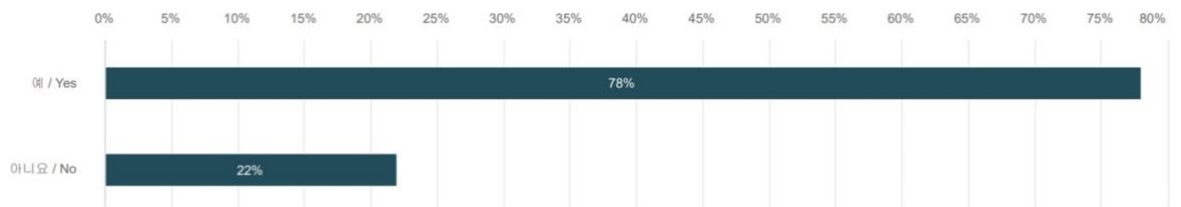


Figure 11. Does the origin of the product affect my purchase decision?

All of the responders answered that they find Finnish products trustworthy. This is most likely due to the very positive country image Finland has in South Korea.

6. 핀란드산 제품은 신뢰성이 있다고 생각하나요?Do I find Finnish products trustworthy ?

Number of respondents: 41

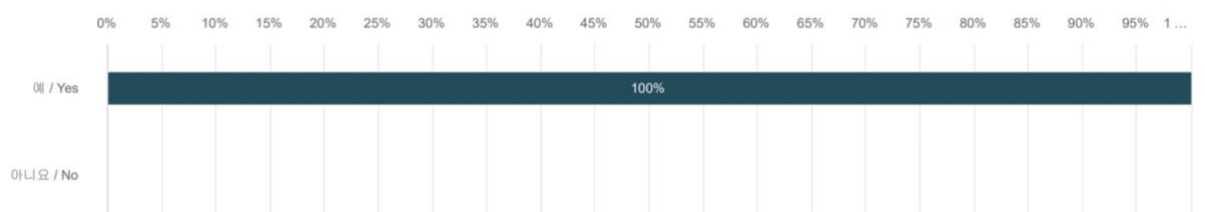


Figure 12. Do I find Finnish products trustworthy?

3.4.2 Questionnaire for Finnish companies

Two companies responded to the questionnaire and one company responded via email saying, that all their operations in South Korea are run by a South Korean partner, therefore they are not in a position to answer about experiences in South Korea.

The two companies who responded to the survey had very different operating periods in the South Korean market. The other company was fairly new to the market compared to the other responder who has operated in South Korea for 15 years.

2. How long have you been operating in South Korea?

Number of respondents: 2

Responses
3.5 years (
15 years

Figure 13. How long have you been operating in South Korea?

Both companies operate in the technology industry. The technological industry is the biggest export from Finland to South Korea and many Finnish companies in South Korea operate in the technology sector.

3. What sector/industry do you operate in?

Number of respondents: 2

Responses
Health tech
Building technologies

Figure 14. What sector/industry do you operate in?

One of the responder companies answered that they operate in South Korea by using a partner whereas the other responder has established their own subsidiaries in the South Korean market.

4. Do you have subsidiaries or your own branches in South Korea?

Number of respondents: 2

Responses
No, we operate via a partner
Yes

Figure 15. Do you have subsidiaries or your own branches in South Korea?

Both companies who responded to the questionnaire answered that local staff is needed to operate in South Korea.

5. Do you prefer to hire local staff or have Finnish staff in South Korea?

Number of respondents: 2

Responses
local needed
Local

Figure 16. Do you prefer to hire local staff or have Finnish staff in South Korea?

The motives to enter the South Korean market were different for both companies. South Korea has big market potential for health technology which triggered the entry to South Korea. The other responded on the other hand was expanding their business to the Asia & Pacific region which was the main motive to enter South Korea.

6. What was the primary/main motive to enter South Korean markets?

Number of respondents: 2

Responses
market potential is large for health and cleantech products
Market expansion in APAC

Figure 17. What was the primary/main motive to enter South Korean markets?

For both companies, the process to enter South Korean markets started by making contact with a local business or a partner.

7. How did the process to enter South Korean markets start?

Number of respondents: 2

Responses
we were contacted by the large family company owner who had seen our products elsewhere
With local sales partners

Figure 18. How did the process to enter South Korean markets start?

Finding the right partners in South Korea was one of the biggest challenges for both companies in entering South Korean market. The language barrier that was mentioned before was also one of the challenges. Another obstacle mentioned was how the business system is “closed” and local business need to be run by locals.

8. What were the biggest challenges or obstacles in entering South Korean markets?

Number of respondents: 2

Responses
finding the right partner, language and "closed" business systems mean that local business needs to be run by locals
Finding reliable partner/s

Figure 19. What were the biggest challenges or obstacles in entering South Korean markets?

Despite the obstacles, both companies were fairly satisfied in their activities in the South Korean market and would recommend it to other Finnish companies.

9. On a scale of 1 to 10, how satisfied are you at your activities in Korea?

Number of respondents: 2



Min value	Max value	Average	Median	Sum	Standard Deviation
6,0	8,0	7,0	7,0	14,0	1,4

Figure 20. On a scale of 1 to 10, who satisfied are you on your activities in Korea?

10. Would you recommend South Korea to other Finnish companies?

Number of respondents: 2

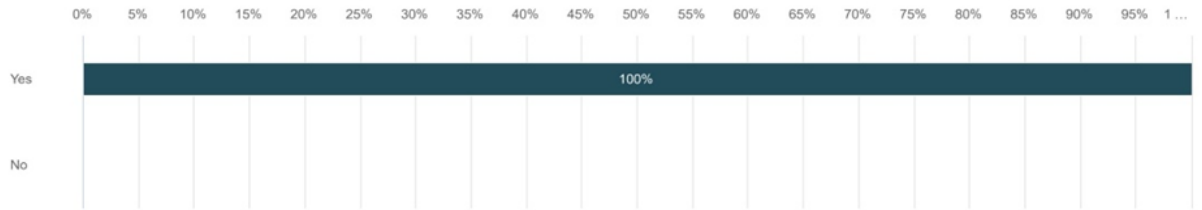


Figure 21. Would you recommend South Korea to other Finnish companies?

When asked in an open question to share their experience in the South Korean markets, the competitiveness was mentioned. The competitiveness and strong local bias make it harder for foreign companies to enter the market. Another point mentioned was how local or Chinese copy-cat companies enter rapidly, therefore product quality and end-client service is critical in the highly competitive market.

11. Could you share some of your experiences in the South Korean markets?

Number of respondents: 2

Responses
Local / chinese copy-cats enter quite rapidly with similar claims of product performance. Quality and good end-client service critical as very demanding market.
Highly competitive market with strong bias to local players having relationship networks in place

Figure 22. Could you share some of your experiences in the South Korean markets?

4 Discussion

This chapter includes the final discussion and evaluation of the thesis. The chapter will consist of the summary of the main findings of the research. After going through the main findings, the reliability of the research and future research and recommendation will be discussed. The last part of the chapter will be a self-reflection of the thesis process.

4.1 Summary of main findings

The empirical research focused on the awareness of Finland in among South Korean consumers and the experiences of Finnish companies in South Korea markets. The results from neither can be generalized.

From the survey aimed toward South Korean consumers, it can be seen that in South Korean consumers are mostly aware of Finland. Men were a little more aware of Finland than women. When thinking of Finland, most consumers first think about nature, which was expected. Not many consumers thought of technology when thinking of Finland. This could be explained by Finnish technology not being aimed straight towards consumers in South Korean markets. Among South Korean consumers, the origin of the product affects the purchase decisions to some degree. Finland has a very positive country image in South Korea and consumers find products from Finland trustworthy.

The questionnaire conducted on Finnish companies who operate in the South Korean markets show that the main challenge on entering the market was finding trustworthy and reliable partners. The markets are highly competitive, and it is harder for companies to enter as there is a bias towards local businesses. When operating in South Korea, it is necessary to hire local staff. The markets are still fairly “closed”, and local businesses need to be run by locals. The first contact to the market area was made through local business partners. Even though the market has some struggles, the satisfaction rate is average, and the market is recommended to other Finnish companies.

4.2 Research reliability

The thesis used a large number of reliable sources, with the sources used to discuss the Korean New Deal were directly from the South Korean government, the foundation for the thesis can be seen as reliable. The data could be more reliable, if a larger number on people had responded to the surveys. As carbon neutrality will be an important aspect of South Korea for the foreseeing years to come, there will be opportunities in the green technology sector.

4.3 Future research and recommendations

The topic of the research is very current, and more research could be done to analyse the market opportunities in the South Korean green technology sector. One way to continue the research could be to do a broader analysis on the current Finnish companies that operate in South Korea. The research done in this thesis was only a scratch on the surface of the operations of Finnish companies in South Korea. The research could be more focused on the Finnish companies working in green technology. Also, the interest in South Korean green technology markets among Finnish companies who do not operate in South Korea could be researched.

The green technology projects in South Korea are fairly new, therefore this topic could be researched again in a few years, maybe after the Korean New Deal ends in 2025. It would be interesting to know what type of opportunities the markets could offer after the transformation.

For companies who are interested in the green technology markets in South Korea, I would recommend doing their own research if the products or services they offer are on demand in South Korea. After establishing possible opportunities, I would recommend looking for reliable business partners in South Korea or contacting Business Finland in Seoul for consultation on finding possible partners and networks.

4.4 Self-reflection

The idea for the thesis was born during my internship in the Embassy of Finland in Seoul during the summer of 2021. I had already spent an exchange semester in South Korea during the fall semester of 2020 and felt like I had some personal experience to base my research on. When I stumbled upon the Korean New Deal, the idea for the thesis was decided. The thesis process was started during a full-time internship, which at times felt very tiring. During the internship, the collection of materials for the theoretical framework proceeded very well. I wrote down every possible source and idea I had for the thesis. This made me overwhelmed from time to time, as it became very hard to keep track of all the ideas I had in my head.

The thesis was done during the COVID-19 pandemic, which limited the possibilities of doing field research. During the thesis process, South Korea had very strict restrictions in place to control the spread of the virus. The pandemic also affected the thesis in a sense of having a lack of personal connections to help with the data collection. During my 11 months in South Korea, most of it was under strict COVID-19 restrictions. I did the first part of the data collection phase during my last month in South Korea.

After I returned from South Korea back to Finland during the second half of September 2021, I already had a clear vision of the writing process. During the adjustment period to life back in Finland, I found it hard to start the thesis writing process. During the first few weeks back in Finland, I finished the preparations for the second data collection period and sent the survey to the chosen companies.

After I finished the data collection phases, I found the writing process to be easier, as I had everything, I needed ready. I started the final step of the thesis, which went fairly fast, as I already had gathered a good base for the writing. As the thesis writing process was started while in South Korea, the time difference was a slight issue during the thesis counselling. As I worked full days in the Embassy, counselling during the day was not possible for me and sometimes the counselling sessions were very late during the evenings. Despite that, and the issues in writing the thesis while working, the counselling sessions provided me with much information and helped me to clear my thoughts.

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Appendices

Appendix 1. Survey for Korean consumers

핀란드 Finland

안녕하세요 !

이 설문조사는 핀란드와 관련된 소비자 태도에 대한 조사입니다. 이 설문조사는 한국 국적을 대상으로 합니다. 이번 설문조사의 결과는 저의 논문을 진행하는 데만 사용될 것입니다.

전화번호를 입력하신 분께는 5000원 스타벅스 상품권 5장이 랜덤으로 발송됩니다.

시간을 내어 설문조사에 답변해 주셔서 감사합니다.

Hello !

This is a survey about consumer attitudes related to Finland. The survey is meant for Korean nationals. The results of this survey will be only used in conducting my thesis.

Five (5) 5000 won Starbucks giftcards will be sent randomly to those who have filled in their phone numbers.

I really appreciate you taking the time to answer this survey.

2021년 8월

하가 헬리아 대학교, 엘리 케콜라

Haaga-Helia University of Applied Sciences, Elli Kekola

1. 나이

Age group

- < 20
- 21-30
- 31-40
- 41-50
- 51+

2. 성별

Gender

- 남성 / Man
- 여성 / Woman
- 기타 / Other

3. 핀란드에 대해 들어본 적 있나요?

Have I heard of Finland before ?

- 예 / Yes
 아니요 / No

4. 핀란드를 생각하면 어떤 것이 제일 먼저 떠오르세요?

What first comes to mind about Finland ?

- 자연 / Nature
 기술 / Technology
 교육 / Education
 디자인 / Design
 기타 / Other

5. 제품의 원산지는 제품 구매 결정에 영향을 미치나요?

Does the origin of the product affect my purchase decision ?

- 예 / Yes
 아니요 / No

6. 핀란드산 제품은 신뢰성이 있다고 생각하나요?

Do I find Finnish products trustworthy ?

- 예 / Yes
 아니요 / No

Appendix 2. Questionnaire for Finnish companies operating in South Korea**South Korean market area**

1. Name of your company?

2. How long have you been operating in South Korea?

3. What sector/industry do you operate in?

4. Do you have subsidiaries or your own branches in South Korea?

5. Do you prefer to hire local staff or have Finnish staff in South Korea?

6. What was the primary/main motive to enter South Korean markets?

7. How did the process to enter South Korean markets start?

8. What were the biggest challenges or obstacles in entering South Korean markets?

9. On a scale of 1 to 10, how satisfied are you at your activities in Korea?



10. Would you recommend South Korea to other Finnish companies?

- Yes
 No

11. Could you share some of your experiences in the South Korean markets?

Appendix 3. Survey cover letter in Finnish

Hei,

Palasin juuri Suomeen vietettyäni lähes vuoden Etelä-Koreassa vaihto-opiskelun ja työharjoittelun merkeissä. Suoritin työharjoittelua Suomen suurlähetystössä Soulissa ja harjoittelun aikana syntyi aihe opinnäytetyöhöni, jonka aiheena on suomalaisten yritysten mahdollisuudet Etelä-Korean markkinoilla. Aihe on rajautunut vihreään teknologiaan. Opinnäytetyötäni varten suoritan kyselyä jo Etelä-Korean markkinoilla toimiville suomalaisille yrityksille heidän kokemuksistaan Etelä-Koreassa.

Kysely on laadittu webropol kyselytyökalulla ja se sisältää 11 kysymystä. Kyselyyn vastaaminen vie noin 10–15 minuuttia. Ohessa linkki.

<https://link.webpolsurveys.com/S/8C21C6985F509321>

Kyselyn tuloksia käytetään vain opinnäytetyössäni. Opinnäytetyöni onnistumisen kannalta vastauksenne olisi erittäin tärkeä ja olisin erittäin kiitollinen, jos teillä olisi hetki aikaa vastata kyselyyni (viimeistään 31.10 mennessä).

Jos teille herää kysymyksiä niin vastaan niihin mielelläni. Jaan pyynnöstänne mieluusti opinnäytetyöni sen valmistuttua.

Kiitos ja mukavaa viikkoa!

Ystävällisin terveisin,

Elli Kekola

Haaga-Helia ammattikorkeakoulu