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MASTER'S THESIS

PUBLIC-PRIVATE PARTNERSHIP AS AN INTERNATIONALIZATION STRATEGY
IN THE FINNISH WATER INDUSTRY

First Supervisor / Examiner: Professor Asta Salmi
Second Supervisor / Examiner: Professor Ari Jantunen

Noora Kaurissaari

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ABSTRACT

Author:	Noora Kaurissaari
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The aim of this thesis is to examine if public-private partnership can support internationalization in the Finnish water industry. Water industry has been selected as the research area due to the significant societal and monetary value related to the industry, the involvement of organizations both in the private and public sectors, as well as the great internationalization potential it withholds. The theory suggests that the utilization of partnership both on domestic and international markets can bring about possibilities in internationalization especially to SMEs. The literature also highlights the role of internal and external networks during internationalization. However, public-private partnership as an internationalization strategy has remained an unstudied phenomenon. This study contributes to the existing literature on partnership models and internationalization by providing novel information on the internationalization process as well as by introducing a framework for internationalization in a public-private partnership. This study is a qualitative research and the evidence is derived from an integrative analysis of literature and from a multiple case study analysis. The results obtained throughout the research imply that public-private partnership can facilitate internationalization in industries with strong public interest, knowledge on private and public sectors and in industries where the customer is often a public sector organization in the international markets. Additionally, the public-private partnership can facilitate internationalization to countries that might be hard to enter without support from the public sector. As for the practical implications, this thesis presents internationalization practices that can be adopted by organizations that are planning to start international operations. The described practices can ease internationalization as a process, identification of the right partners and selection of entry market and entry mode.

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Tekijä:	Noora Kaurissaari
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Tämän gradututkielman tarkoitus on selvittää, voisiko yksityisen ja julkisen sektorin yhteistyö edesauttaa suomalaisen vesialan kansainvälistymistä. Vesala on valittu tutkittavaksi toimialaksi, sillä toimialalla on suuri kansainvälistymispotentiaali ja toimialaa ohjaavat sekä taloudellinen että sosiaalinen ympäristö. Lisäksi vesialan toimijat ovat pirstaloituneina yksityiselle ja julkiselle sektorille. Kirjallisuuden mukaan niin kotimainen kuin kansainvälinenkin yhteistyö voi edesauttaa erityisesti pk-yritysten kansainvälistymistä. Kirjallisuus myös painottaa sisäisten ja ulkoisten verkostojen roolia kansainvälistymisessä. Silti julkisen ja yksityisen sektorin yhteistyötä kansainvälistymisen edistäjänä ei ole tutkittu aiemmin. Tämä tutkimus on laadullinen tutkimus, jossa tutkimustulokset on johdettu kirjallisuuden ja empiirisen aineiston pohjalta. Tutkimuksen empiirinen osuus on kerätty puolistrukturoidulla haastatteluilla. Tutkimus osoittaa, että julkisen ja yksityisen sektorin yhteistyö voi edesauttaa kansainvälistymistä toimialoilla, joissa julkisen sektorin rooli on merkittävä, joissa toimijoita voidaan tunnistaa niin yksityiseltä kuin julkiseltakin sektorilta ja jossa asiakkaat kansainvälisillä markkinoilla ovat usein julkisen sektorin toimijoita. Lisäksi yksityisen ja julkisen sektorin yhteistyö voi tukea kansainvälistymistä maihin, joihin on vaikea päästää ilman julkisen sektorin tukea. Käytännössä yksityisen ja julkisen sektorin yhteistyö voi tukea kansainvälistymisprosessia, oikeiden kumppaneiden tunnistamista ja kohdemarkkinan sekä toimintamuodon valitsemista. Tämä tutkimus täydentää aiempaa kansainvälistymis- ja yhteistyökirjallisuutta tarjoamalla uusia näkemyksiä ja esittelemällä viitekehysken kansainvälistymiseen yksityisen ja julkisen sektorin yhteistyössä.

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Now I am curious to see what life has to offer me next. I am turning the next page with high curiosity and expectations.

1.6.2017

Helsinki

Noora Kaurissaari

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1. INTRODUCTION

The global demand for water management, consumption, cleaning and recycling solutions continues to grow. Demand for water knowledge, services, products and technology keeps growing. According to MIGA (2011), the need for pure drinking water will increase 30 % until the year 2030 and the overall investments into water will increase to 3% of total gross domestic product.

There are many different factors that are causing the changes in the market environment. The social, economic and political challenges accompanying the rapidly changing global environment have created unique social challenges (Magee 2003). The changes within the world economy and structural changes affect the water industry dramatically (Andersson 2015). While water is becoming even more strategic and critical resource, there is a need for finding new solutions to secure water supply and to ensure the position of the Finnish water organizations in international markets. Additionally, the fast pace inside the market environment is a clear sign that new kinds of business models are needed in the water industry.

The Finnish organizations in the water industry have a diverse and high-level knowledge of water. There are already many successful business cases in the Finnish water industry. Despite the many opportunities, the industry has not been expanding to international markets in a broader sense. In Finland the water knowledge can mostly be found in small and medium sized organizations, governmental research institutes, universities, communal research, and other governmental institutions. Because SME resources are limited (Fink & Kraus 2007) and it is not the purpose of the public sector to practice commercial business or to answer to international demand (Essig & Batran 2006), there is a need to come up with new innovative solutions to facilitate the internationalization of Finnish water industry. Additionally, the increasingly competitive environment often characterized by large organizations with great amount of resources requires smaller organizations to survive and expand their business in new strategic ways. (Kennedy & Keeney 2006) To answer these questions, new collaboration models between the public and private sectors have been suggested as a solution (Magee 2003).

As a whole, the aim of this thesis is to examine if public-private partnership can facilitate the internationalization of the Finnish water industry. The aim is to find new effective ways of collaboration between the public and private sectors to support the knowledge and resource sharing.

As a result of successful collaboration, the Finnish water industry can develop and expand to international markets. This in turn will support the growth of the Finnish export industry that has been slumbering during recent years.

When considering new partnership models between public and private sectors, one needs to keep in mind the difference of characteristics in these sectors. The different characteristics involved affect the structure and goals of the partnership. Other things that need to be considered are a customer oriented approach, funding of the partnership and risk-sharing in the public-private partnership. Furthermore, as the organizations plan to expand their business to international markets, they need to consider external factors, such as local regulations, culture and competitors. Therefore, internationalization in a public-private partnership is a complex process, which if successful, might facilitate the internationalization of the Finnish water industry. That is why the topic is a fruitful beginning of an interesting and necessary research.

1.1 Research Background

The international water demand has been growing lately. The underlying causes for the growing demand are the global changes in demography, gross domestic product and urban culture (see figure 1). These main drivers, megatrends, have been affecting human well-being, water resources and climate change. (Andersson 2015) According to Unesco (2011), the major drivers of global change in addition to climate change are growth of population, urbanization, expansion of infrastructure, migration, land conversion and pollution. These megatrends mirror the existing international demand for new water innovations, to which the Finnish water organizations with world leading solutions can provide answers.

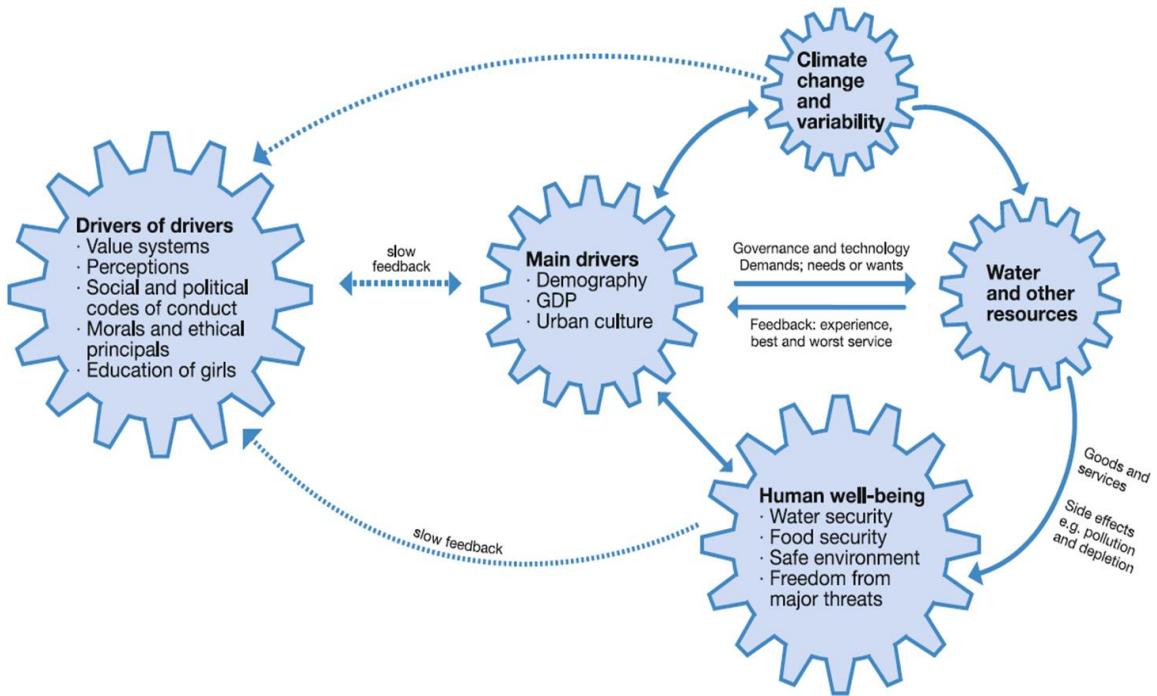


Figure 1. Drivers of water demand (Andersson 2015)

In addition to the many business opportunities abroad, it is also the responsibility of welfare states with vast amount of knowledge and resources to help countries with fewer water resources and undeveloped water infrastructure. The responsibility of Finland as a welfare state is also asking for new solutions to facilitate the internationalization of the Finnish water industry. Due to the social responsibility and the many business opportunities abroad, there are both monetary and societal values related to internationalization of the Finnish water industry.

The Finnish water organizations are found from private and public sectors. One part of the knowledge is in governmental research institutes, universities and communal research and other governmental institutions, and the other part is in Finnish private sector organizations. Many of the private sector organizations in the Finnish water industry represent small or medium sized organizations (SMEs) and several of them can be referred as small knowledge intensive firms (KIFs). Many of the Finnish organizations have a high level of knowledge and technology. According to Coviello (1994), knowledge intensive firm refers to an organization with high assess value of scientific knowledge embedded in products and processes. Mohanta (2013) suggests, that R&D and high technology companies are typical examples of knowledge intensive firms, where the intellectual and social capital are the competitive advantages of the organizations that comprises the knowledge and skills of individual employees and their relations.

As the Finnish organizations have a vast amount of knowledge and resources on water and there is a growing international demand for new water solutions, the internationalization potential for the Finnish water industry is obvious. Still, for some reason internationalization has not started in a broader sense. Naturally, this does not apply to every organization. In comparison, other small countries, such as Israel, have started a broad water business internationally (Siegel 2015). Therefore, it is evident to study why internationalization has not started in a broader sense in the Finnish water industry and whether a public-private partnership could facilitate the process.

Due to scarce resources of the SMEs and the public sector's lack of need to pursue internationalization, it is necessary to come up with innovative solutions to facilitate the internationalization of the Finnish water industry. In order to answer to the international water demand and the problems Finnish water organizations are facing in their internationalization activities, one suggested solution is a partnership between public and private sectors. Internationalization in the Finnish water industry requires business knowledge and resources, which are now scattered on different sectors inside the industry. A partnership between the public and private sectors could support resource and knowledge sharing, as well as to allow partners to focus on their core competencies.

1.2 Research Gap and Research Questions

There is evidence in the literature supporting internationalization through a partnership. Andersson (2010) suggests, that the intense and broad collaboration inside and across the industries brings about possibilities for many industry fields. Based on this, many clusters of expertise have been built and high quality infrastructure has been assured. Also Zucchella and Kabbara (2013) support partnership during internationalization process, even though they are not sure about the timing of the influence during the growth path or the typology of the partnership. According to their studies, inter-organizational activities such as partnership can enable both exploitative and explorative knowledge. Furthermore, the increasingly competitive environment often characterized by large organization with vast amount of resources has led smaller organizations to survive and expand business on new strategic ways (Hadley & Wilson 2003). Therefore, a partnership between public and private sectors can be a strategic choice of the Finnish water organizations to strengthen the position of Finnish firms on international markets.

Even though there is evidence in the literature supporting the utilization of partnership during internationalization (e.g. Zuchella & Kabbara 2013, Andersson 2010, Fink & Kraus 2007), the utilization of specifically public-private partnership during internationalization has been receiving little or no attention at all. Thus, there is an existing research gap on public-private partnership in an international context. This thesis aims to fill the research gap and to come up with a new innovative partnership model to support internationalization.

This thesis is done to support a project conducted to the Ministry of Agriculture and Forestry focusing on internationalization in the Finnish water industry. The purpose of the larger project is to gain a comprehensive understanding of the opportunities and threats in internationalization of the Finnish water industry. In addition to examining the different partnership models, different funding opportunities and international benchmarks are examined in the larger project. Furthermore, the project aims to find operation models that could be utilized in other industries using natural resources – such as the forest and energy industries. Moreover, the aim is to put the Finnish water knowledge and resources into action and to support the organizations to start internationalization.

This master's thesis is done to support the described project and the aim of this thesis is to examine if public-private partnership can be utilized to facilitate internationalization in the Finnish water industry. Therefore, a vast amount of partnerships and public-private partnerships literature has been reviewed in the theoretical part of the study. As the aim is to place the public-private partnership into international context, different internationalization theories are taken under consideration in the theoretical part of the study as well. Additionally, the aim is to present three empirical cases – two from the water industry and one from meteorology and forecasting industry in Finland. Analyzing a public-private partnership from another industry will give external insight and new perspective to analyze the public-private partnership opportunities in the Finnish water industry.

The purpose of this study is to provide answers to the following questions. The first question is the main research problem and the other questions further define the research problem:

Research problem: Can public-private partnership facilitate internationalization in the Finnish water industry?

To be able to answer to the research problem comprehensively, there is a need to understand the characteristics of different sectors and what the different sectors can gain from the partnership in an international context. Furthermore, as the study is focusing on internationalization there is a need to understand whether the partnership will affect the internationalization as a process. The following research questions complete the main research problem.

RQ1: What additional value will the public-private partnership in internationalization bring to the private and public sectors?

RQ2: What special characteristics should be taken into consideration when the internationalization involves partners from public and private sectors?

RQ3: How does the public-private partnership affect the internationalization process?

To summarize, the aim of this study is to analyze whether public-private partnership can facilitate and create additional value to internationalization in the Finnish water industry. In the best case scenario, the suggested models can be utilized in other industries with similar characteristics as well.

1.3 Definitions and Delimitations

This thesis is done from the perspective of the Finnish water industry. The Finnish water industry is chosen for this study due to the vast amount of knowledge and resources within the industry, which enable many internationalization opportunities for the organizations. Furthermore, as the water knowledge is scattered between different organizations in the public and private sectors, the water industry is a suitable area for the analysis of public-private partnership in an international context. The dilemma of different objectives between the sectors is a fruitful starting point for the study.

As the study is focusing on the water industry there is a need to understand what the water industry is. *Water industry* can be referred to as an industry, that is providing pure drinking water and wastewater services to answer the different residential, commercial and industry needs of the economy (Postel & Wolf 2001). Factors that have been connected to the water industry are securing

the supply, saving time and saving energy (Siemens 2017). Securing these factors has become more important as the global demand for water has been growing lately.

The water distribution differs a lot between countries and within countries (David & Pandya 2009). There are places like Finland that have overabundant water resources but additionally there are many places that are extremely water-stressed. The climate change can aggravate these differences even more. Therefore, effective water resource management is needed to address the demand and supply sides at the same time (see table 1). Conservation practices and technologies, like new irrigation technologies and water-efficient crop varieties, can significantly reduce the demand stress on the system (David & Pandya 2009). Besides presenting the different water supply and demand possibilities, the table outlines the diversity and many opportunities inside the water industry.

Table 1. Possible adaptation options for water supply and demand (Kundzewicz et al. 2007)

Supply Side	Demand Side
Prospecting and extraction of groundwater	Improvement of water-use efficiency by recycling water
Increasing storage capacity (new reservoirs and dams)	Reduction in water demand for irrigation (changes in cropping calendar, crop mix, irrigation method and area)
Desalination of seawater	Reduction in water demand for irrigation by importing agricultural products (i.e. virtual water)
Expansion of rainwater storage	Promotion of indigenous practices for sustainable water use
Water transfer	Expanded use of economic incentives including metering and pricing to encourage water conservation

Because water is a sensitive subject with a strong public interest and business potential and the Finnish water industry consists of organizations on public and private sectors, analyzing both public and private sectors is essential for the study. The dilemma of organizations in both sectors leads to the possibility of public-private partnership bringing innovative solutions to the industry. To get a comprehensive understanding, this study considers water industry to include all businesses that include water including for example irrigation, water purification and water safety. This is chosen so that the outcome would serve a wide range of organizations and the found collaboration models

could be utilized widely in the water industry in the future. Therefore, the study is focusing on internationalization of the Finnish water industry as a whole instead of focusing on internationalization of one organization.

The empirical part of the study will focus on three different cases that are all operating in Finnish markets. Two of the presented cases are operating in Finnish water industry and one in meteorology and forecasting industry. Because the analyzed cases are operating in Finnish markets, the suggested models and the outcome of the thesis may not concern other countries. However, countries with similar characteristics referred as psychic distances like culture, legislation and language (Johanson & Vahlne 1977), can find the results useful in their market.

Even though the study is focusing on public-private partnership models in the Finnish water industry, the aim is to come up with models that could be utilized in other industries with similar characteristics as well. This refers to other industries using natural resources, such as lumber industry and wind power. Furthermore, as the presented cases in the empirical part of the study are operating with different types of projects, it will support a comprehensive and versatile outcome that will benefit different kinds of organizations. Next, the concepts that will be used continuously during the study will be defined briefly.

In this study *partnership* is defined as any kind of medium to long-term relationship between two or more organizations. It can be based on an equity joint venture, mutual or a contractual agreement of frequent interaction between organizations (Contractor & Lorange 2002). Other terms used for partnership are alliance, collaborative relationship, cooperative venture and collaboration. A longer-lasting and closer partnership is called *strategic partnership*. It is defined as pooling of specific resources and skills of cooperating partners in order to achieve common and individual goals of the partners while the organizations remain separate entities. (Kennedy & Keeney 2006)

Before limiting this study to consider only the partnerships between the public and private sectors, other partnership models between the different sectors will be presented briefly. This is done to get an understanding of the other organizations which can be involved in a cross-sector partnership and to clarify that public-private partnership is not the only way to organize a partnership between different sectors. A partnership that involves partners from different sectors is usually referred as *cross-sector partnership*. There are four different types of cross-sector partnerships. The different cross-sector models are public-private partnership, public-non-profit partnership, private-non-profit

partnership and public-private-non-profit partnership. (Seitanidi et al. 2010) Because the Finnish water industry consists mainly of public and private sector organizations, this study focuses only on the partnership where the public and private sectors are involved (see figure 2). However, other partnership models can create additional value to internationalization as well.

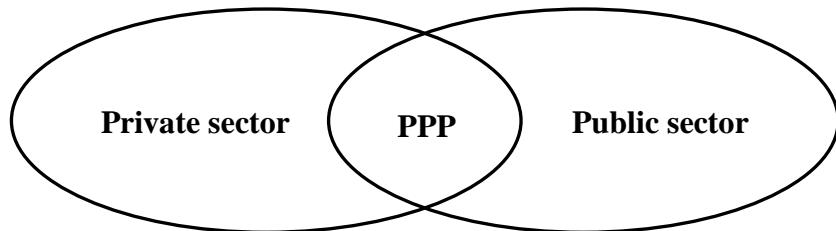


Figure 2. Partners in the public-private partnership

The different sectors, public, private and third sectors vary a lot in their nature. Every sector has special structure and objectives. That is why the strategic choices between the sectors differ. Essig and Batran (2006) suggest, that the differences between the strategic choices are result of the different aims of the sectors. In addition to the different aims of the sectors, the sectors have different stakeholders. This affects the goals of the sectors and it should be taken into consideration when planning a partnership between the sectors. According to Grandori (2002), it is important to consider the different interests of the stakeholders. Only by this way the organization can keep different stakeholders satisfied. Considering the different objectives is particularly important when dealing with cross-sector partnerships as there are several stakeholders with different interests involved in the partnership. To understand the differences and special characteristics of the public and private sectors, we are next going to discuss them briefly.

Public sector is usually characterized by high level of bureaucracy and the activities are more formal compared to the private sector. Compared to the private sector, the efficiency is usually lower and there are more social than monetary values related to the activities (Essig & Batran 2006). Compared to the private sector, public authorities do not only react to the market change. They are affected and they react to the changes in political environment. (Petkovic et al. 2015) Furthermore, public sector's decision-making is identified through social and ideological welfare determined objectives (Essig & Batran 2006). It is also common in the public sector that the managers do not have much power in their decision-making and the decisions-making is done in an external organization. Sometimes the managers on public sector even lack managerial competency

and capabilities. (Petkovic et al. 2015) These reasons have also been slowing down internationalization of the Finnish water organizations. The limited opportunities and incentives have not been encouraging the public sector organizations to start additional operations.

Private sector is affected by monetary values. The key objectives of private sector include creating value for the stakeholders. This is usually attached to shareholder wealth. (Essig & Batran 2006) The hierarchy and bureaucracy are usually lower on private sector and the private sector is more flexible in the decision-making compared to public sector. Additionally, the change mechanisms differ between the sectors. The private sector reacts to changes in markets and often the changes in markets affect their actions. To summarize, the differences between the public and private sectors are assembled in table 2.

Table 2. Differences between the public and private sectors

	Public sector	Private sector
Objectives	To support public welfare and societal values	Stakeholder and shareholder wealth and monetary values
Managerial skills	Might lack experience	Often experience
Level of Bureaucracy	Higher	Lower
React to	Political environment	Market change
Decision-making	Often done in other organizations	Shareholders, board of directors, management
Formality	Higher	Lower
Values	Focus on societal value	Focus on monetary value
Efficiency	Lower	Higher
Risk	No incentives to take risk	Depends on the organization

Other terms that are continuously used during the study are *collaboration*, *network* and *internationalization*. Collaboration is defined as a component of complete partnership. Collaboration is seen as one part of collaborative relationship that includes involvement, participation and partnership (Cahill 1996). Partnership is seen as the highest level of collaborative

relationship. Network is defined as two or more business relationships that are connected to each other. Together these partners are collective actors and every exchange relation is between the organizations (Chetty & Blankenburg-Holm 2000). In this study we are going to widen the definition to consider the relationships between the sectors highlighting the relationship between the public and private sectors.

In addition to partnership, internationalization is the other part of the study. Internationalization is referred to as a process of adapting organization's operations including strategies, structure and resources to international environment. (Calof & Beamish 1995) It may refer to inward (import) and outward (export) activities during the internationalization (Welch & Luostarinen 1988). In this study, internationalization is referred to as the export activities from Finland.

1.4 Structure of the Thesis

The thesis starts with a comprehensive literature review in chapters two and three. The chapter two begins with identifying the basic characteristics of partnership and describing the utilization of partnership in an international context. After this, the chapter continues by focusing on the public-private partnership model. Governance, risk sharing and contract are discussed in more detail to highlight the role of them in the public-private partnership. After this, the literature review continues to chapter three where the focus is on internationalization theories. In this chapter, internationalization theories that consider the impact of networks during the internationalization process are taken under closer examination. In this section, Uppsala model, revised Uppsala model and network model of internationalization are mirrored against the Finnish water industry. The chapter ends with a synthesis of the public-private partnership as an internationalization strategy. The theoretical framework of the study is presented at the end of the literature review.

The fourth and fifth chapters consist of the empirical part of the study. In chapter four the empirical cases are presented shortly to give an overview of the chosen public-private partnerships in international context. Additionally, the chapter includes a figure to summarize the cases presented in the empirical part of the study. This will help the reader to see the differences and similarities between the cases and to identify the partners of each case. Also the research methodology and reliability with validity are discussed in chapter four.

In the fifth chapter the chosen three empirical public-private partnership cases are analyzed first one by one and then compared to each other. The comparison part is done as a multiple case study analysis that helps to identify the distinctions between the cases. In this part the research questions are utilized to guide the analysis. This part connects the theory with the empirical findings.

Finally, the study ends with the sixth chapter, which combines the earlier parts. The research ends with conclusions and results. Additionally, the limitations and future researches are analyzed in this chapter.

2 PUBLIC-PRIVATE PARTNERSHIP AS AN INTERNATIONALIZATION STRATEGY

Every partnership is different and there are probably as many different partnerships as there are agreed partnerships. Yet, there are some common characteristics in partnerships across and inside the sectors, which define the universal nature of a partnership. It is extremely important to understand these characteristics when discussing of a partnership between different sectors especially when the partnership is placed into an international context. To get a better understanding, we are next going to discuss the special characteristics of partnership and partnership in international context. This is followed by identification of the special characteristics of public-private partnership. From the public-private partnership we are going to identify the different types of public-private partnerships, governance, internal and external risk and contract form. The complexity of the model and evidence from Finnish markets will be discussed as well.

2.1 Diversity of the Partnerships

Partnership is any kind of medium to long-term relationship between two or more organizations. It can be based on equity, joint venture, mutual or contractual agreement of frequent interaction between different organizations (Contractor & Lorange 2002). Even though there are many types of partnerships, not many of them represent the so called real partnership (Wettenhall 2003). Most of the existing partnerships are based on short-term exchange agreements and the partners do not have a common goal (Wettenhall 2003). In comparison, a real kind of partnership combines the strengths of different organizations and achieves several benefits of the relationship (Petkovic et al. 2015).

Usually organizations partner when the partnership creates the largest benefit and the organizations are not able to achieve similar extreme value as separate entities (Brinkerhoff 2007). Partnership can support the building of innovative capability and technological competence, support the financial position, management production or marketing (Kennedy & Keeney 2006). According to Fink and Kraus (2007), the limited amount of SMEs' resources can be a reason to build a partnership. Moen et al. (2004) suggest, that the strategic partnership can sometimes enable to offer a comprehensive solution for the customer. The possibility to combine resources of different organizations and offer comprehensive solutions is extremely interesting from the perspective of the Finnish water industry as most of the organizations are SMEs with special knowledge and technology.

Partnership can be either formal or informal collaboration. The formal contract-based partnership is often utilized when the partnership involves organizations from different sectors (Petkovic et al. 2015). Basically there are two reasons why organizations enter into a formal partnership. The first reason is to access and develop knowledge and technology. These partnerships are referred to as R&D partnerships. (Greis et al. 1995) The second reason is to access and develop a new market. These partnerships are referred to as business development partnerships (Mathews & Zander 2007). In R&D projects the costs are usually divided between the partners who might be operating in different sectors. This kind of partnership supports risk sharing and learning by doing. The reasons to build business development partnership are the possibility to co-develop market demand through bundling different products to market and the possibility to share revenue in collaboration. (Murmann et al. 2015) Especially business development partnership is attractive from the perspective of the Finnish water industry. In such collaboration the partners would be able to share costs, offer a comprehensive solution and to enter into new markets.

A partnership can include sharing equity. Non-equity joint venture is a contractual agreement between partners to cooperate in an economic activity that does not involve creation of new organization (Glaister & Buckley 1996). According to Sousa (2012), non-equity joint venture is commonly used for shorter partnerships and for specific one time projects. A partnership can also be categorized based on the direction of the collaboration. In vertical partnerships the different partners are operating on different levels, where the one partner is a buyer and the other is a supplier. In horizontal partnership the collaboration happens between partners on the same level. (Contractor & Lorange 2002) In the Finnish water industry the partners would most likely be operating on the same level to provide a comprehensive solution to international markets. Therefore, the partnership would most likely represent a horizontal partnership.

A partnership requires trust and it is a special characteristic of a successful partnership. Smyth and Edkins (2007) state, that there is no partnering without trust. The role of trust is highlighted in international markets where the follow-up is harder than in domestic markets. According to Smyth and Edkins (2007), the key elements of trust are the expectations from the other partner(s), the belief that the other will fulfill what has been agreed to and to operate based on it. These factors can be secured through a contractual form of the partnership. In addition to trust, there needs to be reliability and confidence between the partners. Also willingness to operate in an agreed way is needed. It will increase the trust for the other partner. When partners see the common long-term

objectives, collaboration is successful and creates advantages in both domestic and international markets. (Fink & Kraus 2007)

The different partnerships can be placed on a continuum based on the intensity and the level of collaboration (see figure 3). On the left side of the figure are the short-term agreements with looser collaboration and on the right side are the longer-term strategic partnerships and joint ventures that involve closer collaboration. When an organization moves from the left end towards the right end, the price and intensity of the partnership increase. The collaboration becomes more intense and usually longer-lasting. The looser partnerships are called arm's length relationships and the more intense partnerships are called collaborative relationships. (Dobler & Burt 1996)

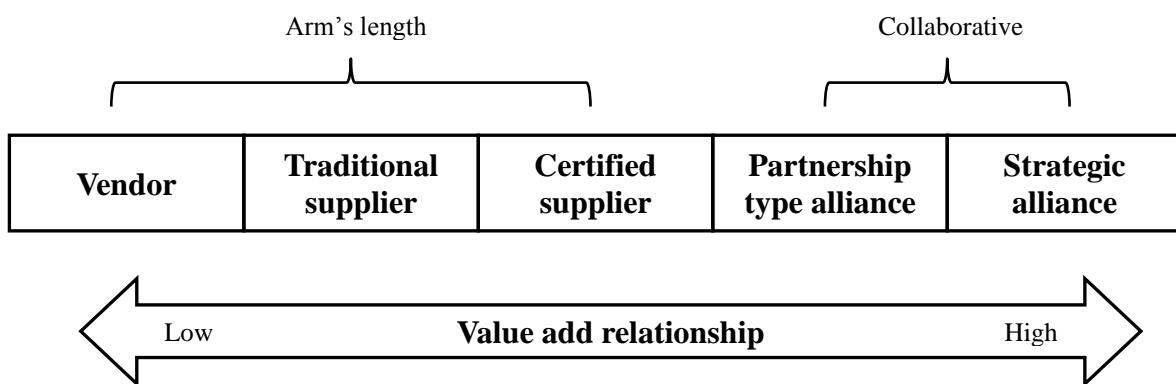


Figure 3. The different relationship types (Dobler & Burt 1996)

Even though the model has been created to reflect partnerships where the partners are operating on the same sector (Dobler & Burt 1996), the model is suitable to analyze partnerships between different sectors as well. The public-private partnership in the water industry would be situated on the right side of the continuum. The partnership between the sectors would be collaborative relationship situated in the partnership type alliance or strategic alliance box. These boxes fit the description of public-private partnership in the water industry because the partners are not able to offer the same solution without the partnership, the idea is to create longer-lasting relationships and the partnership would involve developing and planning in collaboration. Additionally, the possibility to share risk and cost in such collaboration would be useful for the Finnish water industry.

2.1.1 Partnership in an International Context

In an international context partnership can be a strategic choice but sometimes the only way to start international operations. Without a partnership, an organization might not be able to start international operations. (Sousa 2012) Murmann et al. (2015) suggest, that the intent to form international partnership is higher in small domestic demand countries, such as Australia and Israel, because of the limited local demand. In small domestic demand countries the only way to grow the business is to enter international markets. Also Finland can be categorized as a small domestic demand country due to limited demand in the domestic markets. Therefore, a partnership between Finnish organizations can be a strategic choice to enhance the possibilities in international markets. However, for some organizations in the Finnish markets the partnership can be the only way to enter new markets or to gain new customers. For instance, the scarce resources of SMEs can otherwise slow down internationalization.

The role of partnership in internationalization is even more important to knowledge intensive firms, such as most of the Finnish water organizations. This is because many of these organizations are operating in a complex environment, they have to deal with small scale business and often their business is quite new. (Zucchella & Kabbara 2013) Studies have shown that partnership is the primary internationalization strategy of small organizations (Keupp & Gassmann 2009). Also Coviello & Munro (1997) suggest, that partnership supports the internationalization of small high technology organizations. Thus, a domestic partnership between the Finnish water organizations can be the key factor for international growth.

Even though the partnership can facilitate internationalization, it can also bring challenges. According to Zucchella and Kabbara (2013), partnership acts as a double edged sword on internationalization as it provides fast access to global markets but it also creates dependence if not structured to generate both general and specific market knowledge for the organization. According to Kennedy and Keeney (2006), the challenges in managing partnership in an international environment are related to governance, control and dependence of the partnership. Therefore, considering these factors during the planning phase of the partnership are essential to support internationalization.

2.2 Public-Private Partnership

Public-private partnership (PPP, 3P, P3) is defined as a longer-lasting collaboration consisting of legal relations between the public and private sectors (Iossa et al. 2013). The partnerships between the sectors fill the gap between traditional procured government projects and privatization (Grimsey & Lewis 2005). The origin of the public-private partnership is in the United States, where it was initially utilized to fund joint infrastructural projects in the 1960's. The success of the projects led to cooperation between public and private sectors on industries that had traditionally been operated by the public sector. Whilst used relatively long in the United States, the use of public-private partnership was presented in the United Kingdom in 1992. The first model of public-private partnership in Europe was the private finance initiative (PFI) where publicly owned projects are financed with private money. From the United Kingdom the public-private partnership spread to other European countries. (Iossa et al. 2013)

During the 21st century public-private partnership has become a common way to organize traditionally publicly organized infrastructure and services. Sectors where the model is utilized include transportation, health services, public utilities and water waste management. (Yescombe 2007) Lately the use of public-private partnerships has spread to other industries to answer questions like demand-supply gap, fiscal deficits and inefficient public services (Chowdhury et al. 2011). The model has also become interesting for the water industry due to the globalization and changes in the market environment. These changes, megatrends, emphasize the need for new ways of collaboration between traditionally separated sectors and for a more efficient way to operate in the public sector (Magee 2003). Additionally, the strong public interest connected to water industry and the sensitiveness of water as a subject support the utilization of public-private partnership in the water industry.

The idea of public-private partnership is to combine the best skills of the participants and free resources to focus on core competencies (Petkovic et al. 2015). The aim of public-private partnership is to gain advantage of economies of scale referring to specialization and economies of scope referring to mutual learning (Bovaird 2004). According to this view, the different partners are able to focus on their core competencies and learn from the partners inside the partnership.

According to Petkovic et al. (2015), public-private partnership has a number of advantages over the traditional partnership. The first advantage is synergy effect as the different partners are able to

achieve more than what they can without a partnership. Also Brinkerhoff (2007) notes, that public-private partnership can be the only option to move from no-win situation among multiple organizations to compromise and potential win-win situation. Petkovic et al. (2015) continue, the second advantage is the shared leadership where special knowledge can be utilized from different sectors in different phases of the project. The third advantage is the possibility to create value for the community (Petkovic et al. 2015). The possibility to focus on core competencies is especially important in public-private partnership because the resources and capabilities of different sectors are limited and in collaboration both sectors can bring their special knowledge and resources to the partnership.

According to Cheung and Chan (2011), the main characteristics of public-private partnership include competitive bidding, risk sharing, private sector innovation and expertise and improved public services. Compared to traditional forms of partnership, public-private partnership differs considerably because the participants do not have similar organizational structures (Petkovic et al. 2015). Therefore, the sectors have different reasons to join in a partnership. Yang et al. (2013) suggest, that reasons for the public sector to partner with the private sector are access to better managerial expertise, more effective business practices, the financial capability and a more efficient organization. Reasons for private sector to partner with the public sector are the opportunity to get in touch with new business opportunities that may not be achievable without the public partner. Also the large scale and big profit entice the private sector for collaboration with the public sector. (Cheung & Chan 2011)

In the internationalization of the water industry the public sector can benefit from the business and managerial skills of the private sector. This can include knowledge of efficient operation models and earlier experience on internationalization. The private sector can benefit from new business opportunities it would not be able to reach without the partnership. Moreover, the existing networks of both partners can be beneficial for the other partner. For instance, the networks of the public sector can enable the private sector to enter into new markets the organization is not be able to enter without the political relationships with the foreign government.

In addition to internal factors, there are several external factors that affect the public-private partnership. Due to the special characteristics of the target market, the role of external factors is bigger in international markets. The external factors that affect the outcome of a public-private partnership are the characteristics of the target sector and the market structure, the degree of

macroeconomic and political instability, as well as the country regulatory and institutional framework. (Iossa et al. 2013)

The described factors highlight the complexity of a public-private partnership. When the public-private partnership is placed in international context, the process becomes even more complex. Therefore, a structured model with a clear division of responsibilities and consistent management and evaluation of the project is required for the public-private partnership to succeed. According to Magee (2003), public-private partnership requires clear roles, well-defined strategy and objectives, and the relationship must evolve over time. To highlight the importance of these factors governance, contract and risk will be discussed next briefly.

2.2.1 Governance

To answer to the different needs of public (societal) and private (monetary) stakeholders, the governance of the public-private partnership rises into a central role. According to Brinkerhoff (2007), governance is fundamentally about managing competing interests for a common good. She sees governance as incorporating and integrating effectiveness, legitimacy and security that will prevent conflicts.

The governance of the partnership will ensure that the different objectives of the sectors are taken into consideration already during the formulation of the partnership and throughout the project (Magee 2003). Considering the different needs from the beginning is important so that everybody sees the benefits of the partnership and engages to the project from the beginning. Even though the sectors have specific objectives for the partnership, the common objectives inside the public-private partnership are critical for success. Therefore, the leaders inside the partnership should have a common vision of the objectives during the project. (Klijn & Teisman 2000)

In addition to considering the common objectives, recognizing the objectives and needs for the other partner is needed for the partnership to succeed (European Commission 2003). Especially during the launching phase of the public-private partnership each leader should be adequately informed and supportive of the project so that they are able to communicate and support the project. The leaders need to support both the innovation and implementation of the common vision agreed in the partnership. The support from the management will increase the credibility of the project to

external stakeholders. (Magee 2003) Additionally, an optimistic attitude accompanied by time and willingness to commit to the partnership are crucial factors of the governance (Magee 2003).

Brinkerhoff (2007) has created a framework for contributing to good governance in a partnership (see figure 4). Based on the framework, partnership structure and the process are crucial for the governance outcomes, which are effectiveness, legitimacy and conflict management. As the different governance components, effectiveness, legitimacy and conflict management, are listed under outcomes, they are directly implicated to structure and process. The feedback from success factors and efficiency is also important to ensure the future actions. Based on the framework, partnership can be initiated in the absence of some prerequisites and success factors, as long as they become the subject of development during the process. (Brinkerhoff 2007)

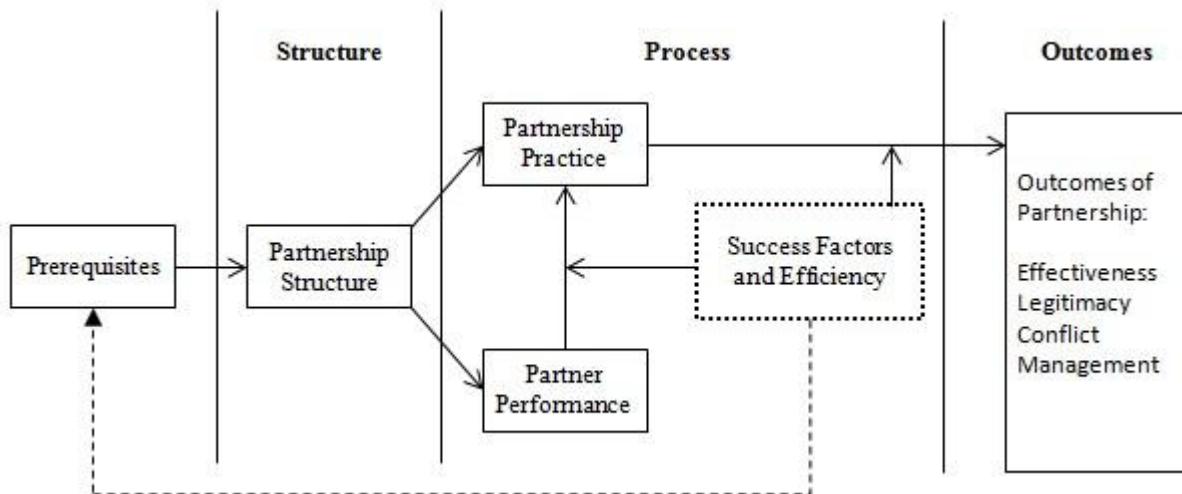


Figure 4. Partnership's contribution to good governance (Brinkerhoff 2007)

In a public-private partnership the private sector is often responsible for the governance of a project. When the public sector transfers responsibility to the private sector, the public sector has more resources to focus on the regulator role and to focus on planning and monitoring the public services (European Commission 2003). There is a specific form of management contract where the public sector organization utilizes the possibility to transfer the responsibility of asset operation and management to a private sector organization. According to European Commission (2003), the model is useful to enhance efficiency and technological sophistication.

Partnering itself brings additional costs to the partners. Usually, the costs are related to the management and coordination of the partnership (Gulati & Singh 1998). The additional costs should be considered when planning to build a partnership. To minimize the costs related to the partnership, the organizations should have structural readiness for the partnership. The structural readiness refers to readiness in form of consideration on funding, education, training and communication that is needed during the partnership. (Magee 2003) Despite the additional costs, the public-private partnership is seen as a beneficial strategy of doing business as it causes cost savings in a longer run for the partners (Unkovski and Pienaar 2009).

2.2.2. Contract

A key characteristic of public-private partnership is that the relationship is usually contract-based. The contractual form of the partnership is often needed due to the complexity of the network within the public-private partnership. (Iossa et al. 2013) As public-private partnership is a network, which is structured and organized between two or more partners, the contract defines the operation model and responsibilities of the network participants. According to Petkovic et al. (2015), the complexity of inter-organizational relations, such as a public-private partnership, requires a contractual form that defines the participants, what is done in the partnership, how it is done and by when the partners need to deliver.

As the public-private partnerships are complex agreements, the contract design is a key issue for the success of the partnership. (Iossa et al. 2013) From the contractual perspective the partnership represents a pure market contract (Essig & Batran 2006) where the rights and obligations are defined in the contract (Petkovic et al. 2015). Depending on the complexity of the partnership, the relationships can be agreed with several contracts between the different participants (Chowdhury et al. 2011).

The contract design, risk allocation and payment mechanisms are important factors of a partnership. These factors significantly affect the outcome of the partnership because they are the incentives for the partners to act in a commonly agreed way and to deliver what has been agreed. (Iossa et al. 2013) Therefore, risk allocation and payment mechanism should be clearly outlined in the contract (Petkovic et al. 2015). Thus, the contract design supports the clear structure of the partnership and helps the partners to identify the responsibilities, governance and risk sharing inside the partnership.

2.2.3 Risk

How the risk is shared in a public-private partnership is an important objective of the partnership and it has been studied quite extensively during the years (e.g. Iossa et al. 2013, Cheung & Chan 2011, Unkovski & Pienaar 2009). Cheung and Chan (2011) suggest, there is more risk in public-private projects due to the complexity of the relationship. According to them, the most severe risk is government related. This is due to the decision-making, which is often done in another organization than the actual partner organization. Furthermore, as the objectives of the sectors differ, there is risk related to the behavior of the partner organization. (Iossa et al. 2013) These factors highlight the importance of a clear contractual structure and governance of the partnership.

Unkovski and Pienaar (2009) have divided risk within public-private partnership into three categories. The three different types are technical, financial and legal risks. The risk allocation, which includes project related risks of cost overruns risk, construction risk and demand risk, are usually agreed upon in the contract. (Iossa et al. 2013) Chen and Shi (2009) have divided public-private partnership into systematic and nonsystematic risk. Systematic risk refers to external risk that the partners cannot control, such as political and legal risk. Nonsystematic risk refers to risk that is internal to the project, such as operation and market risk. (Chen & Shi 2009) In internationalization of the Finnish water industry the systematic risk may refer to political changes in the target market, e.g. new taxation of foreign projects, and nonsystematic risk may refer to problems in financing the international projects done in public-private partnership.

The international context in the public-private partnership brings its own risk to the partnership. According to Ling and Hoang (2010), the international markets involve greater risk in forms of political, legal and economic risk compared to domestic markets. In addition, partnership involves technical and financial risk. Bing et al. (1999) have categorized the risk into internal, external and project specific risk. The internal risk refers to risk in the partnership that might occur as a conflict inside the partnership. The project specific risk refers to unexpected events that might occur during the process including the planning and implementation phase. For instance, these could be time delays and unexpected costs. The external risk refers to the political and legal system, society and the physical environment of the target market. (Bing et al. 1999)

2.2.4 Different Public-Private Partnership Models

There are many ways to categorize public-private partnerships. Savas (2000) has divided the public-private partnerships into three different categories. The categories are bilateral agreements, network partnerships and formal partnerships. The bilateral agreements include partnerships between one organization from public sector and one from private sector. The network partnership can be organized through a publicly held organization that gathers organizations from private sector. The formal partnership assembles the partners from different sectors including influencers within the business world, societal actors and the government. (Savas 2000) From the perspective of the Finnish water industry, network partnership and formal partnerships are especially useful in the international context. The network partnership might enhance the possibilities for Finnish water organizations to provide comprehensive solutions to international markets. The formal partnership might work well when planning a partnership to countries with higher bureaucracy where the governmental relations could support the internationalization.

Klijn and Teisman (2000) have identified two types of public-private partnerships. The different types are contract-based and longer-lasting partnerships. These partnership models differ in the level of control, management of the partnership, the extent and the objectives of the partnership (see table 3). According to Klijn and Teismn (2000), the contract based partnership resembles a typical market sector exchange relation. Savas (2000) has defined this kind of relationship as minimalistic partnership. In comparison, longer-lasting partnership is based on a continuous interaction and knowledge sharing that will lead to effective coordination of the partnership.

Table 3. Differences between the public-private partnership models (Klijn & Teisman 2000)

Criteria	Clear Contract-based PPP	Longer-Lasting PPP
The nature of the relation	Principal-agent relation	Shared decision-making
Definition of the problem and solution	The public sector identifies the problem and decides the solution model and chooses the most cost-effective operator	Both partners take part in the decision-making process and negotiate of the solution which benefit both partners
Conditions for the loss of the project	Procurement and tendering expertise of the public sector. Clear selection criteria and goals, as well as unequivocally drawn up agreement	Coordination of objectives and activities; establishment of common rules, continuous interaction and organization of exchanges of information
The extent of the partnership	Clearly defined in the agreement	Aiming to widen and improve the partnership
Management model	Clear objectives and principles, scheduling and evaluation of the project	Coordination of the objectives, functions, decision-making and evaluation of the process are done together
The nature of the cooperation	Limited; mainly during the tendering process and then controlling the agreement	Close and constant throughout the project
Risk sharing	Risk identified clearly in the contract	Bigger risk for failure due to difficulty of predictability of the end result

The public-private partnership planned for the water industry would mainly fit in the longer-lasting partnership box where the partners plan the project together, share decision-making and share the risk of failure. From the perspective of public sector organization, the collaboration with domestic private sector organization can enable access to new knowledge of international markets and managerial skills that are usually found from the private sector. From the perspective of the private sector organization, the partnership with public sector can enable to get in touch with bigger projects and to enter new markets where the public sector can already have existing networks. In general, both partners should see the benefit of the collaboration and understand the purpose of open conversation and co-creation during the partnership.

The longer-lasting partnerships with close collaboration between the sectors have not been utilized that much earlier. The most common public-private partnership models that have been utilized a lot

in the past are build-operate-transfer (BOT) and design-build-finance-operate (DBFO) contracts (Iossa et al. 2013). These partnership models resemble clear-contact-based partnerships, where the public partner gives the right to operate (lease and contracting out) or take care of the management of a project. In these models the contractor is responsible for the investment in capital assets and the public authority finances the project and carries the financial risk (Iossa et al. 2013).

Other well known public-private partnership models are different kind of lease, contracting out and management contracts (Barthi & Ganesh 2010). In all of these models the name of the partnership model defines the relationship quite well. In these cases the partnership is usually a clear contact-based partnership without common business goals and closer collaboration (Klijn & Teisman 2000). In this study we are focusing on the longer-lasting partnerships and the characteristics identified in the table 3 should be taken into consideration when planning a public-private partnership. The role of these factors is even more crucial when the partnership is placed in the international context.

2.2.5 Examples from the Finnish Industry

Even though the public-private partnership has not been utilized to support internationalization in a broader sense, there is evidence in the Finnish markets of utilizing public-private partnership. An example of public-private partnership in the Finnish markets is the various co-operation programs managed by Tekes. Tekes is the Finnish funding agency for technology and innovation. The objectives of Tekes include boosting “*wide-ranging innovation activities in research communities, industry and service sectors*”. These activities include collaboration and forming partnerships with private sector organizations and governmental institutions. Additionally, international cooperation has a central role in the operations of Tekes. (Tekes 2017a)

The technology programs provided by Tekes are public-private partnerships by nature as they include collaboration between the different sectors and the public sector has the initiative to gather the organizations for a partnership. In these partnerships one part of the budget comes from Tekes and the other half from the industry. (Andersson 2010) One example of Tekes programs are the export rings where the funding is intended to joint export projects, which consist at least of four SMEs. The aim of the export rings is to create new sales and marketing opportunities for the partner organizations. The export ring brings cost savings to the joint members due to the existing knowledge and expertise inside the network. Additionally, there is an export manager nominated for

each export project who acts as a supervisor for the project. (Tekes 2017b) In the export ring the networks of the partner organizations creates additional value to the other partner organizations involved in the export ring as the partners become able to enter other's networks during the project.

Another example of Tekes partnership is the export consortium program Big Themes, which was established in 2014. The export consortium gathers different organizations with specific skills and assembles a bigger entity of expertise. The problem in Finland with export business has traditionally been that the organizations are not been able to provide comprehensive solutions to international markets. Instead there are a lot of SMEs with special knowledge. To answer this problem, Big Themes is gathering smaller organizations to offer comprehensive solutions to international markets. (Rommi 2014) Similar network model could be utilized in the Finnish water industry as well. Like the export rings, also the Big Themes program has been a cumulative learning experience for the partners as the international knowledge increases throughout the project. Also in this program, the partners have been able to gain additional value through knowledge sharing inside the network and by entering partners' networks.

2.2.6 Complexity of the Public-Private Partnerships

There has been a debate around the effectiveness of public-private partnerships. Reasons for the debate are that many studies have shown that when the role of private sector increases in projects that have traditionally been operated by public sector, the service does not answer as well to the societal needs anymore (Warner 2011). Private financing and management have also led to segmentation process, which has lead to poor infrastructure provision and undermining of the ultimate purpose of the service (Sclar 2015). Furthermore, the high transaction costs have stimulated conversation around the effectiveness of public-private partnership (Barthi & Ganesh 2010).

Additionally, there is evidence that many of the public-private partnership have failed. Some reasons for the failure have been the poor management of the partnership, the lack of appropriate organization as support and poor coordination of the project (Petkovic et al. 2015). Other internal reasons for failure have been the poor contract design and inefficient management (Iossa et al. 2013). In addition to internal factors, there are external factors that can be reasons to failure. For

instance, the degree of macroeconomic and political instability, the country regulatory and institutional framework can be external reasons for the partnership failure. (Iossa et al. 2013)

The good governance of the partnership rises into a central role to tackle the failure risks. The effective management supports the creation of proper organizational structure and coordination of the project. A proper contract design will diminish the risk for internal failures (Petkovic et al. 2015). Additionally, organizational adjustments from the participants are needed for a successful outcome. (Petkovic et al. 2015) This supports the structural readiness for the partnership and lowers the risk for failure.

In order to properly answer to the many challenges in public-private partnership and to address the sensitiveness and uniqueness of every partnership, the model utilized should not be copied directly from other projects (Petkovic et al. 2015). Even though public-private partnership as a partnership model can be utilized in several types of projects, the specific structure of the public-private partnership should be planned uniquely to answer to the specific needs of each project (Petkovic et al. 2015). Furthermore, as there are several reasons for public-private partnership to fail, it is essential to plan each partnership based on the specific needs of each project.

According to Keremane and McKay (2009), public-private partnership requires appropriate regulatory frameworks to ensure high standards and public confidence. In general, there are two ways for the state to secure that the societal and economical benefits become fulfilled. Direct provisioning and facilitation of private sector through taxation, regulations and other incentives and contractual agreements are ways for the public sector to manage the partnership and secure that the societal needs become fulfilled. These methods should be considered when planning the public-private partnership in the Finnish water industry. They could secure that both the societal and monetary objectives would be fulfilled both on domestic and international markets.

3 INTERNATIONALIZATION IN THE FINNISH WATER INDUSTRY

Internationalization has been studied quite extensively in the past. Partnership as an internationalization strategy has become a popular way of conducting business abroad (Barnir & Smith 2002). Nevertheless, internationalization in public-private partnership has not been receiving so much attention. Therefore, we are next scrutinizing internationalization theories that contain the role of partnership or networks. Furthermore, we are mirroring the Finnish water industry against the chosen internationalization theories.

3.1 Selection of the Internationalization Theories

Before going into different internationalization theories, it is important to understand what internationalization is. There are several definitions for internationalization. In economics internationalization has been defined as a process of increased involvement of enterprises in international operations, which can refer to inward internationalization (import) or outward internationalization (export) (Zhang et al. 2015, Welch & Luostarinen 1988). Calof and Beamish (1995) have defined internationalization as the process of adapting a firm to international environment. Hollensen (2011) has defined internationalization as business, which is done in many countries, but which is often limited to a certain area. In this study we have limited internationalization to consider only the outward activities.

There are multiple theories and models that explain internationalization as a process. Different theories can be utilized when analyzing organizations at different stages of internationalization and with different characteristics. Some theories describe the internationalization of an organization that is still planning internationalization and some theories describe an organization that already has international activities (Andersson 2010). The role of external and internal networks differs between the theories.

In order to explain internationalization in public-private partnership in the Finnish water industry, three internationalization theories have been chosen to closer examination. The chosen theories consider the impact of networks or the role of partnership in internationalization. Therefore, the chosen models suit well to analyze internationalization of the Finnish water industry. The chosen internationalization theories are Uppsala model (Johanson & Vahlne 1977), the revised Uppsala

model (Johanson & Vahlne 2009) and the network model of internationalization (Johanson & Mattsson 1988).

3.1.1 The Uppsala Model

Uppsala model, also referred to as the stage model of internationalization, is a widely cited theory created by Johanson and Vahlne in 1977. Uppsala model is an empirical process model and the model suggests that learning comes primarily through experience gained in markets. Based on the model, the earlier gained empirical knowledge is an engine of internationalization. Due to the gained experience, there is willingness to participate in international markets. Additionally, it will bring new business opportunities for the organization. (Johanson & Vahlne 1977) The learning by doing attitude is also strongly related to internationalization in the Finnish water industry, as public-private partnership has not been utilized to facilitate internationalization before. Depending on the gained experience from the first public-private partnership projects, the partnership may or may not be utilized in the future.

Based on the Uppsala model, both objective and experimental knowledge affect the level of internationalization of an organization (Johanson & Vahlne 1977). Objective knowledge refers to issues like market methods and statistical tools, whereas experimental knowledge refers to issues such as culture, disruptive structure and customer characteristics (Inkpen 1996). Also the knowledge the organization has gained from the earlier business activities is classified as experimental knowledge (Johanson & Vahlne 1977). Due to the limited resources of the Finnish water industry SMEs and the objectives of public sector organizations, the industry has not been expanding to international markets in a broader sense. From the perspective of the public sector the incentives to expand to international markets are low and from the perspective of the private sector the resources to enter international markets have been slight. For these reasons internationalization in the Finnish water industry has not occurred in a broader sense yet. Now as the market environment has been changing dramatically and the markets have been shifting towards global business, the Finnish water industry has started to plan innovative ways to organize the business.

In the Uppsala model Johanson & Vahlne (1977) suggest, that usually the incremental process of internationalization starts from nearby markets that are close to the markets where the organization is already operating in. Additionally, the model suggests that internationalization should start from

markets with similar characteristics as the country of origin. These characteristics are called psychic distances and they are the language, political system, education system or industrial development. Based on the Uppsala model, an organization expands its business more easily to markets with similar characteristics of the original markets. Later, when the international knowledge and learning accumulate, the organization is willing and capable to enter countries over a longer distance. Based on this assumption, the Finnish water industry should start internationalization from nearby markets and possibly from countries that have similarities in their culture and business actions. Examples of these markets for the Finnish water industry are Scandinavian markets. Thus, the organizations would not need to learn everything from the beginning, but could import some knowledge and action models from the domestic market.

The risk of internationalization is smaller when an organization enters a market with similar characteristics and close distance. This is due to the lower uncertainty in countries with similar characteristics. (Nordström 1990) The internationalization process evolves continuously as the organization acquires, integrates and utilizes new knowledge in the foreign markets and operations. Therefore, knowledge accumulates during the process and the organization becomes capable to enter markets with less similar characteristics to the domestic market. (Johanson & Vahlne 1977) Yet, the experience shows that internationalization can start from countries with further distance. For instance, the Chinese wind firms have chosen to start internationalization in a very different way than what the Uppsala model is suggesting. The Chinese wind firms have been operating globally from the beginning. (Zhang et al. 2015) Therefore, the Finnish water industry does not need to start internationalization from countries with similar characteristics and from markets that are close to Finland. However, this option should not be totally excluded from the alternatives.

The Uppsala model assumes that the lack of knowledge of foreign markets is an important obstacle to overcome in international operations. Therefore, the model supports internationalization as a way to increased market operations. It also suggests that the only way to gain the knowledge is through international operations (Johanson & Vahlne 1977). This interplay causes a causal process of gradual internationalization where the organization gains knowledge throughout the process and moves from one stage to another. Based on this idea Johanson and Vahlne (1977) created a model that mirrors the different stages of internationalization (see figure 5). The model is referred as the establishment chain.



Figure 5. The stages of internationalization based on the Uppsala model (Johanson & Vahlne 1977)

Based on Uppsala model (Johanson & Vahlne 1977), an organization can be categorized based on the internationalization level of the organization. The first stage of internationalization is when the organization does not have any activities abroad. Usually organizations at this stage start internationalization with export. At the second stage the organization has some indirect activity abroad. At this stage the suppliers of the organization can be operating on international markets or the organization can have a local sales person responsible of the local sales. At the third stage the organization is familiar with international business and wants to establish a subsidiary to the destination. At the last fourth stage of internationalization the organization has started independent activity abroad. At this stage the organization can have a foreign subsidiary which is lead locally. When the organization moves forward with the internationalization the resource commitment increases and the market experience accumulates. (Johanson & Vahlne 1977)

The Finnish water organizations are mostly operating at the first and second stages. Many of the public sector organizations are at the first stage where the organizations do not have any international activities yet. Some of the organizations might have some indirect relations to international markets and some organizations might have local suppliers. Therefore, some of the organizations can be at the second stage. Generally, the water industry is at the second stage with some indirect connections to international markets. However, this covers only the Finnish water industry as many other countries have already started international operations in a broader sense in the water industry (Siegel 2015).

Based on the Uppsala model organizations have two different change mechanisms. The different change mechanisms are learning and commitment (see figure 6). Firstly, an organization changes by learning from earlier experience, from the activities the organization is currently involved in and through the experience from foreign markets. Secondly, the organization changes through the commitment to strengthen the position in the foreign markets. Based on this assumption, the earlier experience builds the knowledge of a market and the earlier gained knowledge has an impact on the

decision-making and activities for the future. Therefore, the model is dynamic. (Johanson and Vahlne 1977)

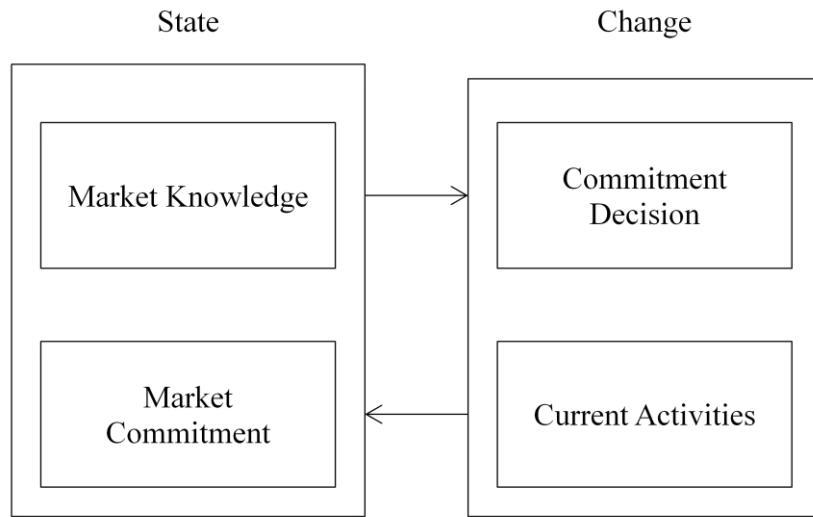


Figure 6. The basic mechanism of internationalization: state and change (Johanson & Vahlne 1977)

There has been a lot of debate around the original Uppsala model. Andersen (1993) suggests, that the model lacks of methodical rigor and the model does not have a framework around it. He claims that there is no connection between the theoretical and operational parts in the model. Also Hollensen (2011) has argued that the model is too deterministic and does not take into action the interdependencies between countries but sees them as totally separate entities. Additionally, Welch and Luostarinen (1988) have been criticizing the model because an organization might stop at one stage or start a reverse process. Moreover, the earlier presented example of Japanese wind power firms operating in global markets from the beginning of internationalization shows that internationalization does not need to start from a market with similar characteristic or from close by markets. (Zhang et al. 2015) Even though Johanson and Vahlne (2009) acknowledge the limits of their model, they support it. According to them (2009), the model is not deterministic and internationalization can proceed as long as the performance of the organization and the opportunities within the market are favorable.

3.1.2 The Revised Uppsala Model

Due to changes in the market environment and the debate around the earlier established framework, Johanson and Vahlne developed a revised Uppsala model in 2009. As many studies showed the role

of internal and external networks for internationalization (e.g. Martin et al. 1998, Coviello & Munro 1997), the role of networks in internationalization is attached to the revised Uppsala model. Also the homogeneity of current markets is considered in the revised model. Nordström (1990) supports the homogeneity of the current markets and proposes that the psychic distance does not have such a big role anymore as the different markets have become more similar than what they have been before. In the revised Uppsala model internationalization is seen as a result of successful network positioning of an organization. (Johanson & Vahlne 2009) Due to the network perspective the model is well suited to analyze the internationalization of the Finnish water industry.

Based on the network view the internationalization process should focus more on individual relationships where building relationships and learning becomes crucial factors for success (Johanson & Vahlne 2009). Therefore, psychic distances, such as culture and language and the actual distance (Johanson & Vahlne 1977), do not matter in that sense. Hollensen (2011) supports the model and claims that even SMEs can enter big and further markets due to the importance of individual relations between organizations. Therefore, an organization at the first stage without international operations can be capable to enter distant markets.

The revised Uppsala model is suitable for analyzing small and large organizations. Based on the revised model large organizations are able to take bigger internationalization steps compared to SMEs because they have more resources available. When the market conditions are stable and homogeneous, an organization with vast amount of resources can gain market knowledge in other ways than through experience. Therefore, an organization can choose to expand the business to markets with different characteristics. (Johanson & Vahlne 1993) With the public-private partnership the Finnish water organizations could gather resources of several organizations and by this way become more capable to expand to countries with further distance.

In the revised model the existing networks are utilized and new networks are entered to facilitate international expansion through building mutually beneficial ties that act as bridge to foreign markets (Johanson & Vahlne 2009). Therefore, the public-private partnership between the Finnish water organizations might support internationalization as the new network positioning could facilitate the internationalization. Also Chetty and Blankenburg-Holm (2000) have found several organizations that use their domestic partnership to strengthen the network position, which enables them to develop new international business relationships or to foster those that already exist. Håkansson and Snehota (1995) emphasize the role of existing relationships during the

internationalization process as well. Based on these findings, a partnership between the local organizations can offer valuable resources for the participants and support the internationalization as a process.

As the existing relationships have a big impact on internationalization based on the revised model, an organization needs to start the process by strengthening the position in the existing networks. An organization that attempts to enter foreign markets without a relevant network position can face issues as a foreign and unknown organization, which can make it harder to become an insider to an external network (Johanson & Vahlne 2009). Therefore, the existing relationships enable to identify and exploit different possibilities and define the best opportunities (Johanson & Vahlne 2009). For this reason, the partnership between public and private sectors could be useful in the water industry. The partnership might enable the partners to strengthen their position in the existing network, benefit from the partner's network position and possibly enter new networks. Furthermore, the partners could plan the internationalization strategy and identify the best opportunities in collaboration.

In the revised Uppsala model identifying opportunities and roles of strong commitment are emphasized. Johanson & Vahlne (2009) see these as the way to gain better access to knowledge. Knowledge inside the network rises to a central role. Because not all knowledge is accessible for everyone, a strong commitment of the partners is important and makes it possible to discover and create new opportunities (Johanson & Vahlne 2009). For this reason partnership between the sectors can be one way to gain new knowledge. Both sectors may possess different kinds of knowledge beneficial but not accessible for the other – for example the public sector may have more information on upcoming regulations not released to the public yet and the private sector may have more precise information on market conditions not yet recognized by the public sector. Through partnership both organizations of the partnership can gain valuable new knowledge that they would otherwise not have access to.

The revised Uppsala model considers the role of mutual commitment to internationalization. Mutual trust and common long-term objectives enable the partners to build a cross-border and trust-based collaboration where the risk of conflict is decreased (Fink & Kraus 2007). Additionally, this will support open conversation. These factors have been highlighted earlier when discussing the nature of public-private partnership. The role of mutual commitment should be considered when planning a partnership for domestic markets. However, the role of it becomes even greater when the

internationalization is done in a partnership. Similar to a domestic partnership, also the internationalization in a partnership usually involves many managers who coordinate in collaboration the activities and create routines for the involved organizations (Cunningham & Homse 1986). That also highlights the importance of mutual commitment.

The state and change variables have a significant role in the revised Uppsala model. According to the revised model, the variables affect each other - the current stage affects the change and vice versa. Therefore, the revised model reflects a dynamic and cumulative learning process, where trust inside the network is required. Based on the revised model it does not matter if the organization is seeking for the first international contact or establishing a foreign subsidiary, because the organization should focus more on the state variables, knowledge, trust and commitment in organization specific relationships (Johanson & Vahlne 2009). Due to the essential role of the state variables, these factors should be emphasized when planning the internationalization in public-private partnership in the Finnish water industry.

3.1.3 The Network Model of Internationalization

The network model of internationalization was created by Johanson and Mattsson in 1988. Johanson and Mattsson (1988) define the network model as a model that describes industrial markets as networks of relationships between organizations. The model highlights the importance of understanding the overall network structure instead of focusing on the network the organization is currently involved in. Therefore, external factors like competitors and market environment are highlighted in the model and they strongly affect the internationalization process of an organization.

Like the revised Uppsala model, the network model also emphasizes the importance of specific business relationships during internationalization (Johanson & Vahlne 2009). While the revised Uppsala model was focusing on the existing individual relationships (Johanson & Vahlne 2009) and was therefore suitable to analyze the internationalization in a public-private partnership to understand the role of knowledge, trust and commitment to the internationalization, it is also important to understand the impact of external factors in internationalization. Therefore, the network model is suitable to analyze the internationalization in a public-private partnership.

Based on the network model, internationalization starts when an organization creates relationships with organizations in foreign countries that already have a network position in the foreign markets. These relationships can start either by active networking, where the firm takes an active role in the networking or through passive networking where the buyer takes the initiative. (Johanson & Mattsson 1988) At the moment the Finnish water industry is taking an active role to become a player in the international water markets. Although there has been a demand for new water industry players in international markets for already a longer period of time, the demand has not been focusing specifically on Finnish organizations. For this reason the Finnish water sector is seen to take an active role in networking.

The focus in the network model is on the organization's networks. Johanson and Mattsson (1988) saw that to be able to succeed in the international markets, an organization needs relationships that extend over the traditional buyer-seller relation. Based on the network model an organization is connected to an existing business network and to an internationalization process, which includes additional network structures abroad that are relevant for the organization (Johanson & Vahlne 2009). These can be direct and indirect relationships between organizations. Additionally, country networks can be utilized to support the internationalization (Hollensen 2011). Based on the network model some organizations can exploit domestic networks to get better access to international markets (Johanson & Vahlne 20009). Against this view the Finnish water organizations might utilize public-private partnership to exploit existing knowledge in domestic markets. By this way the organizations can become able to access partner's networks on international markets.

Coviello and Munro (1997) claim, that network relationships have an impact on the selection of market and the entry model. Axelsson and Easton (1992) support this view by adding that it is important to utilize the knowledge from the entry market and they find it an important research issue during the entry process. Axelsson and Easton (1992) also claim, that while the network process is cumulative, the sequential order of early activities is essential for the successful start of internationalization. Due to the many challenges in internationalization, management and planning of the process should be done carefully before entering international markets. For instance, as the public sector might be lacking managerial skills and might not have the knowledge about international markets, the partnership with private sector might secure the process from the Finnish water industry perspective. Collaboration could guarantee exploitation of existing knowledge inside the network, proper entry market selection and effective execution of internationalization throughout the different stages.

The Different Stages of Internationalization

To support the networks model of internationalization, Johanson and Mattsson (1988) created a framework that helps to analyze the degree of internationalization of an organization and the other players inside the network. Based on the model, internationalization depends on the organization and the current situation in the markets. Johanson and Mattsson (1988) identified four different internationalization profiles that define the internationalization level of the organization and the market. The different profiles are early starter, late starter, lonely international and international among others (see figure 7). Every profile defines the extension to new markets, penetration on current markets and the integration of internationalization process in a specific way. The organizations at different stages have different levels of knowledge of foreign institutions and business. It is worth mentioning, that even though the framework can be utilized to analyze organizations of different sizes, the size has an impact on the level of internationalization knowledge and how the organization is able to gain and utilize the knowledge (Hadley & Wilson 2003).

		Degree of Internationalization of the Market	
		Low	High
Degree of Internationalization of the Firm	Low	<i>The Early Starter</i>	<i>The Late Starter</i>
	High	<i>The Lonely International</i>	<i>The International among Others</i>

Figure 7. Degree of internationalization of an organization

(Johanson & Mattsson 1988)

At the first stage, *the early starter*, the organization has some unimportant relationships abroad and the situation is similar with the other organizations in the network. At this stage the competitors, customers and suppliers do not have relationships abroad. The companies only have some information of the international markets and the knowledge cannot be found on the markets either. At this stage the organization can have problems to get information due to the limited knowledge inside the network. (Johanson & Mattsson 1988) The lack of relevant knowledge can directly or

indirectly hinder the possibility to gain knowledge on the new market (Hadley & Wilson 2003). Therefore, an organization at this stage benefits from a big size and vast resources in the expansion to new markets.

Johanson and Mattsson (1988) claim, that an organization with early starter profile can start the internationalization by using a local agent that can reduce the risk and need for local investments. According to Hollensen (2011), the agent can be the first step of establishing manufacturing subsidiaries and sales on foreign markets. As the international experience accumulates, the early starter can become a lonely international, which has extensive operations abroad. (Johanson & Mattsson 1988) The Finnish water industry would fit in this box if only Finnish markets would be under consideration. Due to the international competition in the water industry, the Finnish water industry does not fit in this box.

At the second stage, *the lonely international*, the organization is already operating abroad but the market environment – i.e. competitors are not yet at the same stage. In this case the organization has already a structured network and market position in foreign markets and the competitors have not yet entered into the markets. The lonely international is able to broaden business to new markets without adjusting resources in a large extent. The lonely international does not face harsh competition, which leaves resources for the extension of the business. Still, a lot of coordination is needed at this stage because the organization needs to actively seek knowledge on the international markets. (Johanson & Mattsson 1988) Because there are already many foreign organizations in international water markets and the Finnish water industry organizations are mostly operating on domestic markets, the Finnish water industry does not fit in the lonely international box either.

At the third stage, *the late starter*, the organization usually has indirect connections to markets abroad through suppliers and customers. Also many of the competitors are already operating on international markets. Due to the international networks, the organization gets pulled into the foreign markets. (Johanson & Mattsson 1988) At this stage it can be difficult to expand to new markets because the best distributor can already have a relationship with the competitors (Hollensen 2011). Therefore, coordination and management are highlighted at this stage and the organizations benefit from establishing sales subsidiaries to the new market (Johanson & Mattsson 1988).

Due to rivalry in the international markets at the late starter stage, small organizations are more agile to adapt to new markets. It has been argued that when a late starter adapts to the markets, it

has a knowledge advantage compared to the early starter (Hadley & Wilson 2003). The late starter can utilize the knowledge the other players have already gathered from the new market. This stage usually encourages organizations to establish more committed operation models, such as sales subsidiaries and local production (Johanson & Mattsson 1988).

The Finnish water industry fits in the late starter box. There are already many foreign organizations operating in international water markets. Even though there is no direct pull from the international market, the Finnish water industry needs to support countries with fewer water resources and knowledge. Therefore, there is some kind of an indirect pull effect from the market. Due to the already existing competition in international markets, proper management of the internationalization process of the Finnish water industry is important for success. Public-private partnership could bring additional value, when private sector international and managerial knowledge and public sector technological knowhow would be combined.

The last stage of internationalization based on the network model is *the international among others*. At this stage both the organization and the environment are highly international. The company is acting on global markets and the market environment is highly international with global competitors. Organizations at this stage are usually large and have a lot of resources available. At this stage new actions create only marginal extension and penetration. At this stage international integration is required and organizations build bridges over different networks to create additional value. (Johanson & Mattsson 1988) Because the Finnish water industry has mostly been operating in domestic markets so far, the industry does not fit in this box.

3.2 Summary of the Literature and the Theoretical Framework of the Thesis

This chapter is written to combine and summarize the findings from the literature. Based on the findings, the research framework of the study has been formed. The research framework created for this thesis is at the end of this chapter (see figure 8).

Public-private partnership has been utilized in domestic markets earlier in sectors with strong public interest, such as infrastructure and health care (Yescombe 2007). The utilization of public-private partnership has been chosen to answer the diverse needs that one sector has not been able to answer independently (Brinkerhoff 2007). Generally, a public-private partnership is formed when the

partnership creates value that cannot be achieved without the partnership (Petkovic et al. 2015). In the public-private partnership both sectors benefit from the knowledge and resources of the other sector. Due to the different characteristics and objectives of the sectors, these resources cannot be found inside the sector.

According to the literature, reasons for the public sector to formulate a partnership with the private sector are the access to managerial skills and international knowledge (Yang et al. 2013). Reasons for the private sector to contribute to a public-private partnership are new project opportunities, which can lead to bigger profits (Cheung & Chan 2011). In general, partnerships between the public and private sectors have been supported since the public-private partnership combines governance, market-based authority and discipline of the market to the hierarchical command and control mechanism of state bureaucracy (Buse 2004). Some authors have suggested that public-private partnership represents the only realistic option to answer to social problems, such as water issues (Buse 2004).

Public and private sectors have different characteristics and objectives. Public sector is often characterized with societal values, higher bureaucracy and external decision-making (Petkovic et al. 2015). In comparison, private sector is characterized with monetary values (Essig & Batran 2006). Additionally, the Finnish private sector is characterized with many SMEs with scarce resources. Due to the different characteristics of the sectors, the public-private partnership is seen as a complex process. The international context makes the public-private partnership even more complex. Due to the complexity of the public-private partnership, the partners need to understand the different objectives, time frames and resources between the sectors (Magee 2003). To answer to the different objectives, common long-term objectives are required in the public-private partnership. Additionally, good governance of the public-private partnership rises into a central role. It will ensure that the different objectives are considered in the partnership. (Magee 2003) Effective governance consists of managing and incorporating effectiveness, legitimacy and conflict management of the partnership. Therefore, structure and process are emphasized in a public-private partnership. Additionally, feedback throughout the project is important for success. (Brinkerhoff 2007) The good governance can be secured with contractual form of the partnership. (Petkovic et al. 2015) Factors that should be conducted in the contract are the responsibilities, risk-sharing and governance. (Iossa et al. 2013)

Even though internationalization as a process (Johanson & Vahlne 1977) and internationalization in a partnership (e.g. Murmann et al. 2015) have received a lot of attention in the literature, the public-private partnership between domestic public and private sector organizations in international context has remained an unstudied phenomenon. However, there is evidence in the literature of utilizing individual relationships and domestic partnerships in internationalization (Chetty & Blankenburg-Holm 2000). The literature also suggests that partnership can enable the offering of comprehensive solutions to international markets. Additionally, the role of networks in internationalization has been highlighted in the literature (e.g. Johanson & Vahlne 19990, Johanson & Mattsson 1988, Coviello & Munro 1997). Based on these findings the Finnish water industry can benefit from domestic public-private partnerships in internationalization. The partnership can enable the offering of comprehensive solutions in international markets and accessing partners' networks.

The literature is also suggesting that partnership can influence the decision-making related to market selection and entry mode in international markets (Coviello & Munro 1997, Axelsson & Easton 1992). Based on these findings the public-private partnership can support the first steps of internationalization in the Finnish water industry as the partnership can facilitate the market selection and choosing the entry mode. Yet, the literature shows that global markets have been changing from heterogeneous to homogenous markets during the last decades (e.g. Johanson & Vahlne 2009, Nordström 1990). Therefore, the possibilities in internationalization have become wider and the role of psychic distances, such as culture and language (Johanson & Vahlne 2009, 1997), has decreased in the decision-making.

There are several ways to categorize organizations at different stages in internationalization. Some of the models consider the internationalization level of the organization (Johanson & Vahlne 1977) and some consider also the internationalization level of the network and external factors, such as competitors (Johanson & Vahlne 2009, Johanson & Mattsson 1988). The most suitable way to categorize and analyze the Finnish water industry is based on the network model of internationalization (Johanson & Mattsson 1988). Johanson and Mattsson (1998) have identified four different organization profiles based on the internationalization level of the organization and the network. Based on the model, the Finnish water industry is categorized as a late starter due to the internationalization stage of the organization and the network (Johanson & Mattsson 1988). Even though the Finnish water industry has not been expanding to international markets in a broader sense yet, there are many foreign organizations in international markets already. Due to the

competitive environment in international market, coordination and management rises into a central role to success in internationalization (Johanson & Mattsson 1988). Therefore, managerial skills, coordination and collaboration throughout the process are required for successful internationalization.

Both public-private partnership and internationalization involve risk in the process (Ling & Hoang 2010, Chen & Shi 2009). There are several ways to categorize the risk. One way is to categorize the risk into systematic and nonsystematic risk. According to literature, the internal factors the organization needs to consider during the internationalization are knowledge, trust and commitment (Johanson & Vahlne 2009). Also the partnership literature highlights the role of trust, including fulfilling expectations and operations between the partners. These internal factors considering the internationalization and partnership are related to nonsystematic risk (Chen & Shi 2009). Partners can influence these factors through their actions and the contractual form of the partnership. In addition to the internal factors, there are external factors – e.g. market structure, degree of macroeconomics, political instability and country regulations – that affect the internationalization in a public-private partnership. These are referred to as systematic risk and the partners are not able to influence them. (Chen & Shi 2009) The systematic risk needs to be considered especially carefully when acting in international markets as the new operational environment might bring unknown challenges to the process.

Finally, the partners should consider the costs of planning and managing the partnership (Gulati & Singh 1998). Therefore, the public-private partnership should not be formed only to create a partnership. The partners need to see that the same outcome cannot be achieved without the public-private partnership.

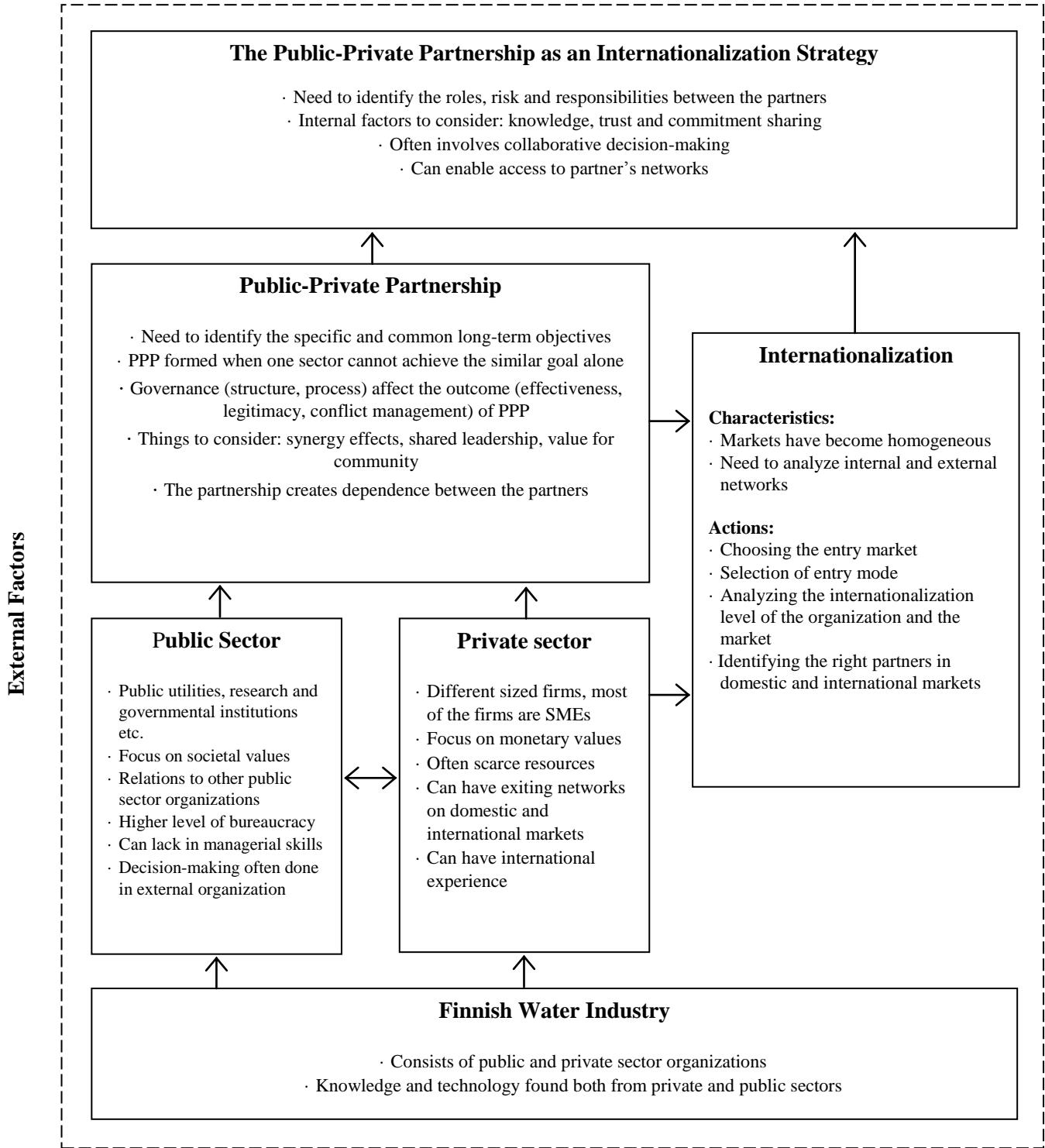


Figure 8. Theoretical framework of the research

4 METHODOLOGY AND DATA COLLECTION

In this section we are going to discuss the research methodology and research data in more detail. This chapter is focusing on the empirical part of the research. The chapter will begin with a description of the research material and how the material has been collected. Additionally, the cases selected for the study will be presented. The reliability of the research will be discussed in this chapter as well. The description part is followed by analyzing the empirical data.

4.1 Research Strategy

To gain in-depth understanding and to be able to analyze public-private partnership as an internationalization strategy, the research methodology that has been chosen for this thesis is a qualitative study. A qualitative study is commonly utilized when a study is recent and has not been studied a lot. The method is a common way to gather information and understanding from a phenomenon where the existing information is limited (Strauss & Corbin 1990). Usually in these situations the subject requires a more detailed and qualitative information that can only be obtained through qualitative methodology (Sousa 2012). This information would be hard to obtain with quantitative data collection methods.

The study is conducted as a case study. Case study is an empirical research that investigates a phenomenon in depth and in a real life context (Yin 2009). The method is utilized especially when the boundaries between the phenomenon and the context are not clearly evident (Yin 2003). According to Siggelkow (2007), a single-case study enables a comprehensive and detailed explanation and presentation of the phenomenon. Because public-private partnership has not been studied in an international context before, a case study is well suited to the aims of this study.

In this study the focus has been expanded to consider multiple cases where three different cases are studied. According to Yin (2009), a multiple-case study has better possibilities to analytical generalization than a single case study if more than one case study supports the same theory. Also Eisenhardt and Graebner (2007) agree, that a multiple-case study enables more a grounding comparison to build generalized theories. Because public-private partnership has not been studied in the internationalization context before, the study aims to find factors considering the public-private partnership that could be generalized in the international context.

This study incorporates both case analyses and cross-case analyses. The different cases will be analyzed first one by one and then compared to each other. Analyzing one case at a time makes it possible to analyze one case more in-depth, whereas a cross-case analysis strives to answer the research questions of the study and to make generalizations of the public-private partnership as an internationalization strategy. Cross-case analysis is useful when the aim of a study contains comparison of special units in commonalities and differences in events, activities and processes (Cruz et al. 2015). This study considers internationalization and public-private partnership as the units of analyses.

4.1.1 Data Selection and Collection

The project conducted by the Ministry of Agriculture and Forestry has included a wide range of material collection and many interviews. Therefore, the bigger project has enabled the gathering of a vast amount of information. Thus, cases for the empirical part of the thesis have been selected from a wider range of material. The three cases selected for the thesis suit best the aims of this study and are relevant to answer to the research questions. However, even though only six interviews were conducted exclusively for this thesis, the interviews conducted for the bigger project considering internationalization in the Finnish water industry have given additional understanding of the phenomenon.

It is typical for a qualitative study, that the data has been collected by following accurate reflection (Eskola & Suoranta 2000). Professional and authorities working in the water industry have the best knowledge of the industry, which makes the interviews with them crucial for the study. Thus, professionals from the water industry and from another closely related industry with similar characteristics to the water industry have been chosen for the interviews. To get a versatile and comprehensive understanding of the public-private partnership and understanding of the internationalization process from both partners, both public and private sector organizations have been interviewed for the study. This will help to identify the specific and common objectives to build a public-private partnership to facilitate the internationalization.

All together six people, two interviews per each case, have been interviewed for the study. Four of the interviewees are working in the water industry or with projects related to water industry and two of the interviewees are working in the meteorology and forecasting industry. All the interviewees

are operating in Finland. In each case one interviewee represents the public sector organization and the other interviewee represents the private sector organization of the partnership. In order to get insights from another industry, as well as due to the small amount of public-private partnership in the international context in the Finnish water industry, the third case has been selected from another industry – the meteorology and forecasting industry. The industry is closely related to the water industry as it has many similarities with the water industry. Similarities are operations in public and private sectors, strong public interest and great business potential.

The interviewees have been kept anonymous in this thesis. This is chosen to get truthful answers for the research questions. This is extremely essential as the thesis examines the partnership as internationalization strategy and the interviewees have been requested to describe the internationalization process in collaboration. Despite the anonymity of the interviewees, the basic information of the interviewees has been collected to table 4. This will help the reader to identify the interviewee profiles and the experience the interviewees have in the industry they are operating in.

Table 4. Interviewee profiles

Case	Interviewee from	Title	Industry	Years in industry	Gender
Case Vietnam	Private sector	Managing Director	IT	15	Male
	Public sector	Managing Director	Water	14	Male
Case China	Private sector	Head of Services	Water	22	Male
	Public sector	Water resources authority	Water	12	Female
Case World	Private sector	Vice President, Weather area	Environmental Observation	18	Male
	Public sector	Head of Unit	Meteorology	23	Male

The data for the empirical part of the research has been collected via semi-structured interviews where the focus of the conversation has been in the structure of the partnership and the

internationalization as a process. The interviews have been conducted during winter of 2016-2017. The semi-structured interview form with loose structure is suitable when the study aims to answer what, how and why questions. (Saunders et al. 2007). Due to the semi-structured form the interviewees are able to answer with their own words and to keep the conversation open. In semi-structured interview the interviewee is able to express his/her own thoughts. Regardless of the loose structure of the semi-structured interview, the interviewer kept the conversation on the right path and continuously focusing on the right theme.

Some of the interviews were held as face-to-face interviews and some as conference calls. Some of the interviews have been concluded with additional questions by e-mail after the actual interview. The average length of the interviews is 43 minutes. The interviews have been recorded and later transcribed. The interviews were conducted in Finnish and the material has been translated into English by the thesis writer afterwards. Based on these transcriptions each case has been analyzed first one by one as case study analysis where the focus has been on one case at a time. Thereafter the three cases have been compared to each other as multiple case study analysis. In this part the research questions have been guiding the analysis. The interview frame is attached to the thesis (see attachment 1).

4.1.2 Reliability and Validity

When judging the quality of a study, factors of validity and reliability should be considered. The reliability factor is consequence of validity in a qualitative study (Patton 2002). Construct validity, external and internal validity and reliability should be regarded when conducting a case study (Yin 2009). A research is mirrored against these factors when analyzing the quality of any empirical social research whereof case study is one example.

In this study construct validity has been ensured by utilizing multiple sources of information. Due to the novelty of public-private partnership in an international context the information was quite limited. To increase the construct validity, both public and private sector organizations have been interviewed for the study. As interviews were utilized as the main source for data collection, the data collection might have suffered from response bias or reflexivity, where the interviewees could have manipulated their answers in accordance to their own preferences (Yin 2009). This is extremely relevant for this study as the interviewees were interviewed considering the domestic

partnership in international context. To avoid the bias, the names and organizations of the interviewees have been kept anonymous. To improve the construct validity of the study and to confirm the answers, the interviewees have been requested to review the study parts that concerned their insights.

The study method including the interview questions have been clearly outlined as part of this study and they are attached to the thesis (see attachment 1). Therefore, this study could be replicated with the same organizations again. However, as the interviews include open ended questions, the amount and quality of information might differ from the earlier interviews.

4.2 Brief Case Descriptions

This chapter will introduce the reader with the selected cases that have been reviewed for the study. As the aim of this thesis is to analyze if public-private partnership can facilitate internationalization in the Finnish water industry, all the three cases have both the internationalization and public-private partnership included in their businesses. Additionally, in all the three cases both public and private sector organizations have a crucial role in internationalization.

Two of the cases are operating in the Finnish water industry. The third case is operating in a close industry, meteorology and forecasting, where water is closely related. Meteorology and forecasting industry examines the atmosphere and its behavior. The most well-known meteorological application is weather forecasting. The typical fields of meteorological studies include water vapor, temperature and air pressure as well as how the variables affect each other. Additionally, meteorology includes studying how the different variables change throughout time. (Kitchen 2017)

This chapter is an essential part of the thesis because the case descriptions help the reader to gain understanding of the main characteristics of each case. This includes identifying the operation model, partners, roles and the strategy for internationalization.

4.2.1 Managing and Assessing Water Risk in Public Utilities in Vietnam

In this case the Finnish and Vietnamese public authorities have agreed with a Memorandum of Understanding (MOU) of a water safety plan to Vietnam. The Finnish public sector water

organization has agreed to identify Finnish organizations who can provide solutions to Vietnamese markets. At the same time a Finnish IT startup has been developing software that is adjustable to manage and assess risk in water utilities. The software has been tested and adopted by Finnish waterworks. The startup has recognized the internationalization potential but has not made any decision on the entry mode or entry market yet.

Due to the governmental relations there are state visits organized between Finland and Vietnam regularly. One part of these visits involves networking and presenting domestic solutions. Because the startup has brought a new solution to the Finnish markets, the startup is participating in one of the state visits. During the state visit the IT startup presents the software to Vietnamese authorities. Based on the discussions during this visit, the Vietnamese authorities are willing to acquire the Finnish solution. Due to the earlier experience of the entrepreneur and through conversations with the public sector water organization in Finland, the Finnish public and private sector organizations decide to build a comprehensive solution around the software - water safety plan to Vietnam.

The software of the IT startup will enable Vietnamese water utilities to assess and manage water risk and activities related to their operation while providing the central authorities with tools, reports and dashboards for benchmarking, evaluation and auditing. The scalability of the solution enables a comprehensive centrally managed service for the organizations in the Vietnamese water industry. The solution is unique as it offers both clean water production and sanitation safety plans.

The main partners in the project are the IT startup and the Finnish public sector water organization. The public sector water organization is a non-governmental organization that has a parastatal role in Finland. The parastatal role means that the organization has strong ties to the government as five Finnish ministers are members of the organization. That is also strengthening the status of the organization as a public sector organization. Due to the parastatal role the organization is referred to as a public sector organization in this thesis. The role of the Finnish public sector water organization in the project is to open new markets for Finnish private sector organizations, identify right partners and to communicate with the different stakeholders. There are also other private sector organizations participating in the project that provide consulting services and special knowledge to the project.

Based on the interviews with the public sector water organization and the IT startup, the critical success factors in this case are the right partners with the right knowledge and mindset, existing

demand on target market, and willingness to provide a comprehensive solution to international markets in a partnership. Also public funding in the beginning of the project has been crucial for the start of the project. Additionally, the long-term public relations to Vietnam have been supporting the internationalization.

4.2.2 Dam Safety and Quality of Water in China

In this case the Finnish Ministry of Forestry and Agriculture and the Chinese water resource ministry have concluded a letter of intent of collaboration in 2014. The contract includes agreement on partnership between private and public sectors, where the research institutions are involved as well. The purpose of the agreement is to facilitate business activities and collaboration across the country borders both in Finland and China. The contract includes agreement on concrete demonstration project. One of the focus points in the letter of intent is a new business solution for dam safety to China. The Chinese authority is asking for a comprehensive solution from the Finnish markets that can support the monitoring and dam safety.

In addition to the international demand, also the Finnish dams require maintenance, new solutions and enhanced monitoring. Most of the Finnish dams are over 50 years old and therefore some monitoring and maintenance is required to ensure dam safety. In general, the monitoring of dams is important as there are many safety issues related to dams and the repairing is hard and dangerous. Additionally, the dams are closely linked to climate change. Due to the maintenance requirements in Finland, the project is seen as a win-win situation where the new solutions will benefit both Finnish and international markets.

To answer the domestic and international demand, a public-private partnership has been formed between the Finnish water organizations. The partnership brings possibilities, but also challenges to the project. The purpose of the project is to increase the understanding of dam safety issues and to reservoir water quality, which will lead to improved dam safety and water quality monitoring methods and systems for risk management purposes. The project consists of developing new software and technology solutions that will facilitate the automation and analyzing possibilities. Due to the complexity of the project, knowledge and resources from different sectors are required.

The public-private partnership that has been formed to facilitate internationalization consists of governmental institutions, dam safety authorities, cities, research institutions and private sector organizations. At this stage it seems that the partnership will take place in a network model where every sector brings their core competency into the project. The public sector provides new leads for the private sector, funding opportunities, knowledge on risk management, opens new possibilities, presenting references and delegations. The research institution provides special knowledge and knowledge on risk management systems to the partnership. The private sector provides special and business knowledge, technologies, project management and existing networks to the partnership. By connecting a wide amount of experts the organizations are able to offer a comprehensive commercial solution that is internationally competitive.

The project is conducted as a pilot project where two Finnish dams will be utilized as a testing environment. As the project is a unique pilot project, it will include a lot of learning during the process. Therefore, knowledge of best and worst practices is not available yet. The Finnish dams will be utilized as a reference on Chinese markets. The project offers internationalization channels to China but also to other countries in the future. Depending on the outcome of the project, the partners may continue internationalization to other countries as well either in partnership or independently.

4.2.3. Reliable Forecasts around the World

The third case represents a public-private partnership that consists of one public and one private sector organizations. The public sector organization is a publicly held research institute and the private sector organization is a big firm that has been operating for 80 years. The organizations have been operating in many partnership projects and depending on the project both organizations have managed the projects. Due to the vast amount of collaboration projects and the long-term collaboration, this case will not focus on one specific project but on the partnership between the partners as a whole.

Due to the different nature of the participants, the partners have different objectives. The private sector organization is focusing on delivering hardware and technology globally and the public sector organization is focusing on research and development aid projects that include consultancy and training around the world but focus on developing countries. Both partners have partnership

and individual projects included in their portfolio. Usually the collaboration supports providing a comprehensive solution to international markets.

Usually the customer for both organizations and for the partnership projects in international markets is government or other publicly held institution. The international projects where the public sector organization is the managing partner are usually related to development aid. Many of these projects take place in developing countries and in countries that need improvements in the meteorology and forecasting infrastructure. Overall, the international operations of the public sector organization are important because they support relevant forecasting around the world. Additionally, the responsibility of welfare states to help countries in need is strongly related to the operations of the public sector organization.

The partnership between the Finnish organizations has been done for decades. Both organizations have good reputations in international markets and both interviewees speak about high-end solutions they are able to provide in collaboration. Due to the good reputation, the private sector interviewee tells that they usually do not need the public sector organization to access international markets. Therefore, the partnership is utilized more to bring comprehensive solutions to international markets.

4.2.4 Summary of the Cases

To give an overview of the selected cases the basic information of each case has been summarized in the table below.

Table 5. Summary of the cases

Case	Definition	Description	Main partners	Other partners	Structure of the partnership	Target country	Customer in target market	Size of the private sector firm	Earlier projects
Vietnam	Managing and assessing water risk in public utilities in Vietnam	Finnish water safety to Vietnam including software and consulting services	IT startup and a public sector water organization	Finnish ministry, ambassador supporting the process. Consultants and KIFs also part of the project	Private managing and public identifying networks, communication to stakeholders	First to Vietnam, later to other countries	Public sector organization	Small startup	Earlier experience from earlier career. First collaboration project
China	Dam safety and quality of water in China	Finnish monitoring and water safety solution to Chinese markets	Network model with various partners from different sectors. One partner representing research sector	Private sector organizations, authority, research institute. All partners not clear at this point	Public sector organization coordinates the project. The project does not have a managing firm	First to China, later to other countries	Public sector organization	Small firms	Some organizations have previous international experience but not of the network model. Some have experience from the entry market
World	Reliable forecasts around the world	Finnish firms have development aid and big infrastructure projects globally	One large private sector firm and one public sector research institute	Depending on each project: ministries and ambassadors can support the projects	Depends on the case	Worldwide, focus on public sector managed projects in developing countries	Depends on the project, often a public sector organization	Large organization	Many international projects during the years

5 EMPIRICAL RESULTS AND FINDINGS

In this chapter all the three cases will be presented in detail. First the different cases will be presented one by one and in the end the cases will be compared with each other. In the cross-case analysis the research questions will be utilized to get an understanding of the phenomenon.

5.1. Finnish Water Safety Plan to Vietnam

In case ‘Vietnam’ the internationalization has started in a partnership between one private sector and one public sector organizations. The project is managed by a small Finnish IT startup that has developed a platform for managing water safety and risk. The initial idea has not been to create software to water industry exclusively, but the solution has become adjustable to serve the needs of Finnish water industry. The other key partner in the project is a public sector water organization that aims to gather members from the Finnish water industry to provide a platform where network members can consolidate knowledge to come up with solutions for global demand. In this case the internationalization will start with a public-private partnership project to Vietnam.

Both public and private sector interviewees tell, that the Finnish and Vietnamese governments have been collaborating for decades already. Due to the long history in Vietnam, the Finnish organizations have good pressure and contacts in the market. Therefore, the relationship has become continuous and reciprocal during the years and especially the relationship between the public sector organizations is excellent. The excellent relations have been a starting point for the new project. The public sector interviewee tells they have been agreeing with the Vietnamese government of a Memorandum of Understanding (MOU) for a national water safety plan lately. Based on the agreement, the Finnish public sector water organization has promised to identify Finnish organizations to support the implementation of a national water plan to Vietnam.

“-- it was not an empty country, there was experience of the Finnish partnership, water industry partnership has been done over 30 years already -- so there was a great base and already right organizations available.” (Public sector water organization 2017)

The interviewees tell, that the project started when the Vietnamese ministry responsible of local water issues was on a visit in Finland. As the solution of the Finnish startup had been taken to use in the Finnish waterworks, the startup was participating in the visit. Usually the visits involve presenting of local products and therefore the IT startup was able to showcase the software to the foreign government. The public sector water organization was also participating in the state visit, as water concerns were one part of the agenda and the objectives of the public sector water organization include representing the Finnish water industry and identifying Finnish organizations.

The startup interviewee tells, that before participating in the visit they had been planning preliminary entry market and entry modes, but any decisions had not been made. Therefore, the state visit enabled the startup to get knowledge of a new market and foreign demand. The startup interviewee tells, that the Vietnamese authority showed direct interest on the software during the visit. Furthermore, the conversations confirmed to the startup that there might be a bigger business opportunity for Finnish organizations in Vietnam. The interviewee tells, that previous career experience had convinced that Finnish organizations should collaborate more in international markets.

"We were participating the meeting organized by the Finnish ministry and also the public sector water organization was participating the meeting. At this point we had not planned a partnership and we were only presenting the software we have in Finland. The Vietnamese said immediately that they want a similar solution – the previous experience has shown that Finnish organizations should collaborate more."

(Startup 2017)

The public sector water organization also tells, that they had recognized the opportunity for a bigger Finnish solution to Vietnamese markets. Based on these similar thoughts, the public and private sector organizations started conversations after the visit. Through networking, the public sector water organization and the startup agreed on a partnership project to Vietnam. In case ‘Vietnam’ the objectives of the public sector organization include identifying the right partners and the objectives of the startup include planning and managing the project. The common objective is to offer a water safety plan to Vietnamese markets. Dividing the responsibilities enables the startup to focus on their core competency and shift the responsibility of building the network and searching for consultancy

and other services to the public sector water organization who has knowledge on the Finnish water industry.

“Through the partnership the idea shifted from selling water safety and risk management software towards selling Finnish water safety.” (Startup 2017)

The interviewees tell, that all together the project consists of approximately ten private sector organizations where the IT startup is the managing and leading partner and responsible for providing the technology, software solutions and maintenance of the project. The other private sector organizations are providing consultancy and training. Additionally, there are some knowledge intensive organizations involved that provide special knowledge to the project. The role of the public sector water organization is to act as the coordinator and it has a strong role in identifying the network participants and providing communication to stakeholders.

“We had the knowledge, we had the international demand and we had the right mindset of the leading organization and from the supportive organizations -- There was willingness from many sides to take the project further.” (Public sector water organization 2017)

The private sector interviewee tells, that even though the public sector water organization as the main partner has been crucial for the project, also other public sector organizations have been supporting the internationalization path. To name a few, the startup interviewee mentions the Finnish ministry and the Finnish ambassador. The Finnish ministry has been active in showcasing the organization and its software. Furthermore, the ministry has been actively inviting the startup to present the business in different meetings. The private sector interviewee also mentions the support received from the Finnish ambassador and the state department has been of help in many ways.

Based on the interview with the startup, the initiative for internationalization has been around from the establishment of the startup. The strong interest towards internationalization is a result of earlier career path of the entrepreneur. The earlier experience provides the entrepreneur with knowledge that is useful during case ‘Vietnam’ as well. The earlier experience has convinced the entrepreneur that collaboration between Finnish organizations might support the internationalization.

According to the public sector interviewee, the willingness to internationalization must rise from the private sector. This is largely due to the reason, that the public sector organization is usually providing only knowledge and network support to the project and therefore if the private sector organization does not want to go abroad there will not be any business activities. Naturally, the public sector has also initiative to support the internationalization, due to the objectives of the public sector organization as a facilitator of the internationalization of Finnish water industry.

The private sector interviewee tells, that the startup has begun building references in the Finnish market to be able to start international activities. According to the private sector interviewee, a domestic reference is essential to start international operations and without a reference there will not be any international operations. To be able to test the software, the startup has been collaborating with several Finnish waterworks that have been testing the software in a business environment. Thus the startup has been able to receive feedback and develop the software further. As there has not been a risk management system in Finnish waterworks before, the software has been benefitting the Finnish market as well. Therefore, the project is a win-win situation that benefits both domestic and international markets.

The private sector interviewee sees that the role of partnership has been crucial in the beginning of internationalization. The partnership has supported building a comprehensive solution and helped to identify the entry market and entry mode. According to the private sector interviewee, the startup would have been able to provide the software to international markets even without the help of the public sector, but not a bigger solution. Also the public sector interviewee tells, that this kind of project would not have been possible without collaboration. The public sector interviewee continues, that their role has been emphasized in the beginning of the project, as they have been securing the early steps and identifying the right contacts. Based on the interview, the existing public relations have been vital for the start of the project.

“Without the partnership we are not sure what we would be exporting. Something yes but to what extent I can’t say.” (Startup 2017)

The interviewees also tell, that the public funding in the beginning of the project has been crucial. Based on the interview with the public sector interviewee, there would not have been money in the beginning without support from the state. Funding in the early phase has been ensuring the establishment of the network. Overall the public sector interviewee tells, that as the leading

organization is a startup with limited resources and small size, the possibilities for the project are somewhat limited. This forms the main challenge of this project. Also the startup sees the scarce resources as a challenge for the project. According to the startup, other challenges might occur due to the regulations of the public sector that might limit the possibilities of actions.

As case ‘Vietnam’ has shifted from selling software to selling Finnish water safety, the Finnish factor has become a value of choice in the project. The startup interviewee tells, that the Finnish factors have been highlighted during the project to the stakeholders. The interviewee has a feeling that this has helped to sell the idea to the Finnish authorities and to secure funding. Furthermore, as the objectives of the public sector organization include promoting the internationalization of the Finnish water industry organizations, including the Finnish brand to the project has supported their agenda.

The interviewees tell, that as the project is still on a starting phase a contract between the Finnish private sector organizations has not been made yet. During the implementation phase a contract between the private sector organizations will be made to identify the risk, responsibility and profit. As the customer in the target market is a public sector organization, the agreement with the Vietnamese customer has been made between the foreign government and the Finnish public sector organization. The interviewees tell, that this is due to the better access the public sector organization has to negotiate with the government. Yet, the startup tells, that they have been supporting the planning phase.

Based on the interview with the startup, there is no need for a contract between the public and private sector organizations since the objectives between these sectors differ and the aim of the public sector is to facilitate the internationalization of the Finnish water industry. The public interviewee fulfills this thought by telling that the contract between the sectors could be referred to as a social contract where both partners are winning as they act in a mutually agreed way. Overall, the private sector interviewee tells that there should not be risk of competing between the private sector organizations either, as the different partners are focusing on different business areas. The interviewee explains that they do not have interest in consultancy and therefore it is great to have partners offering consultancy services. Therefore, the partners are fulfilling each other’s knowledge instead of competing against each other.

All in all, the startup interviewee tells that they have been very happy with the collaboration with all the public sector organizations. The interviewee gives special emphasis to the great attitude most of the public sector organizations have had. Moreover, the knowledge and networks the startup has been able to access with the help of the public sector's relations have been helpful. Also the public sector interviewee tells, they are happy that the managing startup has a strong interest for internationalization in a partnership and is willing to gather a network for the internationalization. The interviewee continues with emphasizing the essential role of the startup and tells that this kind of project would not be possible without the startup:

"The startup has been the main organization throughout the project and without the startup the whole package will not work." (Public sector water organization 2017)

The private sector interviewee tells that, as these kinds of projects have not been utilized in the past, many participants have been surprised of the collaboration suggestion but still happy to try a new and innovative model. Due to the newness of the model, it has been important to present the benefits, such as reference creation, to the possible partners. Also it has not been clear especially to the public sector what the organizations are able to do or how the project should be managed. Yet, the private sector interviewee tells, that everyone has been open-minded and willing to support the project. Public sector interviewee supports the model as well and says that the strengths of the model include the adjustability based on the market and the demand.

The project aims for continuity and generating new projects also in the future. The private sector interviewee sees that the partnership will also be important during further activities. As the customer in other projects will most likely be countries instead of regions, the partners are seeking new countries for expansion. Concerning the expansion, the public sector interviewee tells that public-private partnership will create additional value in countries with central government and monitoring of the local waterworks. In these cases the private sector organization might benefit from the Finnish public sector organization as a communication opener with a foreign government. Thus, public-private partnership might not create additional value in all markets. The public water interviewee also brings up that it is important to keep in mind that partnership should not be built only to create an ecosystem. The objectives of each project should be clear so that the partners are able to identify if the public-private partnership will create additional value to the project. Therefore, the interviewee highlights the role of identifying key partners:

“The key partners are the startup and consultants. The others are adding special knowledge.” (Public sector water organization 2017)

Depending on the demand and partner organizations the solution might consist of providing the whole solution, only the software or consulting services in the future. Based on the interview with the startup the partnership might not create additional value in European markets, as there are already many consultants in the foreign markets. Therefore, providing only the software to European markets might be wise. Additionally, the startup interviewee mentions that internationalization would be easier to countries with similar characteristics as the country of origin or to reference countries. This is due to the minor adjustments then needed to the product. The interviewee continues that internationalization will become easier as the number of references increase. This will add credibility to the software.

5.2. Finnish Dam Safety and Monitoring Solutions to China

In case ‘China’, the dam safety case, the internationalization in form of a mutual agreement has already started but the actual export activities are still on the planning stage. However, some of the partners have individual export activities in China already. In this project public sector relations are enhancing cooperation between China and Finland and in this way opening the international market for the private sector. The project will be done in a partnership where knowledge and resources from both private and public sectors will be utilized. Also the research sector is involved in the project. Overall dams are a great area to study public-private partnership, as the Finnish dams are both publicly and privately owned and maintenance of dams has become a topical issue also in Finland. Furthermore, the existing dam knowledge and technology provides Finnish organizations with many internationalization opportunities.

According to the public sector interviewee, the idea of the project is to increase understanding of dam safety issues and to reservoir water quality. This will develop and improve dam safety and water quality monitoring methods and systems for risk management purposes. Overall the project involves also new software and technology development that will facilitate automation and analyzing possibilities. The project consists of both domestic and international operations:

“The first phase of internationalization will be reference creation in Finland which will facilitate internationalization.” (Private sector organization 2017)

The public sector interviewee tells, that the project will benefit both Finnish and international markets. According to the private sector interviewee, many of the Finnish dams have been built more than 50 years ago and monitoring has become current in the domestic market. Therefore, monitoring and development of new solutions in the Finnish market is needed even without the internationalization aspect. Selection of the dams included in the project has been based on actual needs in order for the research to benefit dam monitoring and maintenance in practice and no additional research on the dams will be made. However, the public sector interviewee tells that internationalization has been strongly related to the project from the beginning and the idea is to come up with a solution that benefits both domestic and international markets. Therefore, win-win thinking is strongly related to case China.

“The idea is to create case study videos during the reference project in Finland to facilitate the internationalization of the Finnish dam safety and monitoring solutions. The study videos will be translated into English and Chinese that can be presented to foreign authorities in the future.” (Public authority 2017)

As the project involves many stages and many development areas, knowledge from different sectors is needed. Therefore, a public-private partnership creates additional value to the project. The interviewees tell, that the objectives of public sector include providing new leads for the private sector, funding opportunities, knowledge on risk management, providing new opportunities, presenting references and delegations. The research institute provides special knowledge and knowledge on the risk management systems to the partnership. The nominated university will act as the coordinator of the project and take care of the final reporting of the project. The private sector organizations provide special and business knowledge, technologies, project management and existing networks to the partnership. Additionally, the dam safety authority is participating in the project. Usually the role of the authority is to monitor the industry. In this case the role of the authority is bigger as the objectives include supporting the innovation process. The project will also support the future actions of the authority:

“The new monitoring solutions will facilitate the work of the authority and support the future research projects and monitoring of the dams.” (Public authority 2017)

The interviewees tell that Finland has had several projects in China during the years. The interest for dam safety solutions in the foreign market has started with good relations to the Chinese ministry responsible for water issues. Also in this case the relationship between the Finnish and Chinese governments has acted as an enabler for new possibilities for the Finnish organizations. Yet, the public sector interviewee reminds that the personal relationships have naturally an impact on the decision-making. During the years there have been regular visits where the countries have been able to gain knowledge from the market and present local products and services:

“There will be a visit organized during 2017 and the aim is to present the Finnish dam solutions and monitoring to the Chinese authorities.” (Public authority 2017)

As the customer in this project is a Chinese public sector organization, the negotiations will be done between the public authorities. Therefore, the government relations play a big role in the project. Furthermore, as the target country is China with higher bureaucracy compared to Finland, government relations have a bigger role in the decision-making.

The private sector interviewee tells, that at this stage it seems that there will not be contracts made between the Finnish partners and the project will be done in a network model. Naturally this might change as the project proceeds. The interviewee continues that as the network model has not been tested before in similar kind of projects, the project will act as a pilot. Therefore, the project is seen as a cumulative learning experience for the participants. Depending on the outcome, the network model between the public and private sector organizations might be or might not be utilized in the future.

The private sector interviewee tells, that the project is funded with both private and public money. Because the investments are big, it is good to share the cost and also the monetary risk between the participants. This will increase the commitment of the participants and highlight the different roles and responsibilities of each organization. Also the shared ownership of Finnish dams increases the commitment to the project. Additionally, the different partners have monetary assets connected to the project and will therefore aim for the best outcome as the result has an impact on their own activities.

The in-country value is connected to case ‘China’ as well. As the idea is to develop monitoring of the dams, there is a need to develop policy suggestions, exchange of experiences and water quality management for the target market. The interviewee mentions that the gained knowledge will be shared with decision makers, authorities and technology companies in the field who might utilize this gained knowledge in further activities.

In addition to the Finnish partners, there will be local partners utilized in the project. The private sector interviewee tells, that they have earlier experience from Chinese markets and also some connections to the market. The interviewee tells, that they have a local salesman who is not an employee of the Finnish company but is still promoting the Finnish solutions in Chinese markets. The existing relations act as references for the company and help to identify the right contacts in the market. The earlier business activities, even though not done in network model, will probably support the internationalization. According to the private sector interviewee, the local salesman is also keeping the conversation open in Chinese markets even though the Finnish partners have not been able to answer the demand as fast as they would have wished.

The private sector interviewee tells, that the collaboration is the key factor in this case and the only way the organizations are able to provide the dam safety and quality of water monitoring solution. Therefore, the public-private partnership is crucial for the success. The private sector interviewee tells, that the different partners know each other from before and some of them have been collaborating also in the past. Naturally this supports the project, as there is already trust between the organizations. The partners hope that the project would open doors for other international markets. The private sector interviewee mentions, that it is not clear if the model can be utilized in other markets and if there will be enough resources to enter new markets. The interviewee mentions that public funding is often needed in these kinds of projects and getting public funding is often quite hard.

As the project has not fully started and the project is more on a planning phase, the interviewees are not able to say what the final challenges in the project will be. At this point it seems that the coordination of the project might not be clear. According to the interviews, there is a direct demand from the international markets but the Finnish partners have not been able to answer to the demand yet. Therefore, the reaction speed is seen as a challenge in case China. Despite the early phase, the private sector interviewee mentions some factors that might cause challenges during the project:

“The challenge in these kinds of projects is that as there are many participants the time tables can cause some challenges and delays. Therefore, the communication is also a challenge. Everyone should know what the other organizations have been doing so far.” (Private sector organization 2017)

On the other hand, the great amount of participants enables wide range of knowledge and resources. The private sector interviewee emphasizes that the same outcome would not be possible without the partnership. Thus, the partners are able to provide a comprehensive solution in public-private partnership where the technology and knowledge from each organization complement each other.

The private sector interviewee mentions, that challenges that could occur during this kind of project are vast by nature. Examples could be varying commitment levels of different organizations, uncertainty regarding the evolution of relationships and how cooperation will start with the local partners. The interviewee also mentions, that an influencing factor to the outcome and to the entire process is whether the buying partner is a private or public sector organization. The interviewee also sees that the target country can bring challenges. For example, in case ‘China’ the regional differences might affect the decision-making. Yet, the interviewee continues that nowadays the business in China is quite similar to western countries. This supports the findings from literature of homogeneous markets where the similarity in psychic distance does not matter in that sense (Johanson & Vahlne 2009, Nordström 1990).

“The way of doing is diverse in China. It depends on the province and if the project is conducted for public or private sector. In water industry the projects have traditionally been publicly held. But overall the projects proceed in similar way as in western countries. It was different way back. Now it’s hard to see what would be so different.” (Private sector organization 2017)

Both of the interviewees mention, that as there is knowledge on the entry market already, the existing knowledge will support internationalization. Also the earlier international experience of the private sector organization will support the process. Overall, the private sector interviewee sees that the internationalization opportunities are great in the water industry and there are many possible entry markets:

"I don't see many limits in the direction. The export in some sense has been done to other European countries already. There are also countries producing similar products and services in a quite similar way. A system that works and that is competitive in price would be quite easy to export to close countries." (Private sector organization 2017)

5.3. Finnish Forecasting Solutions on Global Markets

In case ‘World’ the other partner is a government held research institute and the other partner is a big Finnish private sector organization. As the other partner is a publicly held research institute, it does not operate in similar business sense as the private sector organization. Yet, the public sector organization is able to make profit and has internationalization connected to their strategy. In this case the organizations are providing meteorology and forecasting solutions to global markets. The public sector interviewee tells, that the partnership projects consist mainly of two types of projects. The other part is ministry funded development aid projects, which are managed by the public research institute and the other part is big infrastructure projects, which are managed by the private sector organization.

The private sector organization represents a born global organization that has been operating in global markets since the establishment of the company. The born global as an internationalization strategy has been crucial for the private sector organization to be able to widen their customer base. The private sector organization has customers in 150 countries at the moment and it is searching for new business opportunities continuously. According to the interview, the long experience has lead to a good understanding of global markets and where collaboration projects between public and private sector organizations could be utilized. In comparison the public interviewee tells, that the focus of their international actions is more on the developing countries and that the target countries are usually chosen by the Ministry of Foreign Affairs. Also the responsibility of Finland as a welfare state to support developing countries is strongly connected to the objectives of the public sector organization. Even though the public sector organization is operating mostly in developing countries, the interviewee highlights the global focus in the actions. The public sector interviewee also tells, that the level of international activities has been varying during the years but it is an established part of the strategy nowadays.

The public sector interviewee tells, that collaboration between the public and private sector organizations started in the beginning of the establishment of the private sector organization. However, the international collaboration begun in the 1970's as the first development aid projects focusing on meteorology were established:

"To be able to provide solutions for the international markets the Finnish organizations started collaboration and the first projects consisted of providing technology." (Public sector organization 2017)

Both public and private sector organizations have individual and partnership projects. Therefore, the public-private partnership projects are only one part of the business. The private sector interviewee tells, that the partners are collaborating both in Finland and in international markets. The domestic projects have covered many R&D projects that have led to the development of new technology. These domestic projects benefit both partners and support the internationalization as the organizations gain new knowledge and can learn from each other. The public interviewee also tells, that they are sometimes organizing state visits to Finland and in these cases they are inviting the private sector organization to present their products and services to foreign guests. This way the private sector organization has been able to get visibility in international markets and the public sector organization has been able to present Finnish organizations to foreign customers. Nevertheless, the public sector interviewee tells, that they have good access to Finnish ministries and they are able to utilize the good relations in their business actions.

In international projects the collaboration has included collaboration to offer the meteorology institute, consultancy services exclusively and infrastructure projects. The interviewee from the public sector speaks about build-operate-transfer (BOT) projects where the Finnish organizations are able to deliver the whole meteorology institute in a partnership. In these projects the public sector organization provides planning, consulting, training and forecasting software to the project and the private sector organization provides hardware and technology solutions including the training and maintenance. According to the public sector interviewee, the idea in these projects is to build a similar meteorology institute to the target market as the one in Finland.

Due to the differences in the projects, every project has its own specialties. Therefore, the partnership models utilized differ based on the project. The interviewees tell, that sometimes the public sector organization acts as the subcontractor and the private sector organization is the main

contractor providing training and information. In some projects the private sector organization acts as the technology supplier for the development aid projects that are lead by the public sector organization.

"The projects that are lead by the public sector organization are more common but they are not as big projects and the private sector managed projects are not that common but they are often bigger from the perspective of the private sector." (Private sector organization 2017)

Due the differences in the projects the intensity of the partnership differs. The private sector interviewee says, that sometimes the collaboration is more important in the beginning of the project and sometimes it is needed during the whole project. The public sector interviewee highlights the role of collaboration throughout the projects from the planning phase all the way through to the implementation phase. The public sector interviewee also tells, that the decision of entry market is sometimes made in collaboration. Yet, the interviewee mentions that naturally the funding and demand affect the entry market selection.

In-country value is strongly related to the international projects especially in the projects that are lead by the public sector organization. The public sector interviewee mentions, that as they are often operating in developing countries, often there are many areas that need to be developed to create comprehensive enhancements. The public sector interviewee tells, that it might not always be clear in foreign institutes that the operations have a customer and that needs to be highlighted to the foreign customer. As the public sector interviewee tells, often the projects include developing regulations and business sense of the target market:

"If we start to develop one of our sister institutes capability to develop better services locally, usually we have to overlook the institute as a whole. This means that actually all the actions need to be developed starting from legislation, the organization, know-how, technology, observation network, IT and the process itself." (Public sector organization 2017)

Both interviewees tell that there are not many countries that are able to provide a comprehensive meteorology institute and the Finnish technology and knowledge are among the best in the world. Therefore, the Finnish organizations have a strong market position and they have a competitive

advantage in international markets. The private sector interviewee adds, that the possibility to complete each other's competencies is a strength of the partnership.

The private interviewee tells, that as they have been operating in international markets for a long time and have references around the world, they have quite good access to foreign governments even without the public sector organization. Therefore, the access to new markets is not seen as the main reason for the partnership. However, the private sector interviewee tells that sometimes it is good to have a public sector representative in the negotiation. In these situations the private sector organization can benefit from the government-to-government aspect. The private sector interviewee also mentions the good relations with Finnish ministry and ambassadors that have been helpful especially in the beginning of some projects:

"In these cases the support from the public sector has helped to get in touch with the right people. Also the good reputation of the public sector organization and the government-to-government aspect support internationalization." (Private sector organization 2017)

Challenges the partners see in internationalization in public-private partnership involve both external and internal factors. As a public sector organization, the research institute faces more challenges with funding of the projects. The public sector interviewee tells, that this is even more crucial in international projects as the project planning takes a lot of time and it ties down a lot of resources even before the start of the project. Other challenges are the low competitiveness of the public sector and the external public decision-making. The public sector interviewee also mentions, that sometimes the strong market position of Finnish organizations might be a challenge as some international organizations might see the Finnish organizations to have too strong of a market position. Additionally, external factors, such as the foreign culture and the local legislation, might cause challenges. The public sector interviewee tells, that political questions are often involved in the projects:

"The processes involve political questions – For instance, we planned a centralized forecasting office and a few regional offices to a target market -- Then the legislation changes and the whole planning needs to be done again based on the new regulations. These changes are not always based on facts." (Public sector organization 2017)

The form of the contract depends on the project. Usually the contract is made between the main partner and the foreign customer. Often sharing of the risk is included in the contract. Sometimes the contract includes contractual penalties. The private sector interviewee tells, that there is no general agreement of collaboration between the public and private sector organizations. However, the interviewee tells that a project contract is done when a project appears. The characteristics of each case identify the content of the contract. Therefore, contract might be done for example for a single purchase or for a subcontract agreement. The public sector interviewee supports this view:

"There is no readymade frame for the agreement; every contract is made case by case. -- Naturally there is a project agreement of each project. However, there is a common understanding all the way from the top management of both organizations that together we are pursuing a common goal." (Public sector organization 2017)

Both partners seem to be very happy with the partnership and about the possibility to collaborate with a Finnish partner. The private sector interviewee tells, that there has not been any problem in the partnership. The interviewee continues that the private sector organization is very happy that there is such an active public sector institute in Finland that has a vast amount of knowledge and willingness to internationalization. According to the private sector interviewee, reasons for successful collaboration are continuous communication, meetings and keeping the partner updated. Also the long history of collaboration has established the communication and partnership models. The public sector interviewee completes this view by adding that a same country of origin with a similar culture and language makes the partnership easier.

Both interviewees tell, that the partnership has had strong relations to the business activities and not all projects would have been possible without the partnership. The private sector interviewee mentions, that in theory they would be able to utilize other commercial organizations from international markets as partners but then they would lose the Finnish brand image of the solution. This would affect their marketing operations. Also if the private operator would start to collaborate with other commercial operators they would lose the government-to-government aspect they have been able to utilize in the collaboration projects. When asked if there is something that has been limited outside of possibilities, the private sector interviewee mentions that joint venture projects are not possible with a partner from public sector. These have not been even thought of or needed, as the partnership with the public sector organization has been working really well. Still, the private sector interviewee reminds that utilizing a private sector organization as a partner might enable

flexibility in business models and negotiations. The public sector interviewee confirms the limitations in their actions.

Usually the customer in international markets for both public and private sector organizations is a public sector organization. Therefore, the contacts in foreign countries are mostly the same. The private sector interviewee notes that naturally there might be some differences between the contact departments inside one organization due to the core competencies of the organizations. As the customer is often a public sector organization, competitive bidding is often involved in the projects. Therefore, the organizations might not be able to offer a partnership projects. The public sector interviewee tells, that naturally it cannot utilize the Finnish private sector organization as a partner always but at least aiming for the partnership will not hurt the project. The private sector interviewee confirms that procurement, legislation and competitive bidding are often involved in the projects which naturally bring their own factor to the project:

“We need to keep our products current with low prices, high quality and reliability.

We need to follow the public debate to keep the products competitive.” (Private sector organization 2017)

Both of the partners see that public-private partnership might be utilized even more in the future. The private sector interviewee says, that the developing countries and efficiency are the approaching trends inside the industry. The public sector interviewee highlights the decrease in development aid funding and believes that collaboration with the private sector might become one answer to the changes in the market environment. Both interviewees see that the regulations will affect where such a sensitive industry will shift in the future. In the end the public interviewee mentions, that there are many commercial organizations in international markets nowadays and it will affect the market environment and challenge the public institute in the future.

5.4. Cross-Case Analysis

The previous chapter describes the internationalization process in public-private partnership in each case separately. The aim of the cross-case analysis is to identify the similarities and differences between the cases, as well as to mirror them against the characteristics of public-private partnership and the chosen internationalization theories. The research questions will guide the analysis.

Research problem: Can public-private partnership facilitate internationalization in the Finnish water industry?

The empirical evidence shows that public-private partnership can facilitate the internationalization of different types of organizations. Additionally, the empirical evidence shows that public-private partnership can support organizations at different stages of internationalization. Even though the role of partnership is highlighted to secure the first steps of internationalization (cases China and Vietnam), the public-private partnership can facilitate the internationalization of organizations at a more mature stage (case World). The empirical evidence also shows that the utilization of public-private partnership needs to be evaluated based on the entry market as the public-private partnership will not create additional value in internationalization to every country.

RQ1: What additional value will the public-private partnership in internationalization bring to the private and public sectors?

Both sectors gain additional value from the public-private partnership. Firstly, public-private partnership enables the different partners to focus on the core competencies. According to the interviews, the private sector organizations have been able to focus on providing the technology and special knowledge and the public sector has been focusing on identifying the right networks, partners and the entry markets. Especially in cases ‘China’ and ‘Vietnam’ the role of public sector relations has been significant in agreeing on the project. Even though the private sector organizations have had the willingness to internationalization the process has fully started with the support from the public sector. For instance, in case ‘Vietnam’ the private sector organization has been planning the internationalization but has not made any decisions concerning the entry market or entry mode before connections to the public sector.

Secondly, the private and public sector organizations in all the three cases have been benefitting from partners’ networks. The partners’ networks exist both in Finnish and international markets. In case ‘Vietnam’ the Finnish networks of the public sector organization have enabled identifying the right Finnish partners suitable for the project. In cases ‘Vietnam’ and ‘China’ the government networks have been supporting the internationalization, as they have had a big role in the agreement phase with the foreign customer. In case ‘China’ the private sector organization has existing networks in Chinese markets. In this case the foreign networks can support identifying the local partners to the project. Due to the international experience in case ‘World’, the private sector

organization has already well established networks around the world. Therefore, the partnership is not that essential for the private sector organization. Also the public sector interviewee in case ‘World’ tells, that they have well-established relations around the world. Overall in case ‘World’ the partners seem to be the most independent.

Thirdly, the public-private partnership might enable the partners to build a comprehensive solution to the international markets. Therefore, the partnership enables the participants to provide something that they would not be able to offer as separate entities. This is relevant in all the three cases. In all the three cases the different partners provide their special knowledge or technology to the project and supplement each other’s competencies. That enables them to offer comprehensive solutions to the international markets. In case ‘Vietnam’ this has included technology providing from the private sector and the partnership with public sector organization has enabled the gathering of a network where also consultancy and special knowledge has been added to the project. In case ‘World’ this has enabled build-operate-transfer (BOT) projects where the partners have planned a whole meteorology institute for international markets. In case ‘China’ the partnership enables developing dam safety and water quality monitoring methods and systems for risk management.

As the public-private partnership often enables to offer a comprehensive solution to the international markets, the in-country value is closely attached to many of the public-private partnership projects. In-country value is often one part of the public-private partnership projects as the public interest is often closely attached to the collaboration projects. The in-country value creates added value to the different partners, as it can assist the negotiation phase with the foreign customer. When the partners are able to show the in-country value the project will bring to the market, the customer might become more interested in the project. The role of in-country value is highlighted in projects where the customer is a public sector organization. Often the public sector organization is aiming for better local conditions and therefore the in-country value can support the negotiation phase. The interviewees in all the three cases tell, that the in-country value is closely attached to the cases. In case ‘World’ the interviewee tells, that the projects usually include developing the local regulations. In case ‘China’ the interviewee tells, that the project can create new job opportunities to the markets.

Furthermore, gathering a bigger entity supports the Finnish export industry as a whole. As most of the Finnish organizations are small organizations with scarce resources, they might not be able to start internationalization independently. In cases ‘China’ and ‘Vietnam’ the private sector

organizations represent small businesses. Also both interviewees in these cases speak about the small size and scarce resources. The public sector interviewee in case ‘Vietnam’ also mentions that due to the scarce resources of Finnish organizations, the organizations are usually not able to implement many projects at the same time. In comparison the possibility to gather resources has not been the main reason to formulate a public-private partnership in case ‘World’. Because the private sector organization is a big organization and has been around for a long time, the amount of resources does not limit the organization’s operations in a similar sense as in the other cases.

The public-private partnership enables the partners to create references in Finland that benefit both domestic and international markets. In general, many of the interviewees mention the role of domestic references in internationalization. In all the three cases the interviewees tell, that they have been creating references first in the Finnish market. However, whether these references are created in collaboration or as private entities differ between the cases. In case ‘China’ the references in Finland are planned and implemented between the public and private sector organizations that will provide the solution to international markets. In comparison, in case ‘Vietnam’ the private sector organization has been creating the references independently and the public sector organization has entered the project as the internationalization has started. In case ‘World’ the public and private sector organizations have own and common references. Additionally, the many international references strengthen the positioning of the organizations in case ‘World’.

The Finnish brand image connected to public-private partnership and partnering with a Finnish partner can create value to the internationalization. There is also evidence in literature supporting the domestic partnerships to support internationalization (e.g. Chetty & Blankenburg-Holm 2000, Coviello & Munro 1997). The Finnish brand image can create additional value on industries where the Finnish organizations have a good reputation already. In case ‘Vietnam’ the interviewees speak about the Finnish factor as an additional value in the project. The earlier good reputation in Vietnamese markets supports the utilization of Finnish brand image during the current project. Also in case ‘World’ the interviewees tell, that the Finnish organizations have a leading position in meteorology and forecasting industry globally. Additionally, the good reputation in case ‘World’ has lead to good access to negotiations with foreign governments for the private sector organization. Still, the involvement of a public sector organization in internationalization can increase credibility to the project. In case ‘World’ the private interviewee tells, that sometimes the government-to-government aspect supports the starting phase of internationalization.

It is also worth mentioning, that the public-private partnership enables the partners to share costs and risk. The possibility to share costs is especially useful for small organizations that might not have resources for internationalization alone. In case ‘China’, the funding of the project has been divided between public and private sector organizations. Also in other cases public funding has been utilized and especially in case ‘Vietnam’ it has been essential for the project’s start. In case ‘World’ the projects that are managed by the public sector organization are often funded with public money. In general, as public-private partnership involves partners from both sectors, there is often both public and private funding attached to the projects. According to the interviews, many of the private sector organizations have been struggling with receiving public funding. Therefore, the interviewees see that the funding opportunities within export should be developed further.

In the end, as the public sector is connected to objectives with more social factors and the private sector is more connected to monetary values, the public-private partnership will most likely create additional value to industries where the public and business interests are closely attached. Additionally, industries that are monitored by the public sector such as water supply and dam industry are suitable to utilize public-private partnership in international context. The industries where social and monetary values are strongly connected are often characterized by knowledge in both private and public sectors. Therefore, public-private partnership is the only way to gather the different organizations and exploit the knowledge from both sectors. This is also evident in the Finnish water industry.

RQ2: What special characteristics should be taken into consideration when the internationalization involves partners from public and private sectors?

The literature and empirical evidence show that the objectives of the public and private sectors differ from each other. The different objectives should be considered already during the planning phase and included in the common objectives of the public-private partnership. To be able to commit both sectors to the partnership, the partners need to see what additional value they will gain from the collaboration. In all the three cases the private sector has had strong willingness to international operations from the beginning and the reasons to join in the partnership have been connected to the possibility to enhance the internationalization possibilities. From the perspective of the public sector, the reasons have been to support the private sector organization (Case Vietnam), to improve the monitoring and dam safety (Case China) and development aid (Case World).

Additionally, the possibility to support the internationalization of the industry is closely attached to all these cases.

Identifying the common goals involves understanding the different possibilities of actions. This is connected to different governance level between the sectors. The interviewees tell, that often the public decision-making is done in another organization than the actual partner organization. Therefore, the external decision-making can affect the internationalization in public-private partnership. In case ‘World’ the public sector interviewee tells, that sometimes the entry market is chosen in an external organization and therefore the partners are not able to influence the decision-making. Also the private sector interviewee in case ‘World’ mentions, that because they are collaborating with a public sector organization, it affects the negotiations and business model they are able to utilize during the internationalization. Also the private sector interviewee in case ‘Vietnam’ mentions, that it is useful to keep in mind the different objectives and possibilities of the sectors. According to the interviewee, this will support the negotiation phase with the partner organization.

In all the three cases the customer in international markets is a public sector organization. Based on the interviews, the customers in industries with high public interest are often public sector organizations. Therefore, public-private partnership where the public sector is responsible for communication with stakeholders and contacting the customer in the first place can be useful. In cases ‘China’ and ‘Vietnam’ the public sector organizations have utilized the relations to the foreign government, which has acted as an enabler for negotiations. Also the agreements between the states have been crucial in identifying new project opportunities on international markets. The state agreements formed in cases ‘Vietnam’ and ‘China’ are examples of these. Even though the customers in all the case examples are public sector organizations, the private sector interviewee from case ‘World’ reminds, that the customers can be private sector organizations too. In these cases the partnership with public sector might not be needed. Therefore, the need for public-private partnership needs to be evaluated case by case.

Similarly as the literature is suggesting, the empirical findings support a clear structure of the partnership (Iossa et al. 2013). The clear structure helps to identify the responsibilities and lead the internationalization further. As in cases ‘Vietnam’ and ‘World’ the structure of the partnership has been clearly outlined between the partners, every organization knows their responsibilities. The interviewees in case ‘World’ tell, that the other partner is always leading the project, which supports

the clear structure of the partnership. In case ‘Vietnam’ the private sector organization is managing the project and the public sector organization is coordinating the project. In comparison to cases ‘World’ and ‘Vietnam’, case ‘China’ has been slower with the starting phase. In this case, the structure has not yet been precisely defined and that might have been slowing down the starting phase of the project.

Additionally, open conversation and keeping the partner updated are important characteristics of a partnership. Especially the private sector interviewee in case ‘World’ where the partnership is already well-established highlights the role of open communication and keeping the partner updated. Also in case ‘Vietnam’ the public and private sector organizations engage in continuous communication, which supports the internationalization and knowledge about what the other partner is doing. This increases trust and commitment between the partners. The private interviewee in case ‘China’ mentions, that open conversation is important so that the partners are aware of others actions. The interviewee continues that this helps that, for example, any delays will not occur during the project.

Like the literature is suggesting internationalization to be a chain that is evolving over time (Johanson & Vahlne 1977), also all the three cases presented in this thesis aim for continuity in international projects and long-term partnerships. All the interviewees tell, that the intention is not to conduct one-time projects only but to continue the internationalization to further markets as well. The private sector interviewee in case ‘Vietnam’ highlights, that the first public-private partnership project will be a reference for the future projects. The interviewee reminds that the references gained in the collaboration project will benefit the independent projects in the future. Also the public sector interviewee in case ‘Vietnam’ highlights the continuity of the projects. The interviewee speaks about partnership models that could be replicated to other markets. In case ‘China’ the participants are planning new entry markets. In comparison, in case ‘World’ the internationalization is already at a mature stage and the private sector organization has foreign subsidiaries. This confirms that the public-private partnership projects are only a small part of the international operations of the private sector organization in case ‘World’.

One special characteristic is that internationalization in public-private partnership requires willingness to international operations from both sectors. Nevertheless, the interviews see that internationalization should be managed by the organization that is providing the main product or service to the international markets. In cases ‘China’ and ‘Vietnam’ the private sector organizations

provide the main product and in case ‘World’ the main provider can be either the public or private sector organization depending on the project. The leadership is divided in a similar way in cases ‘Vietnam’ and ‘World’. The public sector interviewee in case ‘Vietnam’ emphasizes, that the private sector organization should have the initiative for internationalization as they are the main provider and the public sector organization is providing special knowledge to the project. In case ‘China’ the partnership is done in a network model and therefore it is not clear if there will be a managing organization in the project.

It is worth mentioning that the public-private partnership has only been utilized to support the internationalization in case ‘World’. Thus, the model is a cumulative learning experience where partners need to understand the experimental nature of the project. Therefore, the partners need to have entrepreneurial mindsets and courage to try something new. The possibility for failure needs to be considered as well. In case ‘Vietnam’ the interviewee from private sector tells, that many organizations to whom the project has been suggested to have been surprised about the innovative partnership model. Nevertheless, many have been happy to try it. According to the interview it has been essential to the partnership that everyone has understood that the partners are complementing each other, not competing. The experimental nature of the project has also been highlighted in case ‘China’. The experimental nature has been highlighted in the agreement with the foreign customer and the project will include a concrete demonstration project.

Overall the interviewees emphasize the win-win thinking related to public-private partnership. According to the public sector interviewee in case ‘China’, the project supports both Finnish and international markets and it allows reference creation to the different organizations both on domestic and international markets. Also the private sector interviewee in case ‘Vietnam’ highlights the win-win thinking. The interviewee tells, that they have been utilizing it during the planning phase to confirm the customer and partners. Also in case ‘World’ the interviewees tell, that the collaboration projects have been facilitating both partners’ actions and the partners have been able to co-develop new solutions for the forecasting industry.

Lastly, the public interviewee from case ‘Vietnam’ mentions that a public-private partnership should not be gathered only to create a partnership. According to the interviewee, the objectives of the project should be kept clearly in mind and the partnering should be evaluated carefully. Therefore, a public-private partnership should only be gathered when the same outcome is not possible without the partnership.

RQ3: How does the public-private partnership affect the internationalization process?

The existing internationalization theories are focusing on internationalization stages of an organization (e.g. Johanson & Mattsson 1988, Johanson & Vahlne 1977). Some of the models have included the role of networks including competitors to the process (Johanson & Mattsson 1988). The empirical evidence shows that some of these finding are relevant in internationalization in a public-private partnership and some of the findings do not have such a big role in the process.

The literature has been suggesting that the internationalization happens usually through a stage model where the organization starts international operations through export activities and continues the export activities through a sales agent and proceed towards foreign subsidiaries and overseas production (Johanson & Vahlne 1977). In the presented cases all the interviewees from the private sector have earlier direct or indirect experience from international markets. In case ‘Vietnam’ the interviewee has experience from earlier career path that is also pushing the entrepreneur to international markets now. The interviewee from case ‘China’ tells, that the organization has had earlier sales to China. The interviewee continues that at the moment they have a local salesman in China who is not an employee of the organization. In case ‘World’ the private sector interviewee tells, that they have offices around the world and the international operations are already well established. Therefore, the different cases are on very different levels of internationalization though all of them have international experience. Still, the public-private partnership as an internationalization strategy has only been utilized in case ‘World’ before.

In the literature the network model of internationalization is highlighting the need to analyze the internationalization level of the organization and the target market. Additionally, the model highlights the role of networks and especially individual relationships during internationalization. (Johanson & Mattsson 1988) In all the three cases the customer in international markets is a public sector organization. Especially in cases ‘China’ and ‘Vietnam’ the governmental relations have played a big role in the market selection. Therefore, the need to analyze the network structure has been a bit different compared to an organization that enters a market without a public-private partnership. As the public sector relations have influenced the market selection, analyzing the competitors has not been that crucial. Instead, analyzing the level of bureaucracy and political stability of the entry market has been essential in the public-private partnership.

Like the literature, also the empirical evidence is highlighting the role of individual relationships in internationalization. As the internationalization has happened or will start in a public-private partnership, the individual relationships between the public and private sector organizations in domestic markets have been an essential starting point for the internationalization. In cases ‘Vietnam’ and ‘China’ the interviewees tell, that similar projects would not be possible without the partnership with a public sector organization. In case ‘World’ both the public and private sector interviewees tell, that the partnership has been supporting some of the projects. Yet, the partnership in case ‘World’ does not seem that vital for international operations as in the other two cases. Though, the public sector interviewee tells, that the internationalization has originally started through partnership projects in the 1970’s. As the partnership has been securing the first steps of the internationalization also for the organizations in case ‘World’, the finding supports the essential role of the partnership in the beginning of internationalization.

The empirical findings show that the partnership can influence the entry market and entry mode selection. The literature is also supporting this finding (Coviello & Munro 1997, Axelsson & Easton 1992). In case ‘Vietnam’ the private sector organization had planned the entry market but the organization had not decided the target country yet. Through conversations and meetings that have been organized by the public sector organization, the private sector organization has decided to start international operations to Vietnam. Naturally, the existing demand from Vietnam has also influenced the market selection. Yet, the conversation with Vietnamese authorities would not have been possible without the public sector organization as a partner. In case ‘China’ the partnership with public sector organizations has been even more strongly connected to the market selection as the initiative for the international dam safety project has arisen from the public sector. Also in case ‘World’ both interviewees tell, that sometimes the entry market is chosen in collaboration. Still, in case ‘World’ the partnership is usually formed based on the markets demand and conditions. Thus, the partnership does not have such a big impact on the market selection and the partnership is usually formed based on the project-specific requirements.

Based on the empirical evidence, public-private partnership is utilized to access markets that would be hard to enter without support from a public sector organization. Sometimes these countries are characterized with higher bureaucracy or central government. Thus, the public-private partnership can influence the market selection. The private sector interviewee in case ‘Vietnam’ tells, that the public-private partnership might not add value in European markets as the private sector organizations have quite good access to the markets independently. The private sector interviewee

continues that the offered solution will be tailored based on the target market and the same solution offered to Vietnamese markets might not be suitable to European markets:

“There are possible entry markets in many directions. That means that we also have possibilities in Europe -- We might not start exporting to Europe in a partnership due to the local consulting services on the markets. Therefore, we might only export the software to European markets. But outside EU the public-private partnership is useful.” (Private sector organization, case Vietnam 2017)

Because the internationalization in cases ‘China’ and ‘Vietnam’ will be done to countries with good public sector relations, the organizations are to some extent preferring internationalization to countries from which they have earlier experience on. In case ‘China’ the private sector interviewee tells, that they have had earlier business activities in China and therefore they have some thoughts of local partners already. In case ‘Vietnam’ the public sector interviewee tells, that they have a good relationship to the Vietnamese government and that has been a good starting point for the internationalization. In case ‘World’ the public sector managed projects are often done to new countries, whereas the private sector managed projects are done to both new and familiar markets. Nevertheless, when asked about possible entry markets, many of the interviewees mention European countries. Some interviewees even mention, that the internationalization would be easier to nearby countries. However, the need for public-private partnership on European markets does not seem that relevant. On the European markets, the public-private partnership can support gathering a network for a project but as the organizations have good access to the markets independently the public sector organization would not be needed to open the market for private sector organizations.

In cases ‘Vietnam’ and ‘China’ the interviewees tell, that there has been a direct foreign demand for the Finnish solution in the target market, which has influenced the market selection. In both of these cases demand has arisen during state visits. This highlights the role of the public sector organizations in identifying the possible target markets and communication with foreign governments. In case ‘World’ projects that are managed by the public sector organization the entry market is often identified in an external organization and the organization might not be able to influence the market selection.

Several interviewees mention the external factors that affect internationalization. These are factors that the partners cannot influence. Sometimes they can slow down the internationalization. One

example of this is that there might be new regulations introduced in the target market during the internationalization that affect the project. The public interviewee from case ‘World’ tells, that sometimes they have been able to provide factual evidence of a system that would support the local solution, but due to the regulations of the target market they have not been able to adopt the system. The interviewee also tells, that sometimes the legislation has been changing during the project, which has affected the objectives of the project. As the organizations cannot prepare for the external factors, the organizations should keep the products adjustable so that when external challenges occur, the product or service can be adjusted to meet the new needs.

5.5. Towards a Framework to Understand whether Public-Private Partnership Can Facilitate Internationalization in the Finnish Water Industry

To be able to present a framework and to understand whether public-private partnership can facilitate internationalization in the Finnish water industry, the earlier presented theoretical framework needs to be completed with the empirical findings. The completed framework shows the role of additional factors, such as domestic references and public sector relations in internationalization. Based on the empirical evidence, public sector relations can influence the market selection and entry mode. In addition, domestic references support the internationalization. These and other empirical findings have been added as a bold text to the earlier presented framework (see figure 9).

Starting from the bottom, the first box that has been completed is the public sector box. The empirical evidence shows that the public sector organizations are often the supportive organizations in the public-private partnership. Based on the empirical findings, the public sector organizations provide knowledge on the target market and they can facilitate the market entry of the private sector organizations. For instance, the public sector organizations can have governmental relations in the target market that might facilitate the access to the market. As the empirical evidence highlights the supportive role of the public sector, it has been added to the framework. The empirical findings did not bring up new important factors of the private sector. Therefore, the private sector box has remained similar as in the earlier presented framework.

The public-private partnership box has been completed with the need to identify the main partners. In addition to identifying the specific roles of each sector, the empirical evidence shows the

essential role of identifying the main partners in the public-private partnership. Based on the empirical findings, the internationalization in public-private partnership does not usually happen between two partners exclusively and often there are more partners involved in the process. For instance, some organizations might bring some additional knowledge to the project without being the main partner. The role of identifying the main partners is highlighted in the framework because the internationalization in public-private partnership is a complex process and the literature supports a clear structure of the public-private partnership. Thus, identifying the main partners will ensure structural factors such as the risk and responsibility sharing in the public-private partnership.

Another factor that has been added to the public-private partnership box is the win-win thinking. The empirical evidence shows that in many of the cases the public-private partnership facilitates the business activities of each partner also after the actual public-private partnership project. Additionally, many of the cases benefit both Finnish and international markets, as the projects enable new solutions both for domestic and international markets. Due to the many different organizations accompanied with domestic and international markets benefiting from the public-private partnership, the win-win thinking has been added to the framework.

The empirical evidence brings up new insight related to internationalization. The empirical evidence shows that many of the organizations are preferring internationalization to countries with earlier experience and to countries with existing relationships. Additionally, the existing knowledge in the target market seems to guide the market selection. Often the knowledge is gained through earlier business activities in the target market or through governmental relations to the target market. As the empirical evidence shows that the governmental relations and the earlier experience affect the market selection, these factors have been added to the framework.

The empirical evidence highlights the role of domestic references in internationalization. Due to the critical role of domestic references in internationalization, the domestic references have been added to the internationalization box. Another factor related to references that arises from the empirical findings is the possibility to create collaborative references in domestic markets. Based on the empirical evidence, the partnership can enable to create collaborative references before starting the internationalization.

The most important box, public-private partnership facilitating the internationalization, has been completed with several factors. As the empirical evidence has been highlighting the role of long-

term partnerships and continuity of the projects, these factors have been added to the uppermost box. In all of the empirical cases the partners are aiming for continuity and new projects in the future, which is why also the role of long-term and continuous projects has been highlighted in the framework. Continuity also supports the nature of internationalization in public-private partnership as a cumulative learning experience, where the organizations become more agile in internationalization as the learning and experience accumulate. Thus, the internationalization becomes easier over time.

Additional factors that have been added to the uppermost box are the initiative from the managing organization, Finnish factors, in-country value and government-to-government aspect. The empirical evidence shows that the organization that has the main product provided to international markets should be the one having the initiative to start internationalization. This is because the supportive organization can only support the internationalization process but not take full responsibility of the project. Moreover, if the organization providing the main product decides to change direction, the supportive organization cannot continue internationalization independently but the main provider can. As mentioned earlier, the public sector organization has often the supportive role in public-private partnership. Therefore, the empirical evidence is suggesting that the initiative for internationalization should rise from the private sector in most of the cases.

Furthermore, Finnish brand image has been added to the uppermost box. Because the organization might benefit of the Finnish brand image when utilizing domestic public-private partnership during internationalization, Finnish brand image can be an essential factor in internationalization. The Finnish brand image as an additional value can be utilized when entering countries where Finnish organizations have a good reputation. That is often related to earlier experience or existing relationships in the target market.

Additionally, the empirical evidence emphasizes the in-country value attached to internationalization in a public-private partnership. Due to the different objectives of public and private sectors, there are usually both societal and monetary values connected to public-private partnership projects. As the social societal value is often connected to the project, the projects bring in-country value to the target market. For instance, new job opportunities and enhanced legislation in the target market represent the in-country value that the public-private partnership can create. Because in-country value has been highlighted in the empirical part of the study, it has been added to the internationalization box.

Furthermore, as the public-private partnership involves a public sector organization, the public-private partnership can enable the organization to utilize government-to-government aspect during the internationalization. As the partnership involves a public sector organization, the private sector organization might benefit from the public sector relations by utilizing existing governmental relations when entering a new market. Due to the essential role of the public sector organization as a market opener, the government-to-government aspect has been added to the uppermost box.

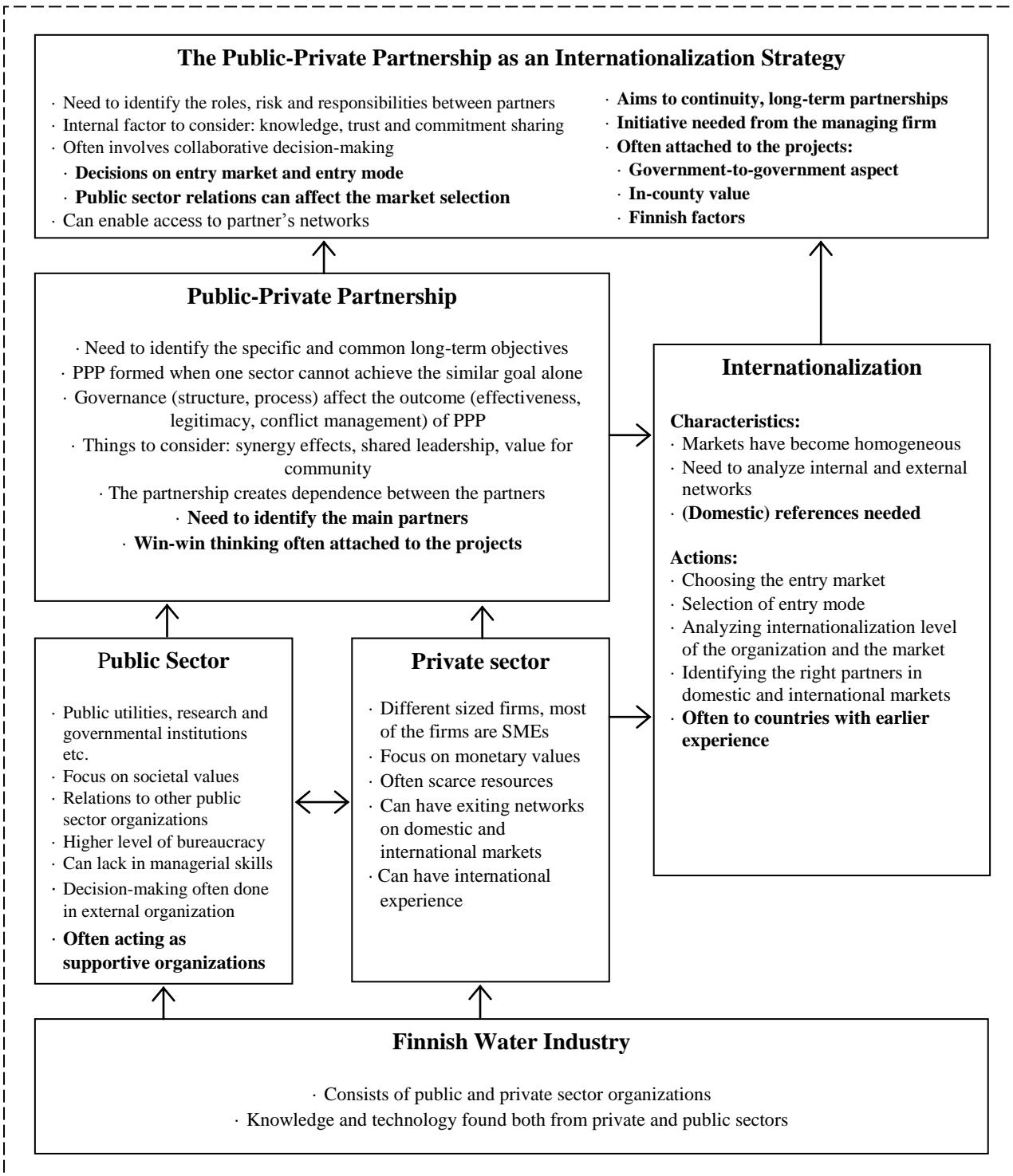


Figure 9. Framework for internationalization in the public-private partnership

6. DISCUSSION AND CONCLUSION

This study examines public-private partnership as an internationalization strategy in the Finnish water industry. Global demand for water has been growing in the last years. The main reasons for the changes are megatrends, such as urbanization and migration (Andersson 2015, Unesco 2011). The Finnish water organizations have diverse knowledge on water and the industry is characterized by knowledge on public and private sectors. Many of the private sector organizations represent small and medium sized knowledge intensive firms that are characterized with scarce resources. Even though there are many internationalization opportunities, internationalization in the Finnish water industry has not started in a broader sense. Because water has become an even more critical resource and the internationalization potential is obvious, there is a need to come up with innovative strategies in internationalization. In order to answer to the global demand and to facilitate internationalization of the Finnish organizations, a public-private partnership as an internationalization strategy has been suggested as a solution.

Public-private partnership has traditionally been utilized in industries with a strong public interest (Yescome 2007). Usually public-private partnership has been formed when one sector has not been able to produce a specific product or service independently (Brinkerhoff 2007). Additionally, forming a public-private partnership has enabled the partners to focus on the core competencies and the different sectors have been able to bring their special knowledge to the partnership. (Petkovic et al. 2015) The public sector has been able to gain managerial knowledge and the private sector has been able to get involved with new projects (Yang et al. 2013, Cheung & Chan 2011). In a public-private partnership consideration of the different objectives between the sectors is crucial for the success. Therefore, the specific objectives should be attached to the common objectives of the partnership. Due to the special characteristics of the sectors, often both societal and monetary values are related to public-private partnership projects.

Internationalization has been studied quite extensively in the past. Some theories describe internationalization of organizations that are planning to start the international operations and some theories describe organizations at more mature stages. Some of the theories consider the role of external factors such as the network structure including the competitors in internationalization (Johanson & Vahlne 2009, Johanson & Mattsson 1988). Additionally, there are models highlighting the role of partnership in internationalization (Barnir & Smith 2002). However, the public-private partnership in international context has remained an unstudied phenomenon.

This study suggests that public-private partnership can facilitate internationalization with some limitations. Firstly, this study suggests that the industry where the organization is operating in and the entry market affect whether public-private partnership can create additional value in internationalization. The public-private partnership can facilitate internationalization in industries that are characterized with private and public sector organizations and industries with strong public and business interest. Usually in these cases both sectors have individual objectives connected to the project, which can be attached to the common objectives of the partnership. Additionally, the empirical evidence shows that public-private partnership can facilitate internationalization to countries that might not be possible or might be hard to enter without support from the public sector. For instance, the higher bureaucracy or central government in the target market might limit the access to the new market.

Secondly, this study suggests that the customer is an influencing factor in considering whether a public-private partnership can create additional value in internationalization or not. As the customers in industries that are characterized with strong public interest are often public sector organizations, the involvement of a public sector organization can facilitate the process. For instance, the involvement of a public sector organization can facilitate the access to negotiations with the foreign customer. Sometimes the public sector organization can also be the organization concluding the agreement of a project in the first phase. Therefore, a public-private partnership might not create additional value in European markets as the private sector organizations have quite good access to the markets independently.

Thirdly, this thesis shows the essential role of public sector organizations in identifying the target market and business actors in domestic markets. As the public sector organization can have public sector relations to foreign governments and they are often participating in government organized state visits, they have an essential role in identifying the possible entry markets and the right networks for each project. Additionally, the empirical evidence is highlighting the role of state agreements. Also in the state agreements the public sector organization has an essential role in identifying the entry markets and agreeing of the projects in the first phase. In general, the involvement of a public sector organization can allow utilizing the government-to-government aspect. The government-to-government aspect can bring new business opportunities for the Finnish water organizations that the organizations might not be able to reach without support from the public sector.

Fourthly, the empirical evidence shows that public-private partnership allows gathering of Finnish organizations with diverse knowledge to offer comprehensive solutions for the international markets. This is extremely useful because often the international markets require comprehensive solutions. Therefore, the public-private partnership can provide organizations with new business opportunities as well. As many of the organizations in the Finnish markets are SMEs with scarce resources they might not be able to start internationalization independently. In public-private partnership the organizations can gather resources to start the internationalization in collaboration.

6.1 Theoretical Contributions

This thesis confirms many of the findings in the literature considering public-private partnership. For instance, it is essential to consider the different objectives of the different sectors and adopt them to the common objectives in the public-private partnership. Additionally, this thesis confirms that the public-private partnership enables gathering of organizations with diverse knowledge, which offers the Finnish organizations new business opportunities that would not be possible without the public-private partnership.

The public-private partnership literature has suggested that the partnership creates dependence (Zucchella & Kabbara 2013). Based on the empirical findings, some specification in the dependence is needed. The findings show that the public-private partnership creates dependence of the entire project, but as most of the private sector organizations participating in the partnership projects have initiative to internationalization, the organizations can have international operations even without the partnership. This naturally affects the solution offered to international markets as the private sector organization might not be able to provide a comprehensive solution independently. Additionally, the independent internationalization can influence the choice of the target market. When an organization starts the internationalization as a private entity it might choose the target market differently compared to internationalization in a public-private partnership.

Furthermore, some distinctions were identified in the reasons to build a partnership. From the private sector perspective the empirical evidence confirmed that the reason to join in a public-private partnership is to gain access to new and bigger projects. The differences were identified in the reasons for a public sector organization to join in the public-private partnership. Identified

reasons were the possibility to enhance monitoring of the industry, enhance the possibilities of the Finnish organizations and development aid. Therefore, this thesis suggests that the main reasons for the public sector to enter a public-private partnership in international context are to facilitate internationalization of the Finnish organizations and to enhance the global well-being.

Internationalization in a public-private partnership has some distinctions to the traditionally presented internationalization as a process proceeding from one stage to another (Johanson & Vahlne 1977). As the public sector relations have an essential role in the market selection in the public-private partnership and the customers in international markets are often public sector organizations, the organization might not want to establish overseas subsidiaries or start overseas production as the stage model of internationalization is suggesting (Johanson & Vahlne 1977). Moreover, the empirical evidence highlights the role of state agreements between the public sector organizations in international markets. For these reasons the need to analyze the overall network structure is not that relevant in public-private partnership.

Even though the need to analyze the overall network structure during internationalization does not seem significant in public-private partnership, identifying the right network including the partners in the domestic markets is extremely important in a public-private partnership. There is also evidence in the literature of utilizing domestic partnerships to facilitate the internationalization (Chetty and Blankenburg-Holm 2000). This thesis shows that the domestic public-private partnership can facilitate internationalization of the Finnish organizations. Identifying the right networks in the domestic markets is essential as it will ensure the progress of the project and that the project involves the right organizations with right kind of knowledge and technology.

Lastly, the literature suggests that global markets have become homogeneous and the psychic distances such as culture and language do not have such a big impact in internationalization anymore (Johanson & Vahlne 2009, Nordström 1990). This thesis confirms these findings. Nevertheless, the empirical evidence shows that the internationalization is seen to be easier to countries with similar characteristics and many of the interviewees mention other Northern European countries as possible entry markets. However, the need for public-private partnership in these countries is insignificant, as the private sector organizations have good access to these countries independently. Still, a public-private partnership can enable gathering of a network to offer comprehensive solution to countries with similar characteristics such as the other Northern European countries.

6.2 Practical Implication

The research shows a possibility to adopt the public-private partnership in internationalization in the Finnish water industry. Based on the findings, a public-private partnership can facilitate internationalization in industries with strong public interest, to countries with higher bureaucracy and to countries that might be hard to enter without a public sector organization as a partner. Additionally, the public-private partnership can facilitate internationalization in industries where the customers are often public sector organizations.

Based on the findings, this thesis suggests a possibility to broaden the utilization of public-private as an internationalization strategy to other industries with similar characteristics as the Finnish water industry. For instance, industries with knowledge both on public and private sectors and with strong societal and monetary interest could adopt the public-private partnership to facilitate the internationalization. Examples of these industries might be other natural resource-related industries such as lumber and energy industries. Additionally, this thesis suggests that the public-private partnership could be exploited to gather knowledge and technology over the industry borders. For instance, a public-private partnership could enable to gather knowledge from two different industries - such as lumber and water industries - to offer innovative solutions to international markets.

This thesis highlights the role of domestic references in internationalization. To facilitate the internationalization of Finnish organizations, public sector should lower borders for reference creation in the Finnish markets and create better possibilities for it. For instance, new adjustable funding opportunities could bring better possibilities for the reference creation. Furthermore, the possibility to create references in collaboration should be emphasized more in the future. In this thesis case ‘China’ represents the collaborative reference creation. The collaborative reference creation creates references that will support internationalization of the partner organizations also after the actual public-private partnership project.

Finally, based on the empirical findings the public-private partnership can shift the internationalization from selling a product or service to selling brand images, such as (Finnish) water safety to international markets. This mindset should be kept in mind when planning a public-private partnership for international markets. The possibility to sell brand images, such as water

safety instead of risk management software, can enhance the internationalization possibilities of the Finnish organizations.

6.3 Limitations and Future Research

This study has many limitations, which point a way for future studies. Firstly, this study shows the possibility to utilize public-private partnership in industries with close public interest. Therefore, a broader documentation of other industries also connected to societal values would be useful and confirm whether public-private partnership can be utilized to facilitate internationalization in other industries as well.

Secondly, this study has been focusing on Finnish markets. Therefore, the proposed public-private partnership model might only be useful in the Finnish markets. However, the public-private partnership model presented in this thesis might suit countries with similar characteristics. For instance, other Northern European countries can find the presented public-private partnership model useful to facilitate the internationalization.

Thirdly, the empirical evidence shows that there is often more than one public sector organization participating in the internationalization. Also non-governmental organizations and research institutions can have an essential role in the internationalization process. Therefore, the presented public-private partnership framework might not suit to analyze other public-private partnership projects. Due to the complexity of the network in domestic markets, an analysis of the overall network structure in the domestic markets might be needed. Therefore, analyzing the so called triple helix model – which considers the collaboration between public sector, private sector and third sector including research institutions (Lahtonen & Tokila 2014) – should be studied in the international context.

Lastly, as the public-private partnership has not been utilized to facilitate the internationalization before, the literature is lacking a framework for the process and the presented cases represent pioneer cases. Therefore, the presented framework should be re-evaluated in the future to learn what were the realized advantages and disadvantages in the presented cases.

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APPENDICES

Appendix 1. Interview questions

1. Can you describe the partnership project(s)?
2. Who are the partners involved in the project?
3. What is the target country?
4. What factors influenced the market selection?
5. What are the different partners bringing to the project?
6. How are the responsibilities divided?
7. How is the funding divided between the partners?
8. How did the collaboration start?
9. Who had the initiative for internationalization?
10. Who is managing the project? Why?
11. Is there a contract between the partners?
12. How is the risk shared between the partners?
13. What kind was the planning phase of the partnership according to risk sharing and contract?
14. What are the pros/cons of the public-private partnership?
15. What additional value does the public-private partnership create to you?
16. Would you be able to reach the same outcome without the public-private partnership?
17. Is there something that needs to be considered when the partnership involves organizations from different sectors?
18. Is the collaboration continuous during the project?
19. Do you have the same contacts on the target market?
20. Will the public-private partnership be utilized in other projects?