

wrong, it was necessary to consider the issue from the two aspects, reliability and validity, which were particularly emphasized on the procedure of data collection and analysis (Saunders et al., 2007: 149; Yin, 2003: 37). According to Yin (2003: 34), reliability referred that the operation of a study can be repeated to yield consistent results (Saunders et al., 2007: 149). In other words, when other investigators followed the same research procedure described in a study, they can also conduct the study and, meanwhile, get same research findings and conclusions with the study (Yin, 2003: 37).

Considering the practicality and flexibility of qualitative interviews, the interview questions of this study were designed particularly to the organizations' contexts and asked in a flexible order responding to the practical interviewing situation, which stimulated interviewees to answer each question in more detail and deeply. As mentioned, in the semi-interviews, researchers may find some other significant issues that are same important to the research question, but they did not think of in the beginning (Saunders et al., 2007: 315, 316). Therefore, the interview questions of each case in this study were keeping adjusted according to organizational context and the analysis from the last semi-interview transcript and notes. When interviewing the case companies one by one, the secondary case will never be started before the data analysis of its earlier case finished, which was make sure the completeness and reliability of data (Pauwels & Matthyssens, 2004: 117).

For the interviewees of this study, all of them are the founder of companies or the sales manager who are responsible for the business development in the Chinese market. They are in China or have been flying there regularly. Thus, they are holding firsthand and the most related information and experience about the research topic, which also increased the reliability of the collected words data (Saunders et al., 2007: 320). When it comes to the interview questions, they were taken reference from the former researches which related to legitimacy building strategies and behavior of companies. After redesigning interview questions based on research topic in this study, each answer to them can be regarded as evidence which helped document the connection between the faces of research issues (Yin, 2003: 104).

As mentioned, the research strategy of this study is case study with the technique of semi-interviews. During the process of interview, all the words data had been audio recorded under the permission of interviewees, meanwhile, there were also handwriting notes for critical information when the discussion of some interview questions went down deeply. After that, all the audio and text record were reviewed and transferred into interview transcript for further analysis of findings and conclusion. These helped to form a database of research topic so that other investigators can review the evidence directly, which increase the reliability of study (Yin, 2003: 102). Further, by analyzing the qualitative data with coding technique, it provided direct text evidence to support the argument in this study, which showed how the findings were concluded from the data, enhancing the transparency of research (Linneberg & Korsgaard, 2016: 261)

As for validity, it is concerned with operational measures for the concept being used in the study and whether the findings are really about what it appears to be about (Saunders et al., 2007: 150). More specifically, researches classified it into internal validity, focusing on the relationship of variables, and external validity, examining whether the study's findings are equally applicable to other research settings (Yin, 2003: 34, 37; Saunders et al., 2007: 151). In the aspect of data collection, the using of multiple data source provided the researched phenomenon with multiple measurement, which increases the validity of study (Yin, 2003: 99). For example, in the sampling process of this study, there was a secondary data searching and collection through internet about the Finnish cleantech SMEs at first, confirming all the case studied companies fall into the targeted research category.

Meanwhile, to increase the variation of data, the engagement field of case study companies covered different sectors of cleantech industry such as water treatment, waste to energy, and soil remediation. The well preparation and knowledge about the organizational context of case companies will help to the performance in the following interview, which makes sure the credibility of data (Saunders et al., 2007: 320). The interview questions of this paper were designed according to the framework of legitimacy-building strategies identified in the previous work (Suchman, 1995; Ahlstrom et al., 2008; Zimmerman & Zeitz, 2002). Thus, in the aspect of data analysis, it was processed in a patten-matching

and replication logic for this study. For examples, the interviewees were asked about the competitive advantage of their firms' products or technologies and in which approaches did they make its benefits recognized and accepted by stakeholders. It aimed to examine how Finnish cleantech firms obtain pragmatic legitimacy with their products and technology advantage. Also, considering the institutional environment of business network activities in China, the firms were also asked their relationship with local companies or associations, for example, are there any interfirm linkage or interaction with government officials through both local and home countries' business associations. It was designed to examine firms' utilization of legitimacy strategy of conformance to local environment. After all the cases were summarized, the separately analyzed data have also been reorganized according to theoretical framework, finding out the similarity on the needed legitimacy and common legitimacy strategies and approached adopted by case companies. It managed to incrementally identify a group of legitimacy building strategies practical to and widely utilized by SMEs.

6. FINDINGS

6.1. Introduction of the case study companies

Companies A

This is a small Finnish firm with 10 employees and specialized in the clean technology research and development in the field of paper and pulp. Based on its leading technology, experienced sales and agent networks in different countries, the company has successfully supplied mixing installations to 20 countries in Europe, North America, and Asia. The goal for the firm's products is to improve the quality of paper and boards for the mills and manufactories. What is more, with the innovative and patent technology, the products also effectively reduced the consumption of process chemicals, saved large volume of fresh water and heating energy in the production of the paper businesses. These outstanding advantages of technology make both goals of sustainable development and economic benefits of paper and pulp companies possible at the same time.

The interviewee in this case is the CEO of company. They started to develop business in China since 2003 and cooperate with a local agent. As not being satisfied with its sales capability, Company A cancelled the cooperation and soon established representative office in Beijing, hiring their own employees there. They targeted big Chinese producers and manufactures of paper and boards wherever their locations in China, and till now, there have been over 100 installments provided in the market. In the year of 2018, the company A also got repeat order of two production line from their clients in China. Besides, the firm's products were successfully introduced in the list of national encouraged and important equipment with water saving technology, especially in the paper and pulp industry in 2009. This official approval from government stressed the value of their products to customers in a very persuasive way.

“One good example is that our company got a technology reward of Golden Bridge which given by the government of the republic of China. That was in 2008. And we were the first western company that given that reward in China. Then after that, the second year, we got another award by the government. That was

for the technology of saving on the environmental issues like water and energy of our products”.

When it comes to the question how the company achieved the rewards, the interviewee explained that

“ it was actually our Beijing representative office who has a good relationship with an industrial official minister in China, and we were informed of the rewards, and also, because the Chinese government was following environmental issues produced by mills and the customers have been giving good feedback from the result we have been gaining together with them, and that was then actually being part as the men with technologies, giving something that we can help Chinese interests to improve the environment and presenting the ways. It was the results that actually gave us the rewards, and also we communicated with the Chinese officials about what we have been doing”

The company A have not been built cooperation with any compartment suppliers or factory partners in China. The whole manufacturing process of equipment and technology development are doing in Finland, and the firm’s Beijing representative office is responsible for business development in the Chinese market, then providing products to clients through direct import. For the years of sales development in China, one of the important points for success of the Company A is their well knowledge of Chinese market, local customers and their people in Beijing as the managers and sales team from Finland have been travelling to the market regularly. Besides, the proactive and well communication between the sales teams in Finland and China also plays an important role. They have been keeping active skype meeting on a regular basis, so that the headquarter company was able to understand the customers and their demand, offering effective solutions to the manufactures, and motivate the Beijing local team for further sale business.

Company B

The company B is a middle-scaled Finnish cleantech firm with 160 employees in total. They have been engaged in the technology and solutions for transferring industrial waste and municipal solid waste into energy, offering equipment and installations to large concrete producers and manufactures over the world for 90 years. Since 1979, the company

B has successfully delivered equipment and technology solutions over the counties world-wide. And in 1992, they established first branch company in the neighbor country, Sweden. As the innovation and further development of firms' technologies and products, the Company B started to expand business further outside Europe to the Asian, Australian, and South American markets. From 2010 onward, there were sales offices in Poland and China established consecutively.

The company started market developing in China in the year of 2012, and now they have own sales team in Shanghai, China for further business development in the future. Compared with other competitors in the Chinese market, the products of company B has the most powerful capability to process huge amount of waste, and there are also patent technologies included for the highly efficiency transfer from waste to energy. Besides, with professional teams for technical issues, the company can offer one-stop and customized solution instead of equipment with any simple function to their customers, which makes the daily operation and production of manufactures more convenient. In 2014, company B achieved their first project in China, which was described as a major milestone for them crowning the hard work done in a new market. Afterwards, they have also received the Outstanding & Innovative Contribution Award of China Cement Kiln Co-processing Technology from CCA (China Cement Association) in the December, 2017, which powerfully acknowledge the reliable function of the firm's products and technologies and their efforts to the smooth transition of environment protection in the industry

The interviewed person of this case was the general manager of Chinese market. She is one of the main responsible persons of Company B for the business in the Chinese market since the very beginning. During the process of business introduction and development,

“On the one hand, we will firstly introduce the advantages of our technology and equipment. Secondly, we will take them to visit our references, which demonstrated the benefits of our products in the real cases and through the communication with our current clients. Besides, it is sometimes necessary to assess finance, which showed them what cost saving they will also be benefit from using our equipment in the production”

On the other hand, at the early time when company B started doing business in China, there was a weak understanding about the technology of waste-to-energy, neither did they know how was the sector developing in the European countries. Therefore, the company B managed to get connection with related departments of local government, conveying their distinctive products and technology concepts to them.

“At the early time, we spent a great effort on getting in touch with local government, actively communicating with the responsible people in the related department. We managed to convey our products and technology concept to them, which included taking them to visit our company and references in Finland, demonstrating our thinking through practical cases”.

After the first project achieved in China, their following sale development and operation became much better and more smoothly. Also, based on the first references, the company transferred their focus and efforts back to the traditional market exploring and marketing.

Over the years of developing, company B has been cooperated with several OEM suppliers in the Chinese market for basic accessories and compartments in order to reduce the cost of their equipment. However, when it comes to the main and core part of products, they are still imported directly from Finland as it was in the beginning. Further, since the great need for technology adjustment and customized designing of solutions, the specific designing and operation of projects has also been done by their fully owned subsidiary firms in Shanghai instead of agents or any distributors. In contrast to the interaction with business firms, company B has more and frequent connection with industrial associations in China or business associations in Finland.

“In addition, we will attend all kinds of conferences that organized by the industrial associations, collecting latest policies, tendency or other information of our industry in China and getting to know potential clients if there were opportunities”.

“As the membership of the Business Finland, they regularly provided information of network activities and shared potential customers with us”

Company C

Company C is a medium-sized company engaged in cleantech business of water and wastewater treatment. Started up in 2002, the company gradually became larger in scale and more completed in business scope through merge and acquisition of other Finnish water SMEs who were engaged in different subsectors of water and environmental management, such as sludge management, gas and water purification solutions. When it comes to their business operation in global scale, there have been cooperation partners and distributors developed in European, Australian, Russian, Mid-Eastern and Asian countries. They started developing business in China 10 years ago and have their own representative sales office in Beijing, pursuing further increase on the sales performance. Currently, their main business presenting in the Chinese market are the product lines for getting rid of sludge from water and wastewater. They targeted to the municipal water and wastewater treatment plants for public sector and the large paper factories in the pulp and paper industry. Meanwhile, aiming for the double increase on sales and convenience in the equipment delivery, company C has also cultivated four local distributors in China mainland and two partners in Hongkong and Taiwan, trying to covering business and significant company clients in the wider geographical areas and industrial scope.

The interviewee of this case is the CEO of company. According to his explanation, basic way for company C to develop business in the Chinese market was mainly through product presentations and references recommendation.

“It was mainly through technical and commercial presentations, and of course, we have quite wide references, so we encouraged our potential clients to contact our existing customer companies, which helped to demonstrate the value of our products in practice”

From the view of ending customers like the municipal wastewater treatment plants, the whole process including equipment purchases and construction was a large investment for them. They were significantly caring about the total cost and the benefits return of the investment over the period. Thus, in most cases, the potential customers will contact and visit the Company C’s reference for further practical information. In addition, faced with the large Chinese market and the diversity between regions in the country

“we always have Chinese either local distributors or agents who assisted business with us, so we were able to understand their demand and expectation better, then demonstrating our business and products to them. For a medium-sized Finnish company, it was about credibility whether you have local presence or not”

Company D

Company D is an environmental technology company offering advanced technology solution and equipment to biogas plants and soil and groundwater remediation projects. It was founded in 1995 and was the first company who specialized in soil remediation technology. Till now, there are 15 employees working in the company, and have been managed to achieve over 50 million euros turnover per year. As for the project references, most of happened in the domestic market of Finland, but there was also achievement in South Africa and the Asian countries of Vietnam and China. The company started the Chinese market development in 2016. In that year, an act called “soil ten plan” was published by the Chinese national environmental ministry, considering the serious contamination of soil and underground water in the country. The governmental policy changes and updated created potential business opportunities, which further encouraged the Company D to start business development in the Chinese market. Based on the timing and market hot, the Company D promoted their technologies of soil and underground water remediation. The leading advantage was that they provided a sustainable and biological way for soil remediation instead of dumping to landfill with roughly processing.

In 2017, the company D successfully signed a licensing contract with a Chinese environmental company located in Beijing. In the contract, there were three folds between their cooperation, including the license of our technologies, training of workforce, and the project cooperation. Compared with other candidate companies, this selected partner was able to offer us them the most locative packaging financially, especially the discounting cash flows, which gave the company a sense of security that they were a serious partner. On the other hand, when the contract ended, there has been no plan for the Company D to continue the licensing cooperation, considering the limited market potential and the business capability of the Chinese partner.

“We will keep the connection and relationship with our partner, but, for the license contract, we will not renew it because, as I told, there was a height in the business space, and our expectation was much higher than those have been realized projects. However, our partner was not that strong as we expected to be, and the market was not that hot as everyone would have hoped. So, about this contract, it was a good deal for us financially, but it was not that good that we would have hoped when it comes the business development in the market”.

Since 2018, the Company D has also been introducing and promoting their technologies and solutions to China. The new technology project they have been marketing now is about biogas technology. However, the market has still not been mature now in China as told by the CEO.

“The challenging is that the readiness for the market to pay for that solutions is not well yet, so we are not very actively on the biogas side. For the future, our main strategy is to stay in China and to find a partner who can work with in a longer term”

The way for Company D to get connection with potential Chinese companies was through a business intermediary company who organized an exchange communication conference for advanced cleantech companies and Chinese firms who wanted to enter into the field. Commented by the interviewee, the CEO of company D, such intermediary companies or official organizations are helpful in the internationalization of their firms.

“In general, when the purpose and business model are executed correctly, such intermediary companies or organizations will be a great value because they are kind of objective parties between two companies in different market. They can work in both directions, identifying technologies overseas and serving them to Chinese companies. I thought that it was one of the options for us to look for potential partners from China. So, when the execution is good, I think it was a great service”

In addition, the business network resource utilized by Company D also included the business programs organized by the Business Finland who acting as the eyes of Finnish companies in abroad market. And, in Finland, there are some cities who have partnership with the cities or regions in China. Based on that, there were exchange communication and

business development activities organized by both local governments. And the company D has actively taking part of such connection in which there were business or regional delegations engaged in matchmaking between companies. These were all the resource for the Company D to get information about potential partners and cooperation opportunities. However, the interviewee noted that most of the partner match-making results obtained through these intermediary organizations or delegations were actually not as good as they expected. And for the sake of a serious and reliable partner, it is still necessary for companies to look for cooperation partners proactively and by themselves.

6.2. The important legitimacies for Finnish cleantech SMEs

Summarizing the data of each case company, the objective of this sector is to find out the common attributes across the interviewed companies about the legitimacies they need for developing business in China. And in order to best answer this research objectives, the following analysis and discussion will be structured according to the studied literatures about legitimacy.

6.2.1. Exchange and dispositional legitimacy

As mentioned, pragmatic legitimacy rests on the self-interest calculations of audience. The firms' promoted business or activities which satisfying the requirements and demand of stakeholders will be legitimated in the eyes of the audience. Through the practical interview with Finnish cleantech SMEs, it found that pragmatic legitimacy, especially the types of exchange and dispositional legitimacy, were the most fundamental for the Finnish cleantech SMEs to start business development in the Chinese market.

Specifically, all of the interviewed companies went to firstly investigate and understand the demand of Chinese companies according to their different engaged cleantech sectors, then proposing customized solutions for the clients' manufacturing issues and economic benefits generation. This was also a significant process for the SMEs to present and explain the competitive advantage of their clean technologies, which demonstrated exchange legitimacy of their business.

“You really need to know what your customers are looking for and meet their needs” (Company D)

“Our market know-how of Chinese market and the actively communication with local sales office and clients played a significant role to our business achievement in China” (Company A)

Apart from the technology advantage, economic benefits reward from such big cleantech project investment was also a critical issue for Chinese companies.

“Sometimes, it was also necessary to make financial assessment for the potential projects, which showed the clients how much cost saving they may be benefit from using our equipment in the production” (Company B)

Besides, it also found that the reliability of Finnish firms’ technology solution, equipment and services also affected the acceptance of their cleantech business in the purchase decision of Chinese companies. Firstly, the companies A, B, and C have all admitted that their references, especially those large-sized companies, in the Chinese local markets played a significant role for them in developing business. Not only did the references demonstrated the value and effectiveness of the Finnish cleantech equipment and offering in practical, but also implied the trustworthy of the foreign company organizations and their business, considering their successful cooperation relationship with Chinese local companies. What is more, for the firms’ operation in China, the establishment of a physical office in the local has also showed to be critical. All of the first three interviewed SMEs have established sales office or representative agent in the Chinese market, and the company D has also planned a representative office with their own employees. This also represented the reliability of organizations. As expressed by Company C,

“For a medium-sized Finnish company, it was about credibility whether you have local presence or not” (Company C)

What is more, from the case study of Company D, it found that the influential legitimacy that utilizing national policies of cleantech can be also helpful for Finnish cleantech SMEs entering into Chinese market. In the emerging economies, the role of national government in the business environment cannot be ignored. Their large investment to an industry may create a market trend or business opportunities for local companies. Plus, cleantech is a

police-driven industry in China. Then, there would be a higher possibility for the Finnish cleantech SMEs to receive attention and even cooperation opportunities from local companies in China, once it is consistent between their cleantech technologies and offering with the governmental new published and promoted policies, such as the “soil ten plan” in the case. From the perspective of distributors or sales agents, this consistency and conformity may be related to the market potential of the clean technologies and equipment that provided by foreign suppliers, which then affected their decisions for cooperation. Therefore, it is important and necessary for Finnish cleantech SMEs to keep eyes on the cleantech industrial policies in China. The changing and new update can be a potential business opportunity and timing for the SMEs to catch, which then allows them to enter into Chinese market

6.2.2. Consequential legitimacy

In the category of moral legitimacy, the necessity for Finnish SMEs to demonstrate consequential legitimacy was more heavily than the procedural legitimacy of their proposed technology solution and structure legitimacy of operational business because the consequential legitimacy was usually regarded as visualized measurement of the pragmatic legitimacy which strongly promoted by firms.

Different from pragmatic legitimacy, the consequential legitimacy was evaluated or judged by what output and consequence have firms accomplished. One of the ways for the Finnish cleantech SMEs to establish it is to introduce their technical success and references in the local market. As the general sales manager who responsible for the Chinese market of Company B mentioned,

“....., you know, how much the importance of successful references and projects is when doing business in the Chinese market”

“....., we will take them to visit our references, which demonstrated the benefits of our products through real cases and the communication with our current clients” (Company B)

Similarly, in the case of company C, the CEO of the company also utilized their references as a power tool for the further business development. And for the company A, the interviewee particularly stressed their clients' large-size and widely known characteristics in the paper and pulp industry of China.

"... we have quite wide references, so we encouraged our potential clients to contact our existing customer companies, which helped to demonstrate the value of our products in practice" (Company C)

"...last year, we achieved a repeated order from one of our important references in China. It is a vary big manufactory in the paper and pulp industry" (Company A)

In addition, the patents, certificates and endorsement that the Finnish cleantech SMEs obtained, especially in the Chinese local market, were also able to represent the consequential legitimacy of the Finnish SMEs, which showed the outcomes and achievement of their business and offering in a more direct way. For example, in 2009, the clean technology of company A was officially introduced in the list of national encouraged and imported equipment with water saving technology, especially in the paper and pulp industry. In the case of company B, then, it received the Outstanding & Innovative Contribution Award of China Cement Kiln Co-Processing Technology from CCA (China Cement Association) in the December 2017. These kinds of acknowledgement from official and industrial organizations can also signal the dispositional legitimacy of credibility and the cognitive legitimacy of predictability about the Finnish firms' business.

When it comes to procedural and structure legitimacy, the socially accepted business operation techniques, and procedures, none of the interviewed companies expressed that they have ever been restricted by industrial regulations or technical standards in the Chinese market. The Finnish cleantech SMEs generally contained the explanation of organizational features and operation or procedure same in the products and commercial presentation, which improving their reliability in the eyes of customers. For example, in the presentation, the SMEs introduced

“We have a long history in the technology innovation of soil remediation since 1995. We are one of the earliest firms specialized in the field in Finland” (Company D)

6.2.3. The comprehensibility of cleantech business

Compared with the pragmatic and moral legitimacy which based on interest and evaluation, cognitive legitimacy place emphasis on the establishment or the change of perceptions of audience and stakeholders. Through the interviews, it found that the cognitive legitimacy was necessary for Finnish cleantech SMEs to establish at the early time when the cleantech sub-sectors they engaged in were still underdeveloped in the Chinese market, as the case of company B.

“At the early time when we started developing business in the Chinese market, the understanding about this industry was still weak. They did not know how the industry has been developed in the western countries. Thus, in the very beginning, we spent a great effort on getting in touch with local government, actively communicating with the responsible people in the related department. We managed to convey our products and technology concept to them”.

The company B introduced the industrial development distance between China and the European countries to stress plausibility of their clean technology and equipment, meanwhile, they have also utilized their references in Finland to demonstrate the predictability and practical applications of their technologies in the real business environment, which then enhanced the legitimacy of their business in the cognitively judgement of customers and stakeholders at the time.

As the issue of environment protection getting realized and even getting supported by the national government with policies, this cognitively changing can be regarded as a good timing for business developing and partner cooperation, as the case of Company D.

“Backing to the 2016, the new governmental act, called ‘Soil Act Plan’ was created, the Chinese Environmental Minister decided to do something for the over 60% contaminated soil land of the country. So, this policy change gave us a kind of headroom to start investigate business in the Chinese market”

6.3. The legitimation strategies used by Finnish cleantech SMEs

After identifying the important types of legitimacy for Finnish cleantech SMEs, the objective of this section is then to identify what legitimacy strategies and specific approaches have they used for the business development in the Chinese market. It will be structured according to framework discussed earlier in the theoretically parts, summarizing the legitimation strategies responding to each category of legitimacy

6.3.1. Conformance strategy

As examined above, exchange legitimacy and dispositional legitimacy were the most fundamental legitimacy for the Finnish cleantech firms to develop business in the Chinese market. The Chinese client companies and manufactories took serious about the economic benefits and cost-saving capability of the imported clean technologies and equipment. Meanwhile, the dispositional legitimacy about trustworthy and visibility of the Finnish companies also played a critical role in the legitimacy judgement of the Chinese stakeholders.

In the empirical interviews, all of the Finnish cleantech SMEs have been actively explicating and demonstrating the value of their offering by products and commercial presentations which involving the competitive advantage of their technologies, the technology expertise of companies, and the long history of business operating in the cleantech sectors. Moreover, the industrial trading fair and exhibitions are also significant opportunities for the Finnish firms to demonstrate themselves and build up pragmatic legitimacy proactively.

Meanwhile, as the pragmatic legitimacy rarely can be gained purely through “sound practices”, there should be established records about the technology advantages for support. Thus, the Finnish firms have also introduced their successful projects, arranged the potential clientele to visit the references and, sometimes, prepared financial assessment about their technological solutions to visualize the value and benefits of their clean technology and products in a practical way. Through these performance and reference records,

it was more likely for the Finnish cleantech companies to prove their exchange legitimacy in the judgement of client companies. Furthermore, the technical success and the cooperation relationship with their references, especially those big projects and clients with high reputation in the industry, also helped the Finnish firms establishing their dispositional legitimacy, which specifically refers to the trustworthiness of organizations and the credibility of their cleantech offerings.

In the pursuing of moral legitimacy, none of the interviewed companies had ever been restricted by local industrial regulation or technology standards during the project implementation, since all the equipment would be directly imported rather than producing in China. Instead, they took a great effort on the gaining of consequential legitimacy in the mind of stakeholders. The Finnish cleantech firms managed to demonstrate what they have achieved by their cleantech projects and references. In a sense, this was equivalent to achieve pragmatic legitimacy, presenting concrete and meritorious outcomes to satisfy the tastes of potential customers and conveying the benefits and value of their business to the stakeholders. Apart from that, the consequential legitimacy building also included patent application for their technologies and equipment, rewards and endorsement from official authorities, and the recommendation of their important references in the Chinese market. This is more obviously in the case of company A and B.

6.3.2. The establishment of physical presence

Compared with conformance strategy, the selection for an advantageous environment to utilizing their existing legitimacy was not widely used in the interviewed Finnish cleantech SMEs. Through the empiric interviews, it found that the Finnish cleantech SMEs actually targeted a wide range of Chinese manufacturers clients as long as they belong to their engaged cleantech sectors. The Finnish SMEs tended to proactively demonstrate themselves, exploring business in a wide range of clientele. Similarly, the firms have been looking for business all over the Chinese market, rather than geographically targeting business opportunities in any particular area or regional market.

On the other hand, among the four interviewed companies, three of them have established representative office or fully foreign-owned subsidiary in China. And this has also been the plan of Company D. The company A and C located their representative office in Beijing. Company B established subsidiary company in Shanghai, and the license cooperation partner of Company D was also from Beijing. The two cities are the political center and business center of China, in which may be prevailed a higher level of appreciation of cleantech and more business resource. Particularly, in the case of company B, one of the reasons for them to locate the subsidiary in Shanghai was their close relationship with the FinChi Innovation Ltd who has been providing a wider range of business service to the Finnish companies in China. The general manager said,

“Finchi helped us with accounting and employee’s recruitment in the beginning, so that we are able to spare time and energy, concentrating on the business development.”

With a physical presence in the market, not only would it be easier for the SMEs to be involved in the local business and public networks, accessing to the latest industrial information and customer resources, but also enhance the dispositional legitimacy of their business activities and organizations. As expressed by Company C, the local presence concerned about the credibility of the firm and their business in the mind of potential Chinese customers.

6.3.3. Networks and endorsement

Apart from the legitimation strategies, it is also possible for the SMEs to signal the consequential and dispositional legitimacy by strategic alliance and networks, but this was not obviously in the Finnish SMEs of this study. Among the interviewed cases, the inter-firm cooperation, such as material supplying or products manufacturing, between Finnish and local Chinese companies were not always the case in practical. Firstly, all of the interviewed Finnish companies have their own capability of manufacturing in Finland. Although the Company B has several Chinese suppliers and OEM factories for the compartments of their equipment, the products with core technology have been still imported directly from Finland. Secondly, it was also to protect intellectual property right of their technologies. In the interview of company A, they had ever been experienced the copy

issue by the Chinese company in the same business sector. Thus, instead of alliance establishment with business companies, the Finnish cleantech SMEs have been widely utilizing their achieved projects or references, demonstrating the relationship building behavior with customer companies. Meanwhile, understanding the importance of business network, there was a degree of connection between Finnish cleantech SMEs with the industrial organizations or associations in the Chinese market. For example, the Companies A and B have been keeping a warm relationship with the industrial association in their own field for the resources of latest policies, customer networks, and public forum or conference for promotion.

6.3.4. The institutional entrepreneurial behavior

Learned from the interviews, the local projects or references played a significant role in the business development of the Finnish cleantech SMEs in the Chinese market. It visualized the benefit and the value of cleantech offering and the cooperation and comments from the clients showed the dispositional legitimacy about the reliability and credibility of the organizations. Despite of it, this was not the case in the very beginning when the SMEs started business in China. The companies lacked local references to demonstrate their clean technologies and the exchange benefits in a practical way. Further, in some cases, the subsectors that the Finnish engaged in were still weak and underdeveloped in the Chinese market, and there was lacking well-established technical and testimonial standards about the clean technologies.

In the case of Company B, there was operation of them to get in touch with local government, arranging a visiting to their reference in Finland and explaining the cleantech development distance between Finland and China.

“At the early time, we spent a great effort on getting in touch with local government, actively communicating with the responsible people in the related department. We managed to convey our products and technology concept to them, which included taking them to visit our company and references in Finland, demonstrating our thinking through practical cases”.

However, this cognitive legitimacy building was a challenging and time-consuming process for the company. It took almost two years for them to achieve the first projects. And this proactively pursuing for the change of perception was not strong in all the Finnish cleantech SMEs. As the case of company D, when the author mentioned about the new projects program which have been promoting in the Chinese market, the CEO explained,

“The challenging is that the readiness for the market to pay for that solutions is not well yet, so we are not very actively on the biogas side” (Company D)

From the interviewed cases, it found that the Finnish cleantech SMEs managed to gain their needed legitimacies mainly through conforming to the stakeholders and with individually operation. Few of them proposed to organize collective action for establishing cognitive legitimacy in the new market. Since the limited capability of SMEs, it may require a large organizer with both governmental official and business identities to organized collective actions for Finnish cleantech SMEs entering the Chinese market, assisting them to get in touch with key responsible constituents or persons in the cleantech sectors, then getting access to more project business and firm’s cooperation opportunities for them. For example, in the case of Company D, the opportunity that setting up a license cooperation with the Chinese partner was through a business association, U-more, from China. In the year of 2016 when the Chinese national government strongly encourage the environment protection and clean technologies utilization in the industrial manufacturing, the U-more organed the Chinese companies with clean technology demands and actively looking for potential cleantech firms overseas, establishing the business connection between them. Thus, the utilization of public organizations and associations should not be underestimated by the SMEs for firms’ internationalization.

7. CONCLUSION

This chapter will make a summary of the studied legitimacy theories, research method and the empirical findings to answer the research question and objectives of this study. Besides, the limitations and the related topics which are potential to be researched in the future will also be discussed.

7.1. Conclusions and managerial implications

According to the institutional theory, the institutions of a country should not be simply taken as the environment background of business firms, but an independent factor which affecting their strategic decisions for business, especially in the emerging economies. The formal and informal institutions influence the companies in regulations, social norms and cultural-cognition. When the Western firms managing to develop business in the emerging economies where has a bigger institutional distance with developed countries, it is necessary for them to establish legitimacy, which defined as “*the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs*”, for their business and organizations. The organizational legitimacy will empower the foreign companies by making their business conduction naturally and meaningful, which then minimizes the transaction cost of operation and the potential institutional pressure in the market. Furthermore, the legitimacy can be also utilized as a strategic instrument for the firms to obtain needed information and resource more quickly, mitigating the firms’ liabilities in the entry of emerging markets.

Regarding to the legitimacy study, Therefore, this thesis is to research both aspects of legitimacy need and the strategies for gaining legitimacy in the context of SMEs and emerging economies. The theoretical basis of this study stemmed from the legitimacy study of Suchman (1995), which classified the legitimacy into three types: pragmatic legitimacy, moral legitimacy, and the cognitive legitimacy, and then proposed three categorizes of legitimation strategies responding to each type of legitimacy. And considering the study background, this thesis specifically focused on the Finnish cleantech SMEs and the Chinese market. To implement the research project, it adopted multiple case study as

the research strategy of this study, selecting the case companies who have been running the China over five years and collecting qualitative data by interviewing with the CEO and managers of the Finnish cleantech SMEs.

Through the empirical interviews, this research identified several types of legitimacy need of the firms when developing business in China and summarized in the Table. 2. It found that exchange legitimacy and dispositional legitimacy which belong to the pragmatic legitimacy category were the most fundamental legitimacy need for the cleantech SMEs developing business in China. Specifically, evaluating the exchange legitimacy, the stakeholders considered whether the imported clean technologies able to reduce the energy consumption and improve production efficiency, which then generate economic benefit in the business operation. In addition, they have also expectation of dispositional legitimacy from the Finnish firms, which is about the trustworthiness of their products and physical presence in the local.

Regarding to the moral legitimacy, its subtype of consequential legitimacy has more influence on the legitimacy need of the Finnish SMEs. In a sense, it was similar to the exchange legitimacy, which the firms have to demonstrate the practical outcomes and output of their cleantech products and service. Apart from the local references, it can be also the patent technology, quality awards and official certification achieved by the SMEs in China. When it comes to the cognitive legitimacy, it is a significant legitimacy for the cleantech SMEs, especially at the early time when the cleantech subsectors where they engaged in were still underdeveloped in China. It can be even an opportunity if they were able to establish the comprehensibility about their cleantech business in the stakeholders. This requests a strong proactiveness and institutional entrepreneurship for the firms. However, the legitimacy need was not found in all the interviewed companies.

Table. 2 The legitimacy needs of Finnish cleantech SMEs

Needed legitimacy	The basis of legitimacy
Exchange legitimacy	The technical benefits of the cleantech equipment: reduction of energy consumption, improvement of production efficiency, environment treatment etc.
Dispositional legitimacy	The trustworthy and effectiveness of the cleantech equipment; The references of cleantech SMEs in the Chinese market; The physical presence of the cleantech SMEs in the Chinese market, whether they have local sales offices or distributors;
Consequential legitimacy	The technical success or references in the Chinese market; Patent technology, quality awards or certification rewarded by official institutions in China;
Comprehensibility	The plausibility and predictability of their cleantech business in the Chinese market

Responding to the needed legitimacy, the Finnish SMEs partially adopted the legitimation strategies which proposed in the theoretical parts. Their efforts were mainly on the satisfying to the demand of dominant stakeholders, introduction of local references, and the physical presence of their offices or distributors in China. More specifically, the Finnish cleantech SMEs built up exchange legitimacy of their equipment in the traditional way of commercial presentation and the regularly attending to the industrial exhibitions and fairs. Meanwhile, they also introduced their references in the local. Not only was it able to demonstrate the value of cleantech offerings in practice, but also achieved the trustworthy of their cleantech equipment in the mind of customers. In addition, to further demonstrate their dispositional legitimacy, the interviewed Finnish SMEs have established the physical offices and formed partnership with local distributors, which conformed to the expectation of clients about the firms' reliability and credibility in the potential cooperation.

Apart from the legitimation strategies, it is also possible for the Finnish cleantech SMEs to signal the dispositional legitimacy of trustworthy and the consequential legitimacy of their cleantech offerings by their influential network resources. Similar to the conformance legitimacy, the dispositional legitimacy signaled by Finnish cleantech SMEs mainly

through their relationship and successful cooperation with local references and clients. Besides, there was also long-term relationship and connection of them with the industrial associations in China. The quality reward, certification and endorsement rewarded by the public organizations in the industry also posed a positive influence on the legitimacy signaling of the Finnish cleantech SME in the business development. Moreover, such public relationship in the industry can be also utilized as a channel to establish the comprehensibility of their business in the Chinese market, especially at the early time when the cleantech sectors were still underdeveloped in China. The company network resources of the industrial association or intermediators will help a lot for the SMEs to get in touch with target customers in the local. The Table.3 below displayed the legitimation strategies and tactics that utilized by Finnish cleantech SMEs to develop business in the Chinese market.

For the cleantech SMEs who are interested in the Chinese market, this study provides a few guidelines for them. Firstly, being as an emerging economy with an underdeveloped institutional environment, all levels of governments play significant roles in the society. There is possibility for them to create a market trend or demand through formal institutions like policy incentives, financial investment and subsidies. Thus, it is important for the foreign firms to pay a close attention to the changing of national and regional policies about the cleantech industry. Plus, cleantech is a highly-policy driven industry in China. Secondly, to developing business in the Chinese, the exchange legitimacy and the dispositional legitimacy about the trustworthy and visibility of firms are most important for the SMEs. The firms should take efforts on visualizing and demonstrating the value of their products and services, which then achieving the legitimacy in the judgement of stakeholders. The most acknowledged way is to show their reference in the local. Particularly, the physical presence of the cleantech SMEs in China enables them to get access to the latest industrial information and resources, policy changing, and get involved in the local networks, which migrates the liabilities in the market.

7.2. Limitations and future study

In this study, there are also limitations of research. Firstly, due to the limited time and resources, the number of interviewed SMEs who have been successfully established business in the Chinese market was not big enough, which then did not include all the aspects of legitimacies and its building strategies. This may affect to depict a complete picture of the legitimacy building of SMEs when they managed to enter emerging markets. Secondly, all the case companies in this study have always been targeting directly to ending customer companies in China, the dominant stakeholders. Few of them chose to form alliance relationship with other business firms or social constituents. Therefore, the research result about the needed legitimacies of SMEs was also based on their business developing with ending customers. Considering the self-interest consideration were different between the business or public actors and ending customers companies, there would be also variation on the legitimacy need by SMEs with the purpose of building relationship with the actors. At last, in examining legitimacy gaining strategies, there was not collective action founded among SMEs to achieve cognitive legitimacy by creating or manipulating the perceptions of their stakeholders. All of them are individual behavior to the firms. Since the limited capability and resource of individual company, the SMEs focus more on the conformance legitimation strategy and the manipulation approaches for pragmatic and moral legitimacies. Thus, the institutional entrepreneurship behavior of SMEs was not empirically discussed enough. Therefore, in the future research, it is possible to investigate how to organize such that collective action and utilize cross-sector relationships for SMEs to get access and get in touch with more business opportunities and potential customers. In addition, considering the policy-driven characteristic of clean-tech industry in China and the effect of influence legitimacy to the business companies in the emerging markets, there can be also a study about the firms' market entry by utilizing the timing and change in policies of industry.

Table. 3 The legitimacy needs of Finnish cleantech SMEs

Types of legitimacy	Legitimacy-building strategies
Exchange legitimacy	<ul style="list-style-type: none"> • Conforming to satisfy the demand and requests of stakeholders about the firms' offerings and services • Attending to trading exhibitions, industrial conferences or public forum regularly for building firms exchange legitimacy
Dispositional legitimacy	<ul style="list-style-type: none"> • Selecting an advantageous environment where the firms have existing resources and establishing physical offices there • Introducing the references in the local, which strengthen the reliability and trustworthiness of firms and their promoted business in the mind of stakeholders
Consequential legitimacy	<ul style="list-style-type: none"> • Introducing the technical success, social contribution and client references that the firms made in the society • Promoting their significant awards, patent, or endorsement that the firms achieved in the local
Comprehensibility	<ul style="list-style-type: none"> • Utilizing the technical success and references of the firms in the domestic and local market, which increase the plausibility and predictability of their business • Establishing connection and relationship with the public organizations or industrial associations, which gets access to the resources of industrial information and business networks

LIST OF REFERENCES

Ahlstrom, David; Bruton, Garry D. & Lui, Steven S.Y (2000). Navigation China's changing economy: strategies for private firms. *Business Horizon*. Vol. 43 (1). 5-15

Ahlstrom, David; Bruton, Garry D.; Yeh, Kuang S. (2008). Private firms in China: building legitimacy in an emerging economy. *Journal of World Business*. Vol. 43 (4). 385-399

Almobaireek, Wafa N; Alshumaimeri, Ahmed A; Manlova, Tatiana S (2016). Building entrepreneurial inter-firm networks in an emerging economy: the role of cognitive legitimacy. *International Entrepreneurship and Management Journal*. Vol. 12(1). 87-114

Auerbach, Carl; Louise B. Silverstein (2003). *Qualitative Data: An Introduction to Coding and Analysis*. New York University Press. Available from internet <URL: <https://ebookcentral-proquest-com.proxy.uwasa.fi/lib/tritonia-ebooks/detail.action?docID=865323>>

Bangara, Athena; Susan, Freeman; William, Schroder (2012). Legitimacy and accelerated internationalization: an Indian perspective. *Journal of World Business*. Vol.47 (4). 623-634

Baum, Joel A. C. & Oliver, Christine (1991). Institutional linkages and organizational mortality. *Administrative Science Quarterly*. Vol. 36 (2) 187-218

Baum, Joel A. C.; Calabrese, Tony & Silverman, Brian S. (2000). Go it alone: Alliance network composition and startups' performance in Canadian biotechnology. *Strategic Management Journal*. Vol. 21 (3). 267-294

Bjornali, Ekaterina S.; Giones, Ferran & Billström, Anders (2017). Reveal or conceal? Signaling strategies for building legitimacy in cleantech firms. *Sustainability*. Vol. 9 (10). 1815 – 1834

Bitektine, Alex (2011). Toward a theory of social judgements of organizations: the case of legitimacy, reputation, and status. *Academy of Management Review*. Vol. 36 (1). 151 – 179

Battilana, Julie; Lea, Bernard; Boxenbaum, Eva (2009). How actors change institutions; towards a theory of institutional entrepreneurship. *The Academy of Management Annals*. Vol.3 (1). 65-107.

China Water Risk (2015). New ‘Water Ten Plan’ to safeguard China’s waters. Available at internet <URL: <http://www.chinawaterrisk.org/notices/new-water-ten-plan-to-secure-chinas-waters/>>

Delios, Andrew & Kulwant Singh (2005). *Mastering business in Asia: strategy for success in Asia*. John Wiley & Sons (Asia) Pte Ltd.

Díez-Martín, Francisco; Prado-Roman, Camilo & Blanco-González, Alicia (2013). Beyond legitimacy: legitimacy types and organizational success. *Management Decision*. Vol. 51(10).1954-1969

Estrin, Saul & Prevezer, Martha (2011). The role of informal institutions in corporate governance: Brazil, Russia, India, and China compared. *Asia Pacific Journal of Management*. Vol. 28 (1). 41–67

Environmental technologies top markets report (2017). Available at internet <URL: https://www.trade.gov/topmarkets/pdf/Environmental_Technologies_Top_Markets_Report2017.pdf>

Farquhar, Jillian Dawes (2012). *Case study research for business*. Thousand Oaks, California: Sage Publications Inc

Fujino, Lauren Eiko (2018). China's soil pollution law triggers new compliances for business. *China Briefing*. Available at internet <URL;<https://www.china-briefing.com/news/china-soil-pollution-law-environmental-compliance-businesses/?hilit=%27Chinese%27%2C%27cleantech%27>>

EU SME Center (2014). The green tech market in China. Available at internet < URL: http://ccilc.pt/wp-content/uploads/2017/07/eu_sme_centre_report_-_the_green_tech_market_in_china_update_-_jun_2014.pdf>

Gao, Cheng; Zuzul, Tiona; Jones, Geoffrey & Kahana, Tarun (2017). Overcoming institutional voids: a reputation-based view of long-run survival. *Strategic Management Journal*. Vol. 38 (11). 2147-2167

Gautel, Gidon (2017). China's most polluted cities – What it means for business. *China Briefing*. Available at internet <URL: <https://www.china-briefing.com/news/chinas-most-polluted-cities-who-index/?hilit=%27Chinese%27%2C%27cleantech%27>>

Ghauri, Pervez; Gronhaug, Kjell; Kristinaslund, Ivar (1995). *Research methods in business studies: a practical guide*. First edition. Prentice Hall International (UK)Limited.

Hoffmann, W.H., Schlosser, R., 2001. Success factors of strategic alliances in small and medium-sized enterprises – an empirical survey. *Long Range Planning* 34 (3), 357–381

Hooper, Keith & Xu, Gina (2012). From legitimacy by character to legitimacy by image: ethics and accounting practices in New Zealand. *Managerial Auditing Journal*. Vol.27 (28). 754-773

Huang-Horowitz, Nell C. (2015). Public relations in the small business environment: creating identity and building reputation. *Public Relations Review*. Vol. 41 (3). 345-353

Ivanova Ruffo, Olga; Mnisri, Kamel; Morin-Esteves, Christine; Gendron, Corinne (2018). Judgements of SMEs' legitimacy and Its Sources. *Journal of Business Ethics*. 1-16. Available at internet <URL: <https://doi.org/10.1007/s10551-018-4063-3>.>

Ivanova, Olga; Castellano, Sylvaine (2012). Signaling legitimacy for SMEs transition environment: The case of the Bulgarian IT sector. *Journal for East European Management Studies*. Vol. 17 (4). 398-422

Jiang, Luan & Yan, Qian (2010). The acquisition of new venture's legitimacy and choice of entry strategy in emerging markets. *International Conference on Artificial Intelligence and Education (ICAIE)*. ISBN: 978-1-4244-6935-2

Jayanti, Rama K. & Raghunath, S. (2018). Institutional entrepreneur strategies in emerging economies: creating market exclusivity for the rising affluent. *Journal of Business Research*. Vol. 89. 87-98

Khanna, Tarun; Palepu, Krishna. G. (1997). Why focused strategies may be wrong for emerging markets. *Harvard Business Review*. Vol. 75 (4). 41-54.

Khanna, Tarun; Palepu, Krishna. G. (2010). Winning in the emerging market: A road map of strategy and execution. Harvard Business Review Press. Vol. 46 (2). 360-363

Kishna, Maikel; Niesten Eva; Negro, Simona & Hekkert, Marko P. (2017). The role of alliances in creating legitimacy of sustainable technologies: a study on the field of bioplastics. *Journal of Cleaner Production*. Vol. 155 (2). 7-16

Kotiranta, Annu; Tahvanainen, Antti-Jussi; Adriaens, Peter & Ritola, Maria (2015). From cleantech to cleanweb – the Finnish cleantech space in transition. ETLA Reports No 43. <http://pub.etla.fi/ETLA-Raportit-Reports-43.pdf>

Kuada, John (2012). *Research Methodology: A project guide for university students*. First edition. Samfundslitteratur Press

Kwak, Jooyoung; Zhang, Yue; Yu, Jiang (2019). Legitimacy building and e-commerce platform development in China: The experience of Alibaba. *Technological Forecasting & Social Change*. Vol. 139. 115-124

Li, Julie Juan; Poppo, Laura; Zhou, Keven Zheng (2008). Do managerial ties in China always produce value? Competition, uncertainty, and domestic vs. foreign firms. *Strategic Management Journal*. Vol. 29 (4): 383-400

Lu, Jane W.; Beamish, Paul W. (2006). Partnering strategies and performance of SMEs international joint ventures. *Journal of Business Venturing*. Vol. 21 (4). 461-486

Li, Julie Juan & Zhou, Kevin Zheng (2010). How foreign firms achieve competitive advantage in the Chinese emerging economy: Managerial ties and market orientation. *Journal of Business Research*. Vol. 63 (8). 856-862

Li, Tiankui; Liu, Yi; Lin, Sijie, Liu, Yangze; Xie, Yunfeng (2019). Soil Pollution Management in China: a brief introduction. *Sustainability*. Vol. 11 (556). 1-15

Linneberg, Mai Skjott; Korsgaard, Steffen (2019). Coding qualitative data: a synthesis guiding the novice. *Qualitative Research Journal*. Vol. 19 (3). 250-270

Moody, Jason (2017). Entering China's emerging cleantech markets: an opportunity for Ontario startups. Available at internet <URL: https://www.marsdd.com/wp-content/uploads/2017/06/Entering-China%E2%80%99s-Emerging-Cleantech-Markets_An-opportunity-for-Ontario-startups_June2017.pdf>

Maguire, Steve; Hardy, Cynthia; Lawrence, Thomas B. (2004). Institutional entrepreneurship in emerging fields: HIV/AIDS treatment advocacy in Canada. *Academy of Management Journal*. Vol. 47 (5). 657-679

Mort, Gillian Sullivan; Weerawardena, Jay; Liesch, Peter. (2012). Advancing entrepreneurial marketing: evidence from born global firms. *European Journal of Marketing*. Vol.46 (3/4). 542-561

North, Douglass Cecil (1990.) *Institutions, institutional change and economic performance*. Cambridge University Press

OECD Green Growth Papers (2018). China's progress towards green growth: an international perspective. Available at internet <URL: <https://www.oecd.org/env/country-reviews/PR-China-Green-Growth-Progress-Report-2018.pdf>>

OECD (2018). Economic and institutional environment in China. Available at internet <URL: <https://www.oecd-ilibrary.org/sites/9789264085299-6-en/index.html?itemId=/content/component/9789264085299-6-en>>

Pauwels, Pieter; Matthyssens, Paul (2004). The architecture of multiple case study research in international business. In *Handbook of qualitative research methods for international business*. 125-143. Edward Elgar Publishing

Peng, Mike W. (2003). Institutional transitions and strategic choices. *Academy of Management Review*. Vol. 28 (2). 275-296

Peng, Mike W.; Sun, Sunny Li; Pinkham, Brian & Chen, Hao (2009). The institution-based view as a third leg for a strategy tripod. *Academy of Management Perspectives*. Vol. 23 (3) 63-80

PWC (2017a). Chinese cleantech market opportunities. Available at internet <URL: <https://www.pwchk.com/en/energy-utilities-mining/chinese-cleantech-market-opportunities-2017.pdf>>

PWC (2017b). China cleantech annual report. Available at internet <URL: https://www.trade.gov/topmarkets/pdf/Environmental_Technologies_Top_Markets_Report2017.pdf>

PWC (2018). Report of investment in the clean energy technologies [in Chinese]. Available at internet <URL: <https://www.pwccn.com/zh/energy-utilities-mining/2018-china-cleantech-annual-report.pdf>>

PWC (2019). Digital transformation opportunities for China energy companies. Available at internet <URL: <https://www.pwccn.com/en/consulting/digital-transformation-opportunities-for-china-energy-companies.pdf>>

Rottig, Daniel (2016). Institutions and emerging markets: effects and implications for multinational corporations. *International Journal of Emerging Markets*. Vol.11 (1). 2-17

Ruef, Martin; Scott, W. Richard (1998). A multidimensional model of organizational legitimacy: hospital survival in changing institutional environments. *Administrative Science Quarterly*. Vol. 43 (4). 877-904

Scott, W. Richard (2014). *Institutions and organizations: ideas, interests, and identities* Fourth edition. Thousand Oaks, CA: SAGE Publications, Inc.

Scott, W. Richard (1995). *Institutions and organizations*. Thousand Oaks, CA: Sage

Sen, Suman; Cowley, James (2013). The relevance of stakeholder theory and social capital theory in the context of CSR in SMEs: an Australian perspective. *Journal of Business Ethics*. Vol. 118 (2). 413-427.

Stake, R.E (2005). Qualitative Case Studies. In: *The Sage Handbook of Qualitative Research*, 443-466. Third edition. Thousand Oaks: Sage Publications Inc

Stuart, Toby E. (2000). Interorganizational alliances and the performance of firms: a study of growth and innovation rates in a high-technology industry. *Strategic Management Journal*. Vol. 21 (8). 791-811

Sirtra (2007). Cleantech Finland – improving the environment through business Finland’s national action plan to develop environmental business. 1 edition. *The Finnish Innovation Fund*. Available at <URL: <https://media.sitra.fi/2017/02/28141914/YmpC3A4ristC3B6raporttiengl-2.pdf>>

Suchman, Mark C. (1995). Managing legitimacy: strategic and institutional approaches. *Academy of Management Review*. Vol. 20 (3). 571-610

Suddaby, Roy; Greenwood, Royston (2005). Rhetorical strategies of legitimacy. *Administrative Science Quarterly*. Vol. 50 (1). 35-67

Top market report for environmental technology (2017). Available at internet <URL: https://www.trade.gov/topmarkets/pdf/Environmental_Technologies_Top_Markets_Report2017.pdf>

Tornikoski, Erno T. & Newbert, Scott L. (2007). Exploring the determinants of organizational emergence: a legitimacy perspective. *Journal of Business Venturing*. Vol. 22 (2). 311-335

Thomas, Tom E. & Lamm, Eric (2012). Legitimacy and organizational sustainability. *Journal of Business Ethics*. Vol. 110 (2). 191-203

Tracey, Paul; Phillips, Nelson; Jarvis, Owen (2011). Bridging Institutional Entrepreneurship and the creation of new organizational forms; a multilevel model. *Organization Science*. Vol. 22 (1). 60-80

Tracey, Paul; Phillips, Nelson (2011). Entrepreneurship in emerging markets: strategies for new venture creation in uncertain institutional contexts. *Management International Review*. Vol. 51 (1). 23-39

Winter, S.; Gaglio, C.; Rajagopalan, H. (2010). Managing impressions of SME legitimacy: Valuing information and communications technologies as signals and symbols. In

Global Perspective on small and medium enterprises and strategic information system: international approach. 81-107 Business Science Reference

WWF (2017). The global cleantech innovation index 2017. Available at internet <URL: <https://wwf.fi/mediabank/9906.pdf>>

Yin, Robert K. (2003). Case study research: design and methods. Third edition. *Thousand Oaks, California: Sage Publications, Inc.*

Zhou, Jssie Qi; Peng, Mike W. (2010). Relational exchanges versus arm's-length transactions during institutional transitions. *Asia Pacific Journal of Management*. Vol. 27 (3). 355-370

Zhang, Wei & White, Steven (2016). Overcoming the liability of newness: Entrepreneurial action and the emergence of China's private solar photovoltaic firms. *Research Policy*. Vol. 45 (3). 605-617.

Zimmerman, Monica A. & Zeitz, Geral J. (2002). Beyond survival: achieving new venture growth by building legitimacy. *Academy of Management Review*. Vol. 27 (3). 414-431

APPENDIX 1. Semi-interview Questions

More information of interviewed companies

- 1) How many employees are there in your company now?
- 2) When did you start developing business in China?
- 3) Why did you decide to enter the Chinese market?
- 4) What is the competitive advantage of your technologies or products?

Specific strategies and approaches that utilized by Finnish cleantech SMEs for gaining

Pragmatic legitimacy

- 1) What kind of companies are your target customers in the Chinese market?
- 2) What are your customers most interested in or care about?
- 3) How did you convey the benefits and value of your products to the targeted customers?
- 4) Do you attend industrial trade fairs and exhibitions regularly?

Moral legitimacy

- 1) Do you have established references about your products in the Chinese market?
- 2) Do you have distributors or partners in the Chinese market?
- 3) Compared with other candidates of Chinese environmental protection company, why did you choose this company as your partner?
- 4) What else existing connections do you have in the Chinese market?
- 5) Did your firm experience any governmental intervention or regulation restriction on the business running in China?

Cognitive legitimacy

- 1) Are you a membership company of any business or industrial association in the domestic or local market?
- 2) As a membership company of Business Finland, what services have you received from them?
- 3) How did you identify the business intermediary?

- 4) Apart from the business intermediators, what else channel have you ever been used to get in touch with Chinese companies?