

Master's Thesis

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**Finnish SMEs on their path to international markets: the factors
affecting the internationalization under scrutiny**

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ABSTRACT

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The study focused on Finnish SMEs that have attended in the International Entrepreneurship Challenge – course held in Lappeenranta University of Technology. All these SMEs have mentioned their willingness to internationalize and this qualitative research's purpose is to identify the factors affecting the firm's internationalization.

There are various factors that may affect in SMEs internationalization, and these can be different internationalization approaches, global mindset, internationalization barriers, and many others. The data for this research was gathered by interviewing four selected Finnish SMEs.

The main result of this study is that the resources affect a lot in the firms decisions and actions regarding the internationalization. Also, the owner-managers in SMEs are playing a key role in a firms attempt to internationalize.

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Tämä työ keskittyy suomalaisiin pieniin ja keskisuuriin yrityksiin, jotka ovat osallistuneet kurssille nimeltä International Entrepreneurship Challenge, joka järjestetään Lappeenrannan Teknillisessä Yliopistossa. Kurssille osallistuneet pienet ja keskisuuret yritykset ovat ilmaisseet halukkuutensa kansainvälistyä ja tämän laadullisen tutkimuksen tarkoituksena on tunnistaa yrityksen kansainvälistymiseen vaikuttavat tekijät.

Monet tekijät voivat vaikuttaa pienten ja keskisuurten yritysten kansainvälistymiseen ja nämä tekijät voivat olla erilaiset lähestymistavat kansainvälistymiseen, globaali mielentila, kansainvälistymisen esteet, sekä monet muut. Tämä työn aineisto on kerätty neljällä haastattelulla, joissa haastateltavina ovat seurannassa olleet suomalaiset pienet ja keskisuuret yritykset. Lisäksi yrityksen omistajajohtajat toimivat kriittisessä roolissa, kun yritys on aikeissa kansainvälistyä.

Tämän työn perusteella voidaan tehdä johtopäätös, että resurssit vaikuttavat paljon yritysten päätöksiin ja toimintaan, kun edessä on kansainvälistyminen. Lisäksi yrityksen omistajajohtajat toimivat kriittisessä roolissa, kun yritys aikoo kansainvälistyä.

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I never expected that this moment would happen as fast as it has happened. During this unforgettable journey I have gained plenty of great friends, lots of knowledge, and amazing experiences. To be honest it feels a bit scary writing this and thinking that this part of my life is now over, and now it is the time to start working on my professional career. The time spent in LUT has been the most critical time in my life, and even if there are no classes to attend anymore I still have a lot to learn. I have learned a lot about myself, and I feel that I am now more capable of doing things than before.

I am grateful for everyone who has been part of this journey and there are many people out there that I would like to thank. I want to begin with my dear family, especially my mom and dad, who have been very supportive since the beginning. I also want to thank my lovely future wife, who has supported me the most during this process. The list continues, Professor Kuivalainen, thank you for your help and guidance during these almost two years. I could go on and on, but I also really want to graduate, so I'll stop naming people and just end this by saying:

Thank you all for being there for me!

Now it is time to turn another page on my life and keep going towards the new challenges and dreams that I want to achieve...

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1. INTRODUCTION

Recently small and medium-sized enterprises (SMEs) have become more interested in expanding into international markets, and they have to generate earnings from international markets (Wright et al. 2007). In order to encourage the process and to increase the level of international competitiveness, different European Union governments are focusing on the development of policy measures targeted at both new and established private SMEs (DTI, 2004). According to OECD (2000) report SMEs contribute 25 to 35% of world exports of manufacturers, and approximately one SME out of five receive between 10 and 40% of their turnover from international activities. Moreover, internationalization is clearly driven by the ambition to augment sales (Morschett et al., 2009).

Small firms tend to reach into international markets at a much earlier age than in the past, and are more actively following strategies concerning international activities (Knight, 1997; McDougall and Oviatt, 2000; McDougall et al., 1994; Reynolds, 1997). According to Knight and Cavusgil (2004) even small resource-constrained firms can be successful when operating in international markets. George et al. (2005) wrote that SMEs operating in the same industry or market support specialized strategies, and one reason could be the heterogeneity in their resource endowments and different managerial strategies or the opportunities and threats linked with internationalization. They added that these strategies indicate senior managers' risk preferences, which in turn are formed by their ownership stake. Therefore, the results of a SME, whether it is successful or not, can undermine owner-managers' wealth, careers, and professional reputations.

According to George et al. (2005) SMEs most likely have limited amount of resources and international experience, as a result they need to make crucial decisions about the scale and scope of their foreign operations. The authors added that the scale defines the extent to which a SME relies on overseas markets in its actions such as manufacturing, marketing, and research and

development. Also, they explained that the scope designates the international geographic in which a SME perform its businesses. However, the driving forces of globalization have influenced partly in the internationalization of SMEs (Nummela et al., 2004). These driving forces have managed to decrease the barriers (Fletcher, 2000; Knight, 2001). Also, the competition in international markets has become intense, which is why the global mindset has emerged as a key source for long-term advantage in the international marketplace (Levy et al., 2007). The global mindset has become a prerequisite for early internationalization (Nummela et al., 2004), and Govindarajan and Gupta (1998) stated that global mindset leads to a success.

About dozen SMEs annually a course called International Entrepreneurship Challenge, which is held in Lappeenranta University of Technology (LUT), because they are willing to begin or continue their internationalization. The firms usually have limited amount of resources and experience (Bell et al., 1992), which can be one of the reasons for them to participate in this course where the International Marketing students build an internationalization strategy for their needs. The motives for internationalization vary from growing sales, potential, building a successful company, independency, or to simply love for the hobby. The international entrepreneurship theory noted that firms are not necessarily looking for immediate financial gain, as much as they are looking for risk prevention when beginning to internationalize (Prefontaine and Bourgault, 2002). Korsakiene and Tvaronaviciene (2012) argued that the principal motive among firms that express their willingness to expand into international markets is the desire to decrease business risk and use available skilled labor. Additionally, Andersson et al. (2004) argue that internationally active SMEs grow faster than their domestic equivalents.

Most of the Finnish firms that have made the decision to begin their internationalization are SMEs: in year 2010 there were about 8000 Finnish exporting firms and 82% of them were SMEs (TEM, 2011). The internationalization for SMEs is more difficult than for multinational corporations (MNCs) because they have less resources, experience, and knowledge (Varis et al., 2005). On the other hand, SMEs are more flexible, agile and faster to absorb new information (Liesch and Knight, 1999). Internationalization always

requires expenses (Tallman and Li, 1996), but also offers benefits (Geringer et al., 1989). It is mentioned repeatedly that the enterprises that are not willing to operate in international markets do not carry long-term prospects in any modern economy (Paunovic and Prebezac, 2010). For the internationalization can appear as time-consuming, expensive and exhausting, because of several different reasons, lack of resources or experience.

This study investigates different SMEs that have expressed their willingness to begin or expand their internationalization process and explores their chosen strategy and outcome of their activities. Also, this study is focusing the global mindset, and how it affects when executing internationalization strategy. Finally, the purpose is also to get information about the barriers of internationalization, and how the case companies have overcome these barriers when encountering an obstacle. The next chapter contains discussion about the chosen subjects affecting internationalization.

1.1. Problem discussion

This study examines multiple Finnish SMEs from different industries and distinct phases of their internationalization. Twenty-two firms have been examined, and the most cases concerning the topic of the study have been investigated more profoundly. Academic literature firm internationalization exist enormously, but this study is focusing the global mindset one of the key drivers of internationalization. Furthermore, this issue has risen as one of the most important elements in internationalization. Another major focus is in the barriers that the firms are encountering while executing their internationalization strategy, which has also one of the critical issues among the researchers.

This study emphasizes the importance of global mindset when beginning to execute internationalization strategy, and the entire process. There are numerous amounts of literature made concerning the managerial characteristics and internationalization, and e.g. Harveston et al. (2002)

argues that global mindset is a significant factor in separating exporters from non-exporters. Van Hoorn (1979) indicated that smaller firms have informal structures such as: insufficiently developed administrative procedures and techniques; and disorderly, often irrational decision-making process. Yet, Yip et al. (2000) more formal planning is associated with successfulness, and Baird et al. (1994) highlighted that small firms that are internationally oriented have more formal planning systems and are successful. Nummela et al. (2004) characterized the global mindset being in touch with the international orientation. Additionally, in the management literature the cultural competence and cultural intelligence are often mentioned as prerequisites for successful functioning in the continuously changing global business landscape (Peterson, 2004; Thomas and Inkson, 2003; Walker et al. 2003).

Another emphasis in this study is in the barriers that occur during the execution of internationalization strategy. Bell (1997) stated that management reluctance and attitudinal barriers are the most critical internal obstacles for a small firm's internationalization. According to Leonidou (2004) export barriers alone hold insufficient stimulus to prevent a firm from internationalization. Baum et al. (2013) argued that it is important to understand the impact of internationalization barriers, because they limit international expansion, and as a result decrease the amount of potential revenues.

As it appears, the global mindset and internationalization barriers are both recognized in the academic literature as important subjects considering the internationalization of a SME, and these two issues are the focus of this study. Recently, the internationalization of small and medium sized firms has been popular in international business literature. There are also several other issues that may have in firm's internationalization, such as the importance of network relationships (e.g. Bell, 1995; Coviello and Munro, 1997; Moen et al., 2004; Zain and Ng, 2006), and foreign market channel decisions (McNaughton, 1996). The next chapter introduces the objectives and all three research questions of this study.

1.2. Objectives and research questions

The principal objective of this research is to examine the internationalization of the chosen Finnish SMEs, and investigate their ambitions and motivations through the entire internationalization strategy. This study seeks to get more understanding about Finnish SMEs and their internationalization strategies. Another purpose of the study is to explore how the global mindset is affecting firms internationalization plans, actions and leadership. The final purpose is to identify their internationalization barriers, and learn more about their actions to overcome such issues. The needed information for these matters is gathered empirically and in three different stages. Also, the matters are investigated through a comprehensive literature review from which the key concepts are explained to assist the empirical part of the study. Accordingly, this study, through an extensive literature review, combined with the empirical part targets to: (1) understand more about the internationalization strategy and its results by examining Finnish SMEs, and (2) to obtain more information about the global mindset and its the internationalization strategy, and also 3) to understand how the firms have acted when encountering internationalization barriers. The primary objective of this study is reflected in the main research question. The sub-questions defined here provide the desired information of the organizational/managerial leadership and behavior, and also about the firm performances when facing obstacles. The principal research question is formulated as follows:

What are the factors affecting the internationalization strategy (antecedents, actions, outcomes) of the Finnish SMEs?

The principal research question is to understand the factors affecting the international strategy of the Finnish SMEs, which can be divided in three categories such as the antecedent, actions, and outcomes. The antecedents include issues such as the pre-export behavior, motivational aspects, owner-

manager aspects, and the different push and pull factors. The actions of the internationalization strategy in this study are associated with the different internationalization approaches. Finally, the research question helps to gain information about the outcomes of the actions performed by the Finnish SMEs.

This study consists three sub-research questions, and the purpose of the first sub-question is to gain more understanding about the factors that decide the firm's internationalization approach when entering in the new foreign markets.

SQ 1) What are the factors affecting the selection of firm's internationalization approach?

Like the first sub-question, the second sub-question supports the principal research question and collects more understanding from a concept that is considered important for a firm to internationalize.

SQ 2) How does the global mindset affect fir internationalization?

The third sub-research question is about the barriers that SMEs are facing when executing an internationalization strategy. Also, the aim of this question is to examine what kind of actions the firm has executed when encountering an obstacle.

SQ 3) What is the role of barriers that firms have encountered during the internationalization?

To fulfill the objective of this thesis and answer the research questions, a comprehensive literature review and an empirical study are conducted. The

next chapter concentrates more particularly on the research scope by presenting the theoretical framework and key concepts.

1.3. Research framework and definitions of the key concepts

Notably, this study examines the internationalization strategies of certain SMEs and the outcomes of their conquering attempts in different foreign markets. Also, the aim is to explore how the global mindset is affecting firms internationalization plans and actions. This thesis is limited to consider the Finnish SMEs that have participated the IEC – course in LUT, because of the primary data obtained from the firm representatives before the commencement of the entire course. The term global mindset covers global orientation, international entrepreneurial orientation, and the managerial orientation. The research framework therefore demonstrates the entire internationalization strategy and issues affecting the outcome of it (see Figure 1).

Four constructs in this thesis are identified as the important building blocks of the internationalization strategy of a SME; the beginning phase of the entire process, different internationalization approaches, global mindset, and barriers of internationalization. Thus, using multiple criteria, firms first need to examine their capabilities and reasons for internationalization. Additionally, they select or determine the suitable internationalization approach for their firm, and obtaining the global mindset is helpful in order to succeed during and after the process. Finally, the firms have to overcome all the appearing barriers that are trying to quell their internationalization strategy. The theoretical findings are from academic literature but determined in a case environment. The main themes concerning the study are defined to give the reader an insight to the key concepts.

Internationalization as a term has several definitions in academic literature, but typically it is defined as a firm's process of increasing overseas operations (Johanson and Vahlne, 1977), or as an outward movement in global

operations of an organization or group of organizations (Welch and Luostarinen, 1988). Usually, internationalization literature observes the internationalization phenomenon as either a step-wise, gradually enhancing learning process (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977, 2003, 2009), where the process concluding accumulative creation of personal relationships with overseas customers (Johanson and Mattson, 1988), or as a response to industry and market pressure (Rennie, 1993; Oviatt and McDougall, 1994; Madsen and Servais, 1997).

Internationalization approach defines the actions of the firm when trying to establish business activity in foreign markets. There are several different approaches that a firm can exploit to achieve successful business units in foreign markets. The most popular approach is the Uppsala-model, where the internationalization happens by gradually increasing commitments in foreign markets (Knight and Liesch, 2002), but there are also several other approaches that are applicable. Firm's assets have a significant impact on which internationalization approach can be exploited in pursuance of penetrating to the foreign markets (Tan et al., 2007).

Internationalization strategy is used to characterize the entire process (antecedents, actions, and outcomes) that a firm experiences from domestic to international markets. Strategymaking is changing perspectives and/or positions (Mintzberg, 1987), and internationalization is a process of increasing involvement in international operations across borders (Welch and Luostarinen, 1988). Both definitions comprise changed perspectives and changed positions. Internationalization is an important dimension of the ongoing strategy process of most business organizations. Additionally, the strategy process decides the ongoing development and change in the international firm in terms (Melin, 1992). The fact that internationalization is a process indicates that firm's internationalization actions are dynamic, and that during this process the firm's internationalization strategies can differ in several ways (Agndal and Chetty, 2007).

Small and medium sized enterprises (SMEs) used to describe firms that are "small" or "medium" e.g. through the quantity of employees in a

organization and/or the amount of turnover generated annually. Of course, in different countries the quantities for describing “small” and “medium” differ as does the sizes of economic sectors. OECD (2008) defined SMEs as “*non-subsidiary, independent firms, which employ fewer than a given number of employees*”. The number, which determines the size, varies depending on the source; for the European Commission has announced that medium –sized firm consists less than 250 employees and its annual turnover is less than 50 million euros. Additionally, a small firm consists maximum of 50 employees and its annual turnover is under 10 million euros (European Commission, 2003).

Global mindset is described as a selection of individual features that allows an individual to affect other individuals, groups, and organizations from divergent social, cultural and institutional systems (Begley and Boyd, 2003; Hitt et al., 2007). The term is strongly associated with both individual managers and entire organizations (Cseh et al., 2013). Additionally, Nummela et al. (2004) defined that the term included both attitudinal and behavioral elements. Also, the term describes the manager’s openness and awareness of cultural diversity and the capability to control it (Fletcher, 2000; Gupta and Gonvidarajan, 2002; Kedia and Mukherji, 1999).

Barriers of the internationalization are elements that are preventing the firm to spread their operations in foreign markets. OECD (2009) report suggested that limited firm resources, international contacts, lack of requisite managerial knowledge about internationalization are critical barriers. Also, barriers can be for example; key industry structural characteristics that affect business performance (McDougall et al., 1992; Porter, 1980), economies of scale, capital requirements and product differentiation (Porter, 1980; Hay and Morris, 1991). Also, the internal barriers such as the attitudinal barriers are significant because of the authoritative role of the manager (Bell, 1997).

The theoretical framework of the study represents the internationalization strategy with the key concepts. The internationalization strategy of a SME usually is a unique pathway and the different aspects of the process are highlighted in the theoretical framework. This study uses a holistic perspective,

which can be seen as extensive report of the selected Finnish SMEs' actions. The different internationalization strategies of these selected firms are examined and reflected in the academic literature.

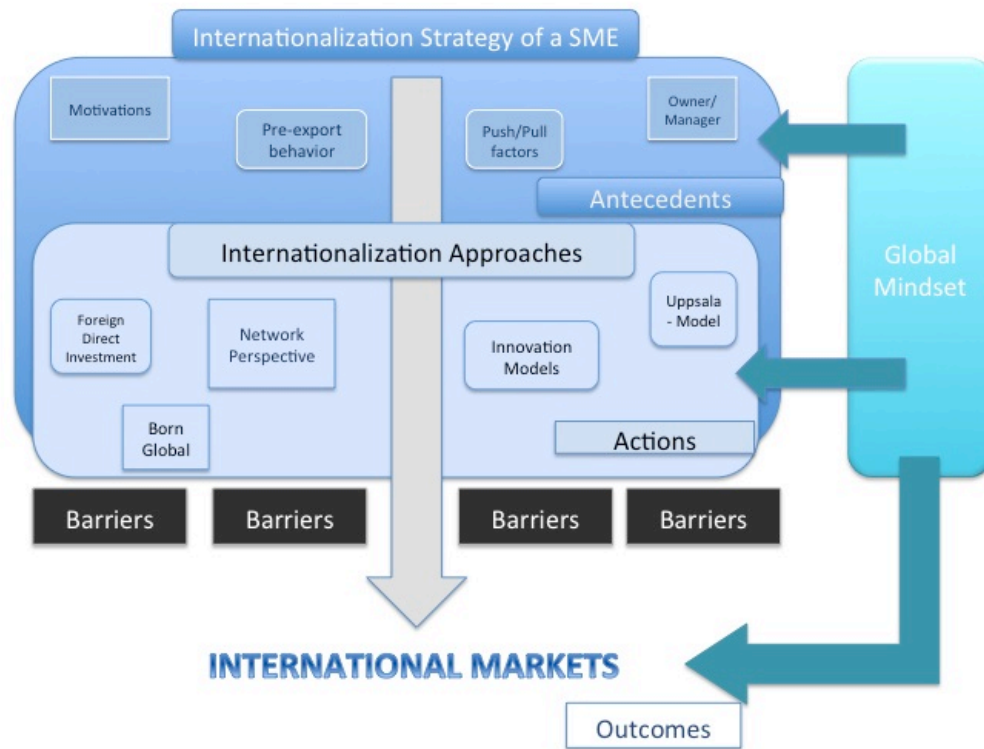


Figure 1. Theoretical framework of the research.

1.4. Research methodology

methodology defines how the author is going to construct its research (Lee and Lings, 2008). This study is a deductive one and it is guided at the firm level. A deductive study means that it begins with existing literature and then one or more hypothesis can be deduced from the empirical indications (Eriksson and Kovalainen, 2008). The empirical study for this research combines the same path by exploiting the existing theories concerning the subject and to develop a framework for the study. Subsequently this study will search for explanations having to do with the research questions.

The nature of this study is explanatory and as a result it employs qualitative research methods. Qualitative research is primarily used when new knowledge need to be gained about how things operate in real-life business context and is specifically appropriate when previous observations about a phenomenon under investigation are modest (Eriksson and Kovalainen, 2008). The research design for this study is done by collecting data during a long period of time. The primary data has been collected through the course held in LUT and 23 Finnish SMEs ha given interviews concerning their initial situation, their motivations and ambitions, and barriers. Also, information has been collected through secondary data in order to build a picture of their current situation. the most interested cases this study ha been chosen for follow-up interview.

The goal of this study is to examine Finnish SMEs and how successful their internationalization strategies have been, which means getting the information from the case companies and their real-life actions and apply it in context of their business. this is the reason for the qualitative research, because it is the best fit to understand and interpret the results of the data. In the next chapter, the methods of data collection presented and explained more precisely.

1.5. Data Collection

The first primary data has been collected through the course called International Entrepreneurship Challenge and it is held annually in Lappeenranta University of Technology. Annually dozen SMEs that have expressed their willingness to internationalize, from various starting points have participated the course in order to get help with their current or coming internationalization strategy. In the beginning of the course they have an interview, where they express their motivations, ambitions, current situations, barriers etc.

The next step for data collection happened by searching information through secondary sources. This was done get information about their current situations, since some of the case firms have participated the course several

years ago and a lot could have happened during those years. There is not much information about recently established SMEs the Internet, but I was able to acquire the current situations of the firms through the financial reports. Combining the preliminary data collected from the case companies and the secondary data gathered from the Internet explains how the categorization in the figure 2 was done. In other words, the preliminary data indicated the stage where the company was when participating in the IEC course of LUT. Then the comparison was made between the preliminary and secondary data, which led to this categorization in figure 2.

		Small			Mid-Range				
		0-5 years	5-10 y	10 - < y	0-5 years	5-10 y	10 - < y		
Domestic		X X	X	X				Stable	
		X	X	X			X	Grown	
International		X					X	Stable	
		X X X X X	X			X X X	X X X	Grown	

Figure 2. Categorization of the Case companies.

The figure 2, describes how the firms (X) are categorized by using the data collected from the IEC – course and secondary sources. On the left side of the

figure 2 are the firms that are perceived as “small”, and on the right side are the “medium” sized firms. “Small” firms consisted less than 10 employees and the turnover did not exceed the amount of 500,000 euros, and firms exceeding these parameters were considered “medium” sized firms. Additionally, the “small” and “medium” sized firms are divided in three parts, which are firms that established 0-5 years ago, 5-10 years ago, and over 10-year-old firms. The firms on top of figure 2 are firms that are still operating domestically, and underneath that are firms that have obtained foreign sales. Also, the domestic and international firms are categorized in stable and grown firms. In total there are 22 firms that have been monitored for certain amount of time.

The last step of the study was to pick the most interesting cases concerning the study subject, and organize a schedule for the interview in order to form the empirical part of this study. The final chapter before the theoretical part of the study explains how this study is formed.

1.6. Construction of the study

This chapter specifies the study construction, the upcoming chapters of the study. Chapter 1 introduces the fundamental motives for the study, research questions, key concepts, data collection, and research methods. Chapter 2 focuses the academic literature, and indicates the comprehensive theoretical aspect to the concepts of the study: internationalization strategy, global mindset, and the barriers of internationalization. By reflecting the previously mentioned aspects, the purpose is to understand the outlined empirical studies. The focus on the next chapter is on the research methodology, which guides this study. It also explains for example how the data was collected and how the case firms were selected. The fourth chapter examines all the empirical data collected through the interviews. Additionally, the findings of the empirical data are discussed and analyzed, and the end of this chapter all four case firms are analyzed via cross-case analysis. The last chapter of this study consists conclusions and overall discussions, with analysis on the

reliability and validity of this work. This study ends in limitations of this work and suggested future research topics.

2. INTERNATIONALIZATION OF SMES

In the next chapter, the literature is reviewed. In the beginning of the theoretical part, the entire internationalization strategy from the perspective of a SME is introduced. There are several different studies made concerning the internationalization, however this study presents the most recognized researchers such as Reuber and Fischer (1997), Johanson and Vahlne (1977) and Welch and Luostarinen (1988). The focus is the internationalization literature, but this study concentrates the global mindset of the organization or individual, as the literature frequently refers to both perspectives (Begley and Boyd, 2003; Govindarajan and Gupta, 2001). The last topic of the theoretical part is the barriers, which are slowing down the internationalization strategy. SMEs have numerous amounts of obstacles that are preventing them internationaliz and even though so many of the firms are seriously seeking for international growth not all of them are able to succeed in their struggle. SMEs do not have the same amount of resources MNCs, and they have to overcome the internal (firm-specific) and external barriers

2.1. Characteristics of SMEs

There are various types of small and medium-sized enterprises (SMEs), but there are some general features that distinguish them from the multinational corporations (MNCs). These features contain both positive and negative factors for the smaller companies. Hollensen (2001) has created a list of characteristics of SMEs, which are presented in the subsequent table 1.

Resources	<ul style="list-style-type: none"> - Limited - Outsourcing of resources
Strategy and decision – making process	<ul style="list-style-type: none"> - Emergent strategy formation - The entrepreneurial decision-making model - The owner/manager is exclusively affecting in decision making throughout the firm
Organization	<ul style="list-style-type: none"> - Informal - Owner/Manager has the power to control the entire firm
Risk Taking	<ul style="list-style-type: none"> - Depending the situation → risk averse and risk taking - Short-term focus
Flexibility	<ul style="list-style-type: none"> - High
Usage of information channels	<ul style="list-style-type: none"> - Informal and cheap channels: - Internal sources - Face-to-face communication

Table 1. Characteristics of SMEs (adapted from Hollensen, 2001)

Mainly some characteristics presented in Table 1, obviously can be classified as being a positive or negative element. Only the high flexibility of the firm can be noted as strength without difficulty, on the other hand the usage of firm's information channels and limited amount of resources can be perceived as weaknesses. The rest of the characteristics, which define the managerial and strategic decision-making competences and processes within a firm, can be identified as having either positive or negative consequences.

2.3. Background of the term Internationalization

Usually the term international indicates either to the actual execution of foreign activities or as an attitude of the firm towards activities abroad (Johanson and Wiedersheim-Paul, 1975; Kindleberger, 1969). Hitt et al. (2006) described internationalization as a strategy through which a firm augments the sales of

its products or services traversing the frontiers of global regions into different geographic areas. Calof and Beamish (1995) defined internationalization as the process of accommodating firms' operations (strategy, resources, structure etc.) to international environment.

Internationalization of a firm became a subject of the researchers in the 1950s (Ruzzier et al., 2006). Internationalization is a process where companies increasingly broaden their international involvement (Johanson and Vahlne, 1977). Johanson and Wiedersheim-Paul (1975) claims that first the firm establishes in the domestic market and that internationalization is the result of incremental decisions. Also they wrote that the most significant barriers of internationalization are lack of resources and knowledge. Firm resources contain all assets, organizational processes, capabilities, information, firm attributes, knowledge etc. controlled by a firm that enable the firm to design and complete strategies that develop its efficiency and effectiveness (Daft, 1983; Barney, 1991). Firm resources, in the language of traditional strategic analysis, are strengths that firm can apply to conceive of and use when implementing strategies (Porter, 1981). Also another typical barrier for a SME to internationalize is limited amount of international contacts (OECD, 2009).

Internationalization as a term is broadly used and needs clarification, Welch and Luostarinen (1988) argues that it tends to be used practically to define the outward movement in a particular firm's or larger grouping's international operations. They also mention that the usage could be extended further in order to deliver the following definition: the process of expanding involvement in international operations. Inward and outward aspect of the processes have become more closely linked in the dynamics of international trade, which is an important reason for approving a broader concept of internationalization.

The definition of internationalization should be emphasized that once a firm has launched the process, there is no certainty about its continuance. As the documentation displays that reverse of de-internationalization can exist at any level but is specifically likely in the early stages of export progress (Welch and Luostarinen, 1988). There is a tendency in small firm literature to examine

the process of internationalization as evolutionary (Luostarinen, 1979; Johanson and Wiedersheim-Paul, 1975) through which firms become progressively committed to, and affected in, international activities, but at a certain point can also become reciprocal and occur in de-internationalization (Calof and Beamish, 1995).

2.3.1 Background of the internationalization as a process

The Uppsala school was one of the first studies made about the internationalization of a firm, and it is a process model of internationalization where the internationalization happens gradually and by increasing the knowledge in order to reduce foreignness (Johanson and Vahlne, 1977; Johanson and Wiedersheim-Paul, 1975). early interest towards Uppsala model, there has been narrow theoretical progress since the pioneering developments of Johanson and Wiedersheim-Paul (1975), Johanson and Vahlne (1977), Wiedersheim-Paul, Olson, and Welch (1978), and Luostarinen (1979). In Johanson and Vahlne 's (1990) more recent study they accepted this lack of research interest during the 1980s, noting that some effort was given for further development of the internationalization concept. Afterwards, discussions have been made about the conceptual and theoretical soundness of internationalization models (Andersen, 1993), the absence of dynamism (Oesterle, 1997), and of contrarious research findings (Millington and Bayliss, 1990; Luostarinen and Welch, 1990; Knight and Cavusgil, 1996; Benito and Welch, 1997). Liesch et al. (2003) states that even if various types of studies on firm internationalization have been done much is still to be accomplished.

However, Oviatt and McDougall (2005) introduced the model of entrepreneurial internationalization, where Born Global (BG) or International New Ventures (INV) since their inception is targeting international markets. BGs and INVs are considered to have unique resources, certain valuable assets and capabilities of using alliances and network structures to control a relative percentage of vital assets that acquire sustainable advantage that is transferable to a foreign location.

Recently, the internationalization of firms and markets has become more usual, mostly because over the past decades entering new markets as challenging as before (Tatoglu et al., 2003). They also mention that various countries have opened their borders for foreign investors and the information technology has enabled the management of overseas subsidiaries.

2.3.2. Beginning phase of the internationalization of a SME

There are numerous amounts of researchers, who have studied the forces stimulating the firm's decision to sustain, commence, or develop international process. Also there are different elements, which may drive the SMEs to begin their expansion into international business. These stimulating elements, such as: existence of idle operating capacity; prevalence of home market constraints; pressures by domestic competitors; identification of business opportunities in overseas markets and encouragement by external agents, become active only to the extent that the factors are carried under scrutiny of the executive who does the strategic decisions of the firm (Miesenbock, 1988).

Certain studies have underlined how smaller firms tend to begin their internationalization process after they have gained more experience and become successful in their domestic markets (Reid, 1981; Andersen and Rynning, 1994; Havnes and Senneseth, 2001; Wiedersheim-Paul et al., 1978). The stage-wise internationalization process by Johanson and Vahlne (1977) has been criticized (Bell et al. 2003) and later regenerated (Johanson and Vahlne, 2003, 2009) any scholars still prefer the idea of incremental internationalization process, with growing the amount of knowledge and experience within the firm before expanding to the foreign markets (Kyvik et al., 2013)

Bell et al. (1992) and Etemad (1999) noted that SMEs often do not have enough resources, experience, skills and knowledge to operate in foreign market, which them in disadvantageous position compared to other multinational corporations. According to some authors, smaller firms usually

begin their internationalization as members in larger firms international value chains (Dana, 2001; Gimenez and Ventura, 2005). However, studies in the field of SME internationalization claim that the influence of globalization is not only beneficial for large MNEs, but smaller firms can also exploit the global marketplace and perceive the opportunities for business growth and development (Winch and Bianchi, 2006). the benefits o both micro and macro-environment level acquired from international trade (Bell, 1997), similar literature also proposes that smaller firms tend to be more vulnerable to barriers linked with resource limitations, operating difficulties and trade restrictions (Katsikeas and Morgan, 1994; Leonidou, 2004). Internationalization essentially includes a high degree of risk and SMEs usually have more restricted resources to survive with the drawbacks of overseas expansion (Buckley, 1989). Thus, some authors have mentioned that the barriers to entry that restrict growth in foreign markets are systematically lower for larger firms than smaller firms (Acs et al., 1997; O'Farrel and Wood, 1998).

2.3.3 Motivational aspect of the internationalization of a SME

According to OECD (2009) growth and knowledge-related motives are effective factors for SMEs to begin their internationalization. More precisely growth-related factors seem to be more important to SMEs, reflecting their ascending acknowledgment of the international pathways and possible potential for future business growth. Additionally, SMEs' depository of knowledge resources and search to leverage knowledge advantages locating in external actors also appears to accordingly push and pull them towards internationalization.

There are some studies on the market-based view where market conditions would straightforwardly influence decisions whether expand in international markets (Caves and Porter, 1978; Porter, 1979). The idea behind the perspective is when domestic market is not lucrative enough, firms would be more interested in the possibility of discovering new foreign markets.

Furthermore, as the firm acquires more experience, resources from the foreign markets, distribution decisions between domestic and foreign markets will be dependent upon each market's situation (Leonidou and Katsikeas, 1996; Kamakura et al., 2011).

Managers need to comprehend the importance of their own motivations and attitudes, timing, consistency, managed growth, business networks and learning when executing the internationalization strategy (Kyvik et al., 2013). As a matter of fact, they need to comprehend that the mental models they obtain could form their principal obstacles to internationalization (Chetty and Campbell-Hunt (2003).

In reevaluating the literature about exporting motives, differing classifications have been recognized in earlier studies (Aaby and Slater, 1989; Bilkey, 1978; Miesenbock, 1988). Katsikeas and Piercy (1993) updated the motives in several categories: decision-maker characteristics; firm-specific factors; environmental factors; firm characteristics and ongoing export motives. Crick and Chaudhry (1997), mentioned that within the category areas such as firm size, export experience and export involvement all have an influence on the motives for exporting. they wrote that firms are probably motivated by certain impetus, depending which stage of internationalization process the firm situated.

Crick and Chaudry (1997) argued that probably the most important factor in SMEs is the entrepreneur (owner/manager) or senior management team. Since they are the ones in key role of the firm, and determine the level of commitment in company's exporting operations. according what the person in the key role decides, the company will or will not export, the decision is based on facts how the decision-maker perceives the desirability to sell overseas for reasons such as profit, growth and other alternative objectives. Chetty and Campbell-Hunt (2003) particularly recognized the decision-makers' determination, social networking skills, and risk propensity as main driving power in the internationalization of a SME.

2.3.4. Firm's pre-export behavior

Johanson and Wiedersheim (1975) suggested a model where the focus is in the organizational forms of international business engagement. The model contains three different export stages and one post-export stage, each step standing for greater commitment level to overseas markets. After all, the model emphasizes the critical role of obtaining information and increasing the amount of it while executing the internationalization path, also reducing the uncertainty concerning the operations and overseas markets. Bilkey (1978) proposed a theory where export development process was dependent on physically distant countries. In other words, from the firm's perspective physically further situated markets were psychologically more challenging to approach. The model was based on six distinct stages of export development in relation to managerial attitudes, and in empirical testing, the results revealed that export activity could be seen as learning process where organizations increasingly become more familiar with foreign markets and operations.

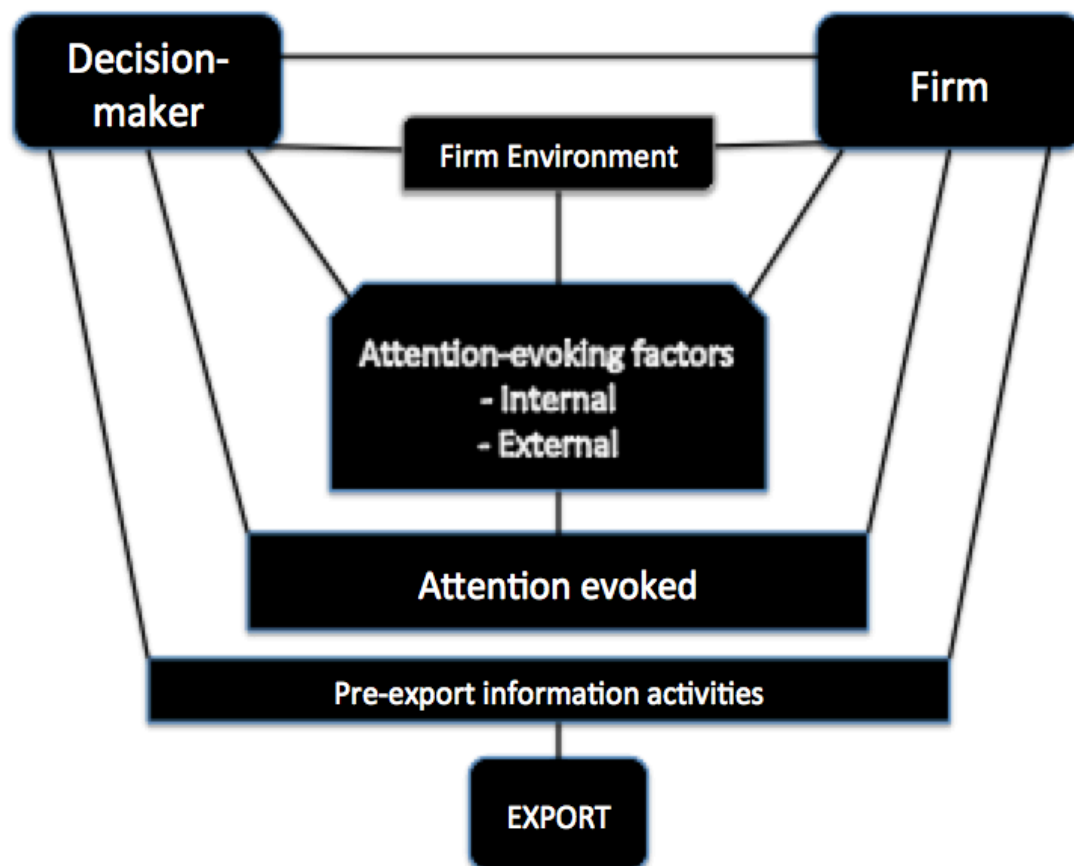


Figure 3. Factors affecting the Pre-export Activities of the Firm Model, (Wiedersheim-Paul et al., 1978).

The Figure 3, investigates the pre-engagement stage of the firm's export development method. The decision maker has an important role in the model, and usually in smaller firms the entrepreneur has the responsibility of choosing the right strategic decision (Wiedersheim-Paul et al., 1978).

There are numerous studies that suggest different type of models that contain various stages of export behavior (Johanson and Wiedersheim-Paul, 1975; Bilkey, 1978; Wortzel and Heidi, 1981; Cavusgil, 1984; Moon and Lee, 1990; Lim et al., 1991; Rao and Naidu, 1992; Crick, 1995). Despite divergences among the numerous studies made, their contents and numbers of stages, one can conclude that export process can be separated into three wide stages: pre-engagement exporting, initial exporting, and advanced exporting (Uon, 2003).

INTERNAL STIMULI	PROACTIVE	Achievements of economies of scale
		Special managerial interest/urge/aspirations
		Products with unique qualities
		Possession of a special competitive advantage
		Potential for extra sales/profits
		Need to achieve corporate growth
	REACTIVE	Offsetting sales of a seasonal product
		Utilisation of idle operating capacity
		Stagnation/decline in domestic sales/profits
		Reducing dependence on/risk of domestic business
EXTERNAL STIMULI	PROACTIVE	Encouragement by external agents/organizations
		Identification of attractive foreign opportunities
		Exclusive information on foreign markets
		Government export assistance/incentives
		Contacts after participating in trade fairs/missions
	REACTIVE	Initiation of exports by domestic competitors
		Competitive pressures in the domestic market
		Favourable foreign exchange rates
		Saturation/shrinkage of domestic market
		Receipt of unsolicited orders from abroad
OTHER MISCELLANOUS STIMULI		

Table 2. Internal and External Stimuli classified (Leonidou, 1998)

The internal stimuli are usually gained from experiences in the domestic market and the importance of internal stimuli to export has been broadly examined. The product itself may have an impact on whether the product is exported to overseas markets, also the uniqueness of the product has a significant role (Vernon, 1966). other various factors can stimulate a firm to analyze the possibility of internationalization potential opportunities presented by the nature of a firm and its management (Wiedersheim-Paul et al., 1975; Bilkey and Tesar, 1977; Oviatt and McDougall, 1994), the attendance of interested managers with the applicable firm and market experience (Johanson and Vahlne, 1977; Cavusgil, 1984) and network memberships (Håkansson, 1982). ther effective view of internal stimuli include the ambition by decision-makers to achieve corporate objectives, anticipatory risk control to

deal with decrease and stagnation, and higher competitiveness in the markets (Valos and Baker, 1996; Leonidou, 1998)

Vernon (1966) and Vernon and Wells (1986) argues that demand as and its influence on scale economies and relative factor costs have been emphasized as valuable external stimuli. Leonidou (1998) saw that external stimuli are possible to present through government support or competition in the domestic market. Alternative external stimuli involve the placement of unrequested inquiries or orders and contacts from overseas consumers after trade fairs (Bilkey and Tesar, 1977; Cavusgil, 1980) and information obtained through national and international partners (Sharma and Johanson, 1987; Johanson and Mattsson, 1988). Recent born global literature argues that the necessary for internationalization has become severe as a result to the stimulating effect of globalization forces, more intense competition, liberalization of trade and improvement in technology (McDougall and Oviatt, 2000; Chetty and Campbell-Hunt, 2004). Ohmae (1994) perceives the globalization forces as an external stimulus by generating opportunities through the promotion of cultural uniformity and social transformation, Liesch and Knight (1999) inserts that by lowering the barrier to internationalization through transaction speed up processes.

Katsikeas and Piercy (1993) present an advantageous summary of internal firm-specific factors, which have occurred in previous studies to stimulate firms to export, including: available production capacity (Diamantopoulos et al., 1990; Johnston and Czinkota, 1982; Sullivan and Bauerschmidt, 1988); differential firm advantages (Cavusgil and Nevin, 1981; Cavusgil et al., 1979; Wiedersheim-Paul et al., 1978); and economies resulting from additional orders (Kaynak and Kothari, 1984; Sullivan and Bauerschmidt, 1988).

2.3.5. Owner-manager aspect of the internationalization of a SME

In the literature of the role of the decision-maker in the organization has clearly noted as the principal force behind introduction, development,

sustenance, and success of a SME internationalization (Joynt and Welch, 1985; Chetty and Hamilton, 1993; Ward, 1993; Kohn, 1997; Zou and Stan, 1998; Lindsay et al., 2003), because of the full responsibility of managing the firm (Miesenbock, 1988). Moreover, it is noted that the success of SMEs in overseas markets is not only affected by the availability of resources, but also firm networks and managerial abilities (Chandler and Hanks, 1994; Bell et al., 1998). According to Kyvik et al. (2014) top managers of small firms often integrate the roles of entrepreneur, owner and manager, and they are considered to represent the key gatekeepers for organizational learning and change.

Leonidou et al. (1998) argues that management is responsible for the mode, direction and pace with which the firm progresses along the international path. Various export development models base on the argument that the decision-maker is examined as the key factor in order to push the firm from one stage to another, specifically through the interaction of decisions concerning overseas market commitment and knowledge (Reid, 1981; Cavusgil, 1982; Barrett and Wilkinson, 1986; Holmund and Kock, 1998; Andersson, 2000).

According to Hobdari (2011), the intensity of firm's exports is a consequence of a broad array of strategic actions, which target to boost the firm's competitiveness and therefore, promote firm's exports. Moreover, the success of previously mentioned strategic actions in supporting firm exports depends on the competence and stimulus of the firm decision-makers to recognize and operate on the opportunities linked with doing business overseas, yet the firm owners are in position where their role is to provide the managers the right support and motivation to internationalize (Collinson and Houlden, 2005; Filatotchev et al., 2001; Reid, 1981). There exist various studies that associate the firm's ownership and its exports, or in general the internationalization of firm activities (Filatotchev et al., 2001, 2007; Buck et al., 2000; Hoskisson et al, 2000).

Mostly managerial ownership implies that the owners have invested remarkable amount of their fortune into particular firm, which makes them more unwilling to take risks (Hobdari, 2011). Additionally, operating in foreign

markets indicates noteworthy risk and uncertainty his type of unwillingness to take risks may avoid them to boost and engage in internationalization strategies, even if it was effective. This harmful impact seems to escalate with the amount of managerial ownership (Beatty and Zajac, 1994; Denis et al., 1999; George et al., 2005). On the other hand, some studies argue that, managers that are driven by prestige and power may ffect an over-internationalization (Denis et al., 2002). In consideration of transition countries, there is empirical evidence that export intensity and propensity is influenced significantly and positively by managerial ownership (Filatotchev et al., 2001, 2002, 2007). Hobdari (2011) discovered that owner type is an important element of internationalization strategies, with different owners demonstrating dissimilar attitudes towards internationalization.

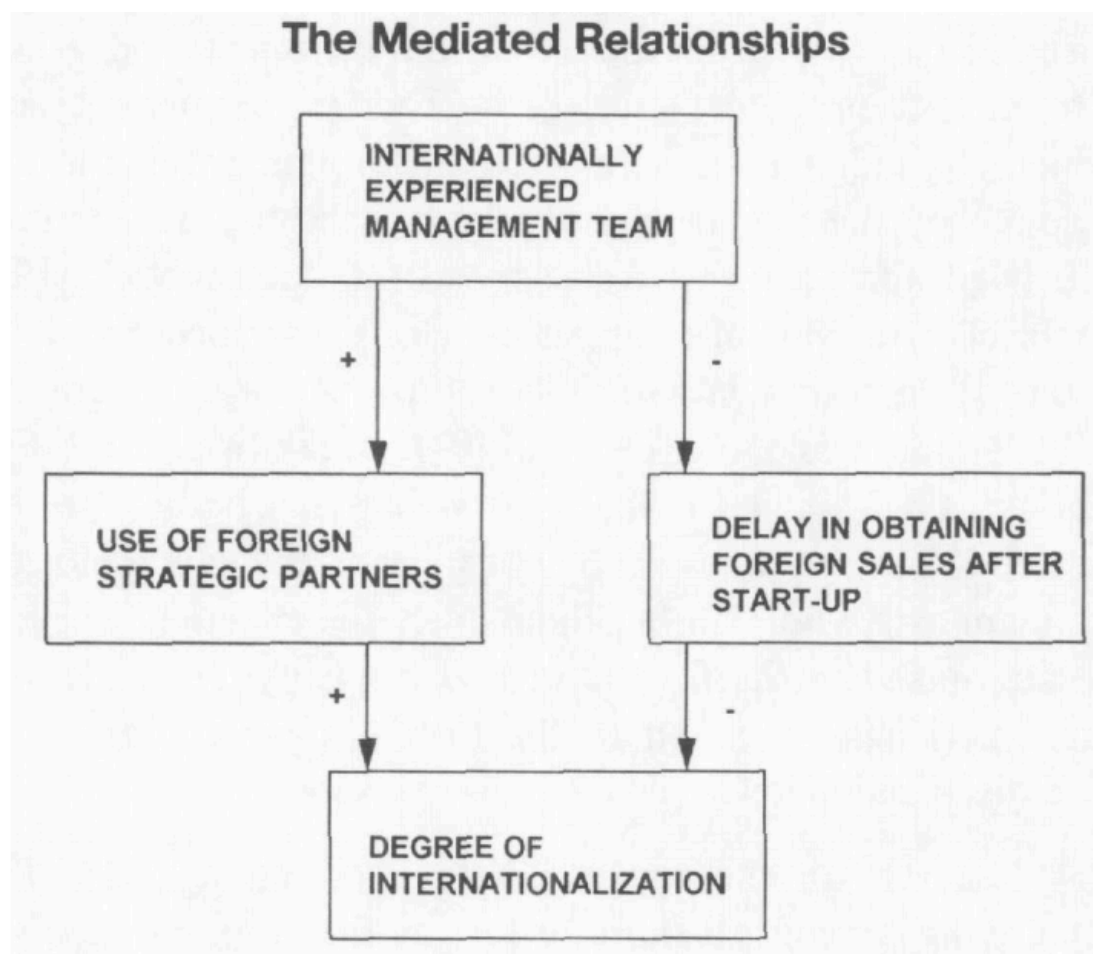


Figure 4. The mediated relationships (Reuber and Fischer, 1997).

Reuber and Fischer (1997) indicated that the founder or the owner-manager in SMEs have a huge responsibility in a firm's internationalization. They added that the experience of the decision-maker is in a key role considering the behavior of an SME as a result this behavior has an effect in consequent firm performance. Figure 4, explains the two possible behaviors that internationally experienced leaders may use in their firm's internationalization. The first behavior signifies the use of foreign strategic partners these are formed in order to facilitate entry into foreign markets. More experienced top managements tend to use partnerships, since they have better competence to recognize, attract and engage partners (Eisenhardt and Schoonven, 1996). The second behavior has the same goal as the first one, but the difference is the speed with which foreign sales are first obtained after . The most interesting part of this behavior is how long the firm delayed before selling in foreign markets instead of how long a firm has been selling in foreign markets. Management teams with international experience in SMEs are probably to delay less. The level of internationalization is basically associated to the management team's internationalization knowledge his type of knowledge apprehends the procedural and technical element of the internationalization process (Ciszewska-Mlinaric and Mlinaric, 2010).

2.3.6. Push and pull factor aspect of the internationalization of a SME

Etemad (2004) wrote about the theoretical concept of the *push forces*, which includes a set of drivers that are pushing the firm from the inside towards internationalization. In other words the force drives the firm's strategy along the internationalization and usually the forces are entrepreneurial in nature. Additionally it is the Schumpeterian quest for generating possibilities particularly when the firm has innovative products, services or processes and is ready to accomplish them. Practically the push factors accelerate the

internationalization of SMEs to utilise international opportunities notably when domestic market's passivity may prevent the SMEs attempts (Bloodgood et al., 1996).

The *pull forces* of internationalization in Etemad's (2004) opinion are the drivers in the external of the firm, which improve the firm's ability to compete or offer an alluring inducement for internationalization. Previously spoken drivers pull the firm by indicating the advantages of more extensive and wealthier international markets. Additionally the author wrote that these forces might appear in terms of supplying encouragements that motivates the firm towards internationalization. Moreover, these drivers may also make the internationalization easier, cheaper and even faster.

Factors Pushing SMEs' Internationalization Process	Factors Pulling SMEs' Internationalization Process
Founder/Manager Characteristics	Liberalization of International Markets
Economics of Operations	Advances in Information, Communication, and Transportation Technologies (ICTTs)
Characteristics of Competition and Strategy	Attraction and Resources of Patterns
Economic R&D, Innovation, and Technological Change	Attraction of Serving Current Buyers' and Suppliers' International Needs
Characteristics of High-Technology Products and Markets	
Strategic Logic of International Operations	

Table 3. Factors pushing/pulling SMEs' Internationalization of a SME. (Adapted Etemad, 2004).

Moreover, motivations are considered to be the “pushes and pulls” to internationalize (Bartlett, 1991) and “proactive and reactive” SME motivations (Czinkota, 1982). Generally in the literature, the partition is almost identical and has been characterized as internal (firm-based) and external (environment-based) forces to internationalize the firm. Proactive impetus indicates the firm’s interest in leveraging internal strengths or opportunities in foreign markets, whereas reactive motives instantiate a reaction to organizational or environmental pressures (Johnston and Czinkota, 1985; Leonidou, 1989; Pavord and Bogart, 1975; Pett et al, 2004). Tatoglu et al. (2003) found in their research that “the main retail internationalization motives were associated more with host country-specific attractions than home country and firm-specific factors”, which supports the proactive belief.

2.4. Different Internationalization approaches

In line with Sui and Baum (2014) if a firm has a large inheritance of resources, it is easier for the firm pursue strategies that are challenging to copy by the competitors, which gives the firm a competitive advantage. Yet, there is no single internationalization approach that dominates other strategic approaches under every circumstances in addition internationalization approaches are a vital moderator for the survival of the firm and its resources. Filatotchev and Piesse (2009) argue that internationalization decisions represent the strategic choices that have an influence in designating the firm’s performance and survival. Also firm’s resources eventually define the flexibility of firm’s possible approaches. The further a firm broadens its businesses geographically, the more demanding it becomes to control its overseas market activities; “dealing with foreign government officials, laws and agencies, suppliers, and customers increase the complexity of managing such an enterprise, taxing managerial resources and expertise” (Brouthers et al., 2009). a firm’s tangible and intangible resources are influencing the scope of internationalization approaches and strategies (Tan et al., 2007).

2.4.1. Foreign direct investment

Coviello and McAuley (1999) recognized three distinctive schools of internationalization research, where the economic school of Foreign Direct Investment (FDI) is the first one. The FDI explains internationalization with the argument that firms select a structure that is optimal for each stage of production by determining the cost of economic transactions. Also, the firms consequently select the organizational form and location for which overall transaction costs are minimized. Transactions are seen to be high risk and requiring notable management time or other resource commitments are more probable to be internalized as part of an organization that is structured hierarchically (Coviello and McAuley, 1999).

Aharoni (1966) and Newbould et al. (1978) suggested that the FDI is a managerial decision-making process. Aharoni (1966) noted that FDI decision process possesses five stages of activity characteristics: First is an “initiating force”, which provokes a non-investor. Second is the investigation, and third is the decision to invest (this includes a process of growing commitment within the firm). Fourth stage is the review and negotiation within the firm, and final stage is the organizational change ‘through repetition’ (over time).

2.4.2. Uppsala-Model

Johanson and Vahlne (1977) created a theory regarding the psychic distance, where internationalization activities of the firms begin from physically close markets and used such as exporting as a market entry method, even if it was the less committed mode of entry. Internationalization process occurs through increase of foreign market knowledge, later predominantly through experience, and not until then they start to raise their foreign market commitments and finally spread out to more physically distant markets. Theory explicates how risks in foreign markets can be conduct by increasing the amount of tacit

knowledge about chosen target markets and gradually change their commitments to those selected markets. The previously reviewed model does not concern accelerated internationalization and an entrepreneurial behavior of internationalization, but it does focus on traditional cross border behavior.

From the perspective of the Uppsala-model barriers for internationalization are lack of knowledge and commitment. Market information that is needed in order to internationalize can be gained through international operations (Johanson and Vahlne, 1977). As a result, internationalization process depends on whether the firm has enough market knowledge and commitment.

Uppsala-model is the most popular model concerning the internationalization process (Knight and Liesch, 2002). The model explains how firms increasingly strengthen their commitments in overseas markets as it gains experiential knowledge in the target market (Johanson and Vahlne, 1977). Ruzzier et al. (2006) described that the model is an incremental process, where the firm tries to control the risk by taking small steps toward internationalization. Also, the firm is aiming to keep risk-taking at a low level, because it is not willing to risk its long-term profitability (Johanson and Vahlne, 1977). Even if the Uppsala model is the most popular internationalization theory, it has still been criticized among the researchers. Internationalization process is seen as slow and arduous, but it does not represent all the cases. The model does not explain entirely the factors affecting small firm's internationalization (Bell, 1995) and internationalization stages (Li and Dalgic, 2004), because in reality there is a possibility of skipping some stages of the model (Hollensen, 2007). These days the needed information is available and hiring experts can provide desired experience, which means that learning can be accelerated significantly an organization (Hollensen, 2007). The model emphasizes the internationalization strategies that occur through indirect exporting and subsidiaries, but does not mention a word about strategies concerning e.g. joint ventures (Bell, 1995).

2.4.3. The Network Perspective

The network perspective is the third school that Coviello and McAuley (1999) recognized in their research, and it has not considered being traditional school of internationalization. This view focuses on non-hierarchical systems where firms invest in order to bolster and observe their position in international networks (Johanson and Mattsson, 1988, 1992; Sharma, 1992). According to (Johansson et al., 1988) the network approach signifies that the firm's internationalization process occur through establishing and improving its position in relation to counterparts in overseas markets. That can be achieved in three different methods: (1) establishing its position in relation to counterparts in domestic networks that are unfamiliar and fresh to the firm, i.e. *international extension*; (2) by improving the positions and adding resource commitments in those networks in foreign markets that the firm already has existing positions, i.e. *penetration*; (3) by incrementing coordination between positions in divergent domestic networks, i.e. international integration.

This perspective is influenced from the theories of social exchange and resource dependency, and its focal point is in organization behavior in a framework of a network of inter-organizational and interpersonal relationships (Axellson and Easton, 1992). According to Coviello and McAuley (1999) previous relationships can include customers, suppliers, competitors, private and public support agencies, family, friends etc. and organizational boundaries as a result contains both business and social relationships. Furthermore, the internationalization is rather dependent on a firm's set of network relationships than its specific advantages.

2.4.4. Innovation models

Andersen (1993) and Berkema et al. (1996) identified two approaches to examine the process how firms internationalize: the group of Innovation-Related Internationalization Models; and the Uppsala Internationalization Model. models consist similar characteristics of different stages with higher level of commitment in a foreign market.

The focus on this section is in the first group of models, which are based on Rogers's stages of the adaptation process (Rogers, 1962). Comparable to these models is that the internationalization process is seen as a series of innovations for the firm. Their focal point is entirely on the export improvement process, specially the SMEs (Leonidou and Katsikeas, 1996). The process is conceived of as a number of fixed and subsequent stages, in spite of the variation between different models and their number of stages determined, which fluctuate from three to as many as six stages (Bilkey and Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Reid, 1981). From the support of a comprehensive review of these models, three general stages have been classified: the pre-export stage; the initial export stage; and the advanced export stage (Leonidou and Katsikeas, 1996).

2.4.5. Born globals

Born global (BG) term has been widely used to describe several events (Oviatt and McDougall, 1994; Rennie, 1993) and there are also other terms that are used to define a similar phenomenon such as International New Ventures (INVs) (McDougall et al., 1994), high technology start-up (Jolly et al., 1992) or Born again globals (BAGS) (Bell et al., 2001). Svensson (2006) argues that regardless of some disputes in terminology the divergent terms INVs, BAGs, high technology start-ups etc. refers to the equivalent phenomenon. Knight and Cavusgil's (1996) contributions about the BG literature has functioned as the inspiration for most of the empirical studies made later and they define BGs as "small, technology-oriented companies that operate in international markets from the earliest days of their establishment". Most of the studies made concerning the topic of BGs demonstrated that internationalization is a function of managerial mindset and cosmopolitanism (e.g. Oviatt and McDougall, 1994; Madsen and Servais, 1997).

The term born global was first mentioned in the academic literature in the beginning of 1990s (Rennie, 1993; Kyvik et al., 2013). Born global model describes the small entrepreneurial firms with an international focus from the

outset and targeting on rapid internationalization (Moen and Servais, 2002; Bell et al., 2003; Oviatt and McDougall, 1994, 1999). Also, most of the BGs possess a knowledge-based competitive advantage, and typically in the form of managerial or technological innovation, or both (Kyvik et al., 2013).

Harveston et al. (2000) discovered that managers who gradually evolve through the internationalization are less globally oriented than managers in BG firms. Additionally by using the global mindset, SMEs are able to skip the incremental process of internationalization and focus on instant internationalization, on a full extent. Knight et al. (2004) notifies that the BG phenomenon demonstrates a significant challenge to traditional internationalization process. There has been a lot of discussion between different researchers about the criterion of a BG, but Knight (1997) considers the most valuable criterion to be associated the amount of overseas sales. Additionally, the overseas sales are required to be at least 25 % of total sales and must have happened within three years after its foundation, moreover Kuivalainen et al. (2012) added in previous requirements that a “true” BG was also selling its products in five or more foreign countries.

Oviatt and McDougall (1994) explains that BG firms do not necessarily own foreign assets, but strategic alliances may be put in an order for the use of foreign resources such as marketing or manufacturing capacity. As a summary, Knight et al. (2004) outlines five characteristics that usually typical BGs execute in their internationalization. First, internationalization in BG firms happens almost from its foundation. Second, initial selling and overseas selling is typically targeted to various markets simultaneously. Third, initially targeted markets can be psychically and physically distant from the domestic markets. Fourth, the initial foreign market entry mode may differ between various strategies, involving exporting, joint ventures, licensing, foreign direct investment (McDougall and Oviatt, 2000). Fifth, BGs are usually highly entrepreneurial and willing to take risks succeed in their international activities.

The definition made by Knight (1997) incorporates extent, but it leaves out the scope. Madsen (2012) argues that the definition of the BGs should contain scope, extent and in addition the speed of the firm's international outreach.

The reviews of literature concerning BGs and INVs have indicated that the definitions of the phenomenon are rather different and that a comparison of descriptions has not been executed out consistently (Rialp et al., 2005; Aspelund et al., 2007; Keupp and Gassmann, 2009; Cesinger et al, 2012).

2.5. Global Mindset and internationalization of a SME

The term 'global mindset' was introduced in the definitions of born globals (Hurmerinta-Peltomäki, 2004), and it refers to "a set of individual attributes that enable an individual to influence other individuals, groups, and organizations from diverse social, cultural and institutional systems" (Begley and Boyd, 2003; Hitt et al., 2007). Modern literature identifies two theoretical beliefs of the global mindset: *cultural* is rooted in the cosmopolitanism ideology (Merton, 1957; Vertovec and Cohen, 2002) and *strategic* is established on cognitive complexity (Levy et al., 2007). The strategic belief of the global mindset underlines the significance of conducting and coordinating activities, that are commonly knowledge based, and necessary for exploiting the profitable international market opportunities (Prahalad and Doz, 1987).

There noticeable amount of studies made concerning managerial characteristics and internationalization. These studies propose that the manager's positive attitude is a consequential factor in separating exporters from non-exporters (e.g. Harveston et al., 2002). Numerous academics and practitioners are seeing global mindset or the cognitive capabilities of key decision-makers as the most advantageous aspect that influences a several array of organizational outcomes (Murtha et al., 1998; Harveston et al., 2000; Jeannet, 2000; Gupta and Govindarajan, 2002; Levy, 2005). Also, some studies propose that global mindset is a prerequisite for rapid

internationalization (Fletcher, 2000; Harveston et al., 2000; Harveston et al., 2002; Knight, 2001; Townsend and Cairns, 2003).

2.5.1. The Concept of Global Mindset

Nummela et al. (2004) defined that the concept of global mindset contains both attitudinal and behavioral elements. The attitudinal element refers in word mindset, which is known in cognitive psychology and organization theory to indicate how people make sense of the world with which they interact (Gupta and Govindarajan, 2002). Few studies have explained that the global mindset describes a manager's openness and awareness of cultural diversity and the capability to control it (Fletcher, 2000; Gupta and Govindarajan, 2002; Kedia and Mukherji, 1999). Additionally, the simultaneous focus on improving a clear understanding of diversity and an ability to synthesize across diversity (Gupta and Govindarajan, 2002). This approach is demonstrated in the proactive and visionary behavior of the manager in the readiness to take chances in developing cross-border relationships (i.e. Fletcher, 2000; Harveston et al., 2000).



Figure 5. Global mindset and related concepts. (Nummela et al., 2004).

Nummela et al. (2004) has defined the global mindset being part of three different concepts. First is the international/foreign orientation, which includes the terms such as international outlook and subjective- and objective managerial characteristics. Second is the international entrepreneurial orientation, which is affected by: pro-activeness, innovativeness and risk taking. Finally the global mindset is also connected to the global orientation, which is associated with: responsiveness, commitment, customer orientation and use of advanced technologies.

Studies frequently refer to individual and organizational global mindset (Begley and Boyd, 2003; Govindarajan and Gupta, 2001). Also multiple studies argue that leadership paradigm that prevailed in the 20th century must be converted to contain an advanced perspective of being/acting/thinking/feeling to better-fit current severely internationalized, competitive and dynamic environment (Adler, 2009, 1997; Bartlett and Ghoshal, 2008; Jeanett, 2000; Werhane, 2007). Organizations need to address the lack of competent international

leaders in order to capture complete benefits of all the opportunities that internationalization has to offer (Lasserre, 2003). Global mindset is a concept that consists holistic appropriateness and is a commonly linked with the mindset that is required for international leadership (Cohen, 2010). After all, global mindset is strongly linked with both entire organizations and individual managers (Cseh et al., 2013).

2.5.2. Manager perspective of the global mindset

Bell et al. (2003) observed that especially in the SME context, the managerial orientation should be the principal driver when executing the internationalization strategy. Fletcher (2000) this mindset contains the ability to control cultural differences, seize international opportunities and the readiness to take risks in forming cross-border relationships. According to Hurmerinta-Peltomäki (2004) managers with previously mentioned capabilities are able to integrate resources from distinct markets better than others, because they have more experience and competencies. The author also argues that it is possible that internationally oriented managers regard wider regions as their home markets, and do not limit their businesses in some specific home markets. Therefore, international entrepreneurial orientation prepares the managers to be more aware of globalization and its consequences, and it also enhances their performances in order to react to the transforming environment.

Hitt et al. (2007) suggest an apparent theory-based association in global mindset and competent global management. They noted that when operating in the global markets, global mindset has a strong influence in information-processing patterns that can be transformed in superior managerial capabilities.

Various authors (e.g. Govindarajan and Gupta, 2001; McCall and Hollenbeck, 2002; Arora et al., 2004; Clapp-Smith and Hughes, 2007) assess the individual's background, nationality, education, language skills, curiosity about

the world, international management training and experience in overseas as factors that integrate global mindset and contribute to the knowledge and comprehension of different cultures and markets. Also, the standard of education and a family member from a foreign country have been mentioned to matter (e.g. Arora et al., 2004; Kefalas and Weatherly (1998). Nevertheless, Nummela et al. (2004) indicated that education does not relate to global mindset, and according to Arora et al. (2004) and Kobrin (1994) neither does the characteristics of the firm.

Despite the conceptual disputes between different researchers, there seems to be an agreement in an issue considering the relationship between the speed of internationalization and the manager's global mindset or orientation (e.g. Harveston et al., 2000; Knight, 1997). As a result, Nummela et al. (2004) has assumed that the global mindset owning managers should be capable of combining resources from various markets, but the authors acknowledge that SME managers do not always have the possibility to enter foreign markets. One of the reasons is the lack of tangible resources in SMEs (i.e. financial, organizational and human) for more involved market entry strategies (Dalli, 1995; Zahra et al., 1997).

Miocevic and Crnjak-Karanovic (2012) argue that global mindset has an impact on decision-making and managerial leadership, especially in export context, where the managerial decision-making is concentrated in the identification, selection and targeting of potentially lucrative investments. In addition, they wrote that if export manager possess the global mindset it helps them identify and target suitable markets for firm's strategic objectives. Knight (2001) discovered that the role of internationally oriented managers was critical for the firms in order to enter foreign markets, and was also pertained to the international performance of the firm. As a result, one could say that globalization demands managers; Fletcher (2000) even claims that it is a principal requirement for international learning. Nummela et al. (2004) found out in their study that international work experience has a distinct relationship with a global mindset.

2.5.3. Firm perspective of the global mindset

Friedman (2005) argued that the phenomenon of today is the rise of new social, political, and business models and influences deep, ingrained aspects of international societies. Hitt et al. (2007) adds that this flattening of the globe symbolizes a radical change and demands that managers of organizations all around the world develop and use a global mindset.

According to Nummela et al. (2004) managerial experience and market features are important drivers of the global mindset, which could be defined as one of the key criterion of international performance. The authors discovered in their study that there is a positive relationship between market characteristics and a global mindset, that there was a significant relationship with the globalness of the market firm operates. Chandra et al. (2009) noted that knowledge-based firms, when entering the international markets, for the first time, have confidence in the “opportunity discovery” rather than “systematic research for opportunities”. This phenomenon can be ascribed to the cognitive capability of the export manager, and defined as the method of how the manager understands the market opportunities in global context.

According to Miocevic and Crnjak-Karanovic (2012) global mindset can be seen as a hidden and cognitive competence of the firm, and not be measured financially.

There are studies that endorse the relationship between global mindset and the successful internationalization of the firm (Arora et al., 2004; Tseng et al. 2004). Parker (1998) explains that in addition to developing a worldwide presence, the international firm traverses regular boundaries, penetrating through nationalistic thinking. In the operations of SMEs is seen that the firms often lack the resources, experience, skills and knowledge that would be necessary in order to succeed in their internationalization (Bell et al., 1992). It is apparent that the lack of essential resources and incompetent management skills as a combination does not give the SMEs an advantage the multinational corporations in the globalizing world (Etemad, 1999). Bouquet (2005) mentioned about the possible negative effects of overstating the

importance on global mindset, which could derive as ineffective use of resources.

2.6. Barriers of Internationalization

Early studies about the barriers of internationalization were focusing external barriers to retailer internationalization (Hollander, 1970). This contained elements in the retailer's broader managing environment relating to currency fluctuations, restrictions and highly competitive markets as critical barriers to US retailers searching for opportunities to expand in to foreign markets (Waldham, 1978). On the other hand, UK retailers noticed unlike consumer tastes, site acquisition, hiring and staffing, language and different competitive conditions as impediments to spread out into other European markets (Alexander, 1990).

Smith et al. (2006) note that export marketing literature has approached the theoretical examination of export barriers from different angles. Also, the effective volume and variety of discoveries arranged the basis of various classificatory techniques, which have been used to accumulate barrier characteristics. The authors continued that some early studies determined between barriers that were derived to the internal and external environments of the organization. Another alternative is a significant categorization in line with operational resource-based, motivational, informational, and knowledge-based barrier type.

McDougall et al. (1992) and Sandberg (1986) argued that if entrepreneurs are willing to become successful and therefore increase economic wealth, they must develop their strategies and accomplish a fit with the external industry constructional variables in their competitive environment. Entry barriers are key industry structural features that influence business performance (McDougall et al., 1992; Porter, 1980) and more precisely according to some authors (e.g. Porter, 1980; Hay and Morris, 1991; Siegfried and Evans, 1994) the most important entry barriers are: economies of scale, capital

requirements and product differentiation (Porter, 1980; Hay and Morris, 1991; Siegfried and Evans, 1994). On the other hand, it has been found that management reluctance and attitudinal barriers are the most significant internal barriers to small firm internationalization, because of the influential role of the decision-maker (Bell, 1997).

According to Robinson and McDougall (2001) most of the entry barrier studies have applied samples composed of established organizations rather than new entrants. In prior studies been in the effects of entry barriers on profitability measures. In comparison there are only few studies (e.g. McDougal et al., 1992; Robinson, 1999) focusing the results of entry barriers on sales growth, and even less studies made on shareholder wealth creation.

Smith et al. (2006) summarized from earlier literature five frequent export barriers: 1) Non-exporting firms tend to regard impediments from perspective than exporting firms. They concentrate more on factors preventing the commencement of export activities, whereas exporting firms are more anxious about the operational, procedural and market-related complications. 2) The nature, the asperity of export obstacles differs not only between export stages, but also between firms at the same stage of export improvement process. 3) The external environmental elements dominating in each individual country extremely affect perceived export impediments. 4) Industry-specific elements are usually accountable for variations in the understood asperity of export barriers across industries. 5) The firm's size usually dictate the nature and influence of export barriers and smaller firms tend to experience its restricting effects more firmly.

2.6.1. Industry-specific barriers

Robinson and McDougall (2001) wrote that a basic proposition from the literature of industrial organization and strategic management is that a high barrier to entry improves the profitability and general performance of established organizations. On the contrary it is expected that high barriers to

entry will negatively on the profitability of new entrants that must spend massively to conquer the established advantages of incumbent organizations (Bain, 1959; Porter, 1980, 1987). Porter (1987) also note that in the industries with high barriers the costs of new entrants may disperse any potential profits, in this manner inhibiting creation of shareholder wealth. In line with Robinson and McDougall (2001), in industries with high entry barriers both new entrants and incumbent organizations would be predicted to earn higher relative sales growth, *ceteris paribus*, because of various determinants. First, early studies determine strong support for the argument that new entrants are not encouraged to enter the markets with high entry barriers (Bain, 1959; Porter, 1980, Dean and Meyer, 1996). Second, organizations in dominant state may concentrate upon perpetuation of high profit margins while allowing some new entrants to explore their capabilities in the market (Sharma, 1998; Arend, 1999; Gimeno, 1999). Finally, former studies argue that trade-offs occur between seeking profitability and sales growth during the same period, specifically for new entrants (Stigler, 1968; Biggadike, 1979; Murphy et al., 1996; Robinson and McDougall, 1998). Powell (1996) also discovered that entry barriers had differing results, when measuring the profitability and sales growth for established incumbent organizations.

Bain (1956, 1959) stated that contrasting entry barriers are not compatible proxies for one another and empirically proved the significance of solving the results of different entry barriers on performance and profitability. Former theory suggests that the results of unlike entry barriers on performance may be possible upon industry life cycle stage and venture strategy (Bain, 1959; Hay and Morris, 1991; Porter, 1980). Robinson (1999) found that industry structural features have diverging results on differing measures of venture performance and profitability. Even though, cash flow and survival are crucial performance measures for new ventures (Carter et al., 1997), still prior studies of performance measures used in entrepreneurship studies propose that profitability and sales growth are the most appropriate performance goals for new ventures (Chandler and Hanks, 1993; Murphy et al., 1996; Robinson, 1999). Moreover, Evans et al (2008) identified following issues as the key factors of external barriers to retailer internationalization; government

regulation, economic and political instability, cultural differences, exchange rate fluctuations and distribution difficulties.

2.6.2. Firm-specific barriers

According to Smith et al. (2006) the firm may confront export barriers at any stage of internationalization, from pre-export, and other initial stages, to extensive stages of international commitments. However, the accumulate nature of these obstacles tends to vary between these stages (Leonidou, 1995).

Early studies concerning the informational barriers associated to a lack of knowledge have argued that the owners of small firms do not necessarily have the resources, or business skills to compound and clarify the needed information required (Czinkota and Johnston, 1981; Kaynak and Kothari, 1983; Morgan and Katsikeas, 1997). Furthermore, according to Karazoglu and Lindell (1998) this barrier can drive to contingency regarding market selection and entry strategy resulting in an expanded perception of risk. Also the limited amount of human and financial resources required to begin internationalization have been proclaimed as a key barrier experienced by SMEs in developing business in foreign markets (Nummela et al., 2006). Finance-related barriers have been emphasized as the most critical obstacle, identified in relation to credit access problems, cash flow and delays in payment which can eventually discourage the small firm owner from internationalization (Bannock et al., 1987; Alvarez, 2004; OECD, 2008b).

OECD (2009) study identified top four internationalization barriers for SMEs. These four barriers are: 1) Shortage of working capital to finance exports; 2) Identifying foreign business opportunities; 3) Limited information to locate/analyze markets; and 4) Inability to contact potential overseas customers. Also the study recognized a fifth barrier that was a 'lack of managerial time, skills and knowledge'. Previously mentioned barriers are defined in the following section:

Shortage of working capital to finance exports

Lack of sufficient funding and associated physical resources is seen to be a leading barrier to the internationalization of SMEs. There observations concerning the disadvantages faced by exporting SMEs, relative to their incumbent competitors, for example in respect of operations and term loans. Also SMEs are facing other disadvantages such as lack of capital requirements, firm resources and limited access to vital infrastructure.

Limited information to analyze/locate markets

In a study made by EFIC (2008), insufficient information of foreign markets appeared as a top barrier of internationalization. Among the firms that took a part of the previously mentioned study, this element was accentuated as the most noted internationalization barrier. Additionally, the study argued that the information gaps continue to be a crucial challenge to SMEs, even if today extensive information is more available through different channels.

Inability to contact potential foreign customers

Recent studies strengthen the significance of this barrier (e.g. Crick, 2007; Barnes et al., 2006; Kneller and Pisu, 2007). Crick (2007) emphasized the complexity of locating competent representation in target export markets, but the other two studies recognized finding a suitable overseas market partner as a key barrier to the internationalization of the SMEs involved in the studies. Furthermore, Rundh (2007) discovered that Swedish exporting firms had difficulties of accessing to appropriate distribution channels in international markets.

Lack of managerial time, knowledge and skills

Limited managerial knowledge base induces difficulties and has arisen in a various studies as a top barrier to SME internationalization. According to a study made by UPS (2007), managerial risk understanding and lack of knowledge about foreign markets was

identified as primary arguments for not involving in foreign trade. In recently made studies, the lack of SMEs managers' internationalization knowledge came out as a main barrier to export initiation (AMSCO, 2006). Smith et al. (2006) discovered differences in managerial understanding among firms with different cultural backgrounds.

Rank – Weighted factor	Description of barrier
1	Shortage of working capital to finance exports
2	Identifying foreign business opportunities
3	Limited information to locate/analyse markets
4	Inability to contact potential overseas customers
5	Obtaining reliable foreign representation
6	Lack of managerial time to deal with internationalisation
7	Inadequate quantity of and/or untrained personnel for internationalisation
8	Difficulty in matching competitors' prices
9	Lack of home government assistance/incentives
10	Excessive transportation costs

Table 4. Top ten barriers perceived by the SMEs (OECD-APEC, 2007)

Hutchinson et al. (2009) discovered that the firms that participated their study perceived internal barriers as more critical than external factors. Also, the retail SMEs recognized several key barriers relate to owner/manager not only the insufficient amount of vision, market knowledge, transferability of the product or concept to the new market, but also fear of losing control, legislative and logistical barriers.

3. RESEARCH METHODOLOGY

This section will discuss the research methodology used to guide the study. The word research has been defined by various authors, but Creswell (2008) defined it as "a process of steps used to collect and analyze information to increase our understanding of a topic or issue", he also continued that it contains three steps that are: 1) Pose a question, 2) collect data to answer the question, and 3) present an answer to the question. Saunders et al. (2009, 595) defined methodology as the theory of how one should begin research, involve the theoretical and philosophical assumptions upon which research is based, and also the implications of these for the procedure or procedures followed.

3.1. Research approach

The research approach for the study was a bit difficult to decide, since neither deductive nor inductive approach seemed to be appropriate. There are various theories concerning the internationalization of SMEs, and there is no unique path to become an international operator in any industry. Theories used in this study were not decided in advance and the theory base evolved during the project. Therefore the purpose of this study was not necessarily to invent novel theory, but more likely to increase the amount of knowledge that is already known. However, the possibility to deliver new theory was not excluded.

Dubois and Gadde (2002) explained that "the main objective of any research is to confront theory with the empirical world" they also argued that "in systematic combining this confrontation is more or less continuous throughout the research process". The research approach used in this study is abductive, because it seems to be the most appropriate approach. Therefore, the explanations for the research questions are developed by integrating the results of empirical findings with the earlier literature. According to Dubois and Gadde (2002) systematic combining is an argument for a powerful dependency on theory that is proposed by true induction, and it is even more distant from deduction. Abduction has inspired the systematic combining to be the proper approach for case studies (Dubois and Gadde, 2002).

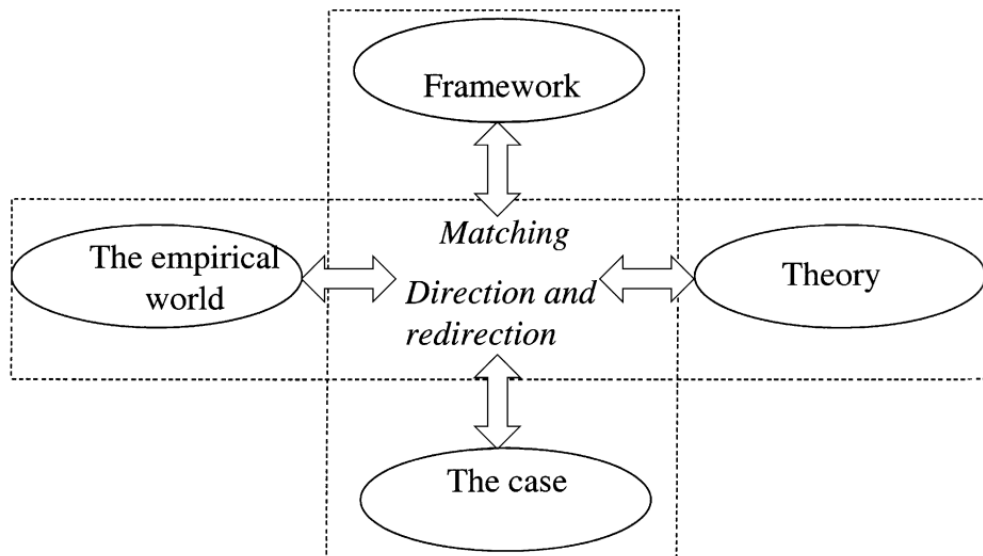


Figure 6. Systematic combining (Dubois and Gadde, 2002)

According to Timmermans and Tavory (2012) abductive approach rests on the cultivation of discrepancy and unexpected empirical discoveries against a background of diversified existing theories, and it requires a fundamental reconsideration of core ideas linked with the grounded theory.

3.2. Research design

Various authors have defined the research design, but Burns and Grove (2003, 195) defined it as a blueprint for leading a study with the dominion over factors that may interfere with the validity of the discoveries. Parahoo (1997, 142) defined it as a plan that illustrates how, when and where data to be assembled and analyzed. The nature of the goal of this study and the research questions indicated that this study is an exploratory study. An exploratory study is appropriate for explaining your understanding of a problem (Saunders et al., 2009). According to Sandhusen (2000) exploratory study will develop range of reasons and alternative options for a solution of a particular question.

The empirical part of the study consists of three chapters. The first chapter explains the research methodology applied in this empirical part of the study.

The second chapter focuses on the results gathered from the empirical data and analysis. In that chapter the case firms are being analyzed separately and later compared using the cross-case approach. According to Eisenhardt (1989) the idea behind cross-case searching methods is to obligate researchers to go beyond initial impressions. The last chapter focuses on conclusions and discussions of this work, which consists for example the reliability and validity of this work. The work was sent to the interviewees in order for them to check if they have something else to add to this study.

3.3. Research strategy

According to Yin (1994) case study is “an empirical inquiry, in which the focus is on a contemporary phenomenon within its real-life context”, and it is suitable for studying many variables of interest, or multiple sources of evidence etc. Dubois and Gadde (2002) argued that the case study approach has become a widely used method in many scientific disciplines. Case studies can contain a single or multiple cases, and various levels of analysis (Yin, 1984, Saunders et al., 2009). This study contains multiple cases to gain more understanding about SMEs. On the other hand, case studies have also been criticized by various authors. Yin (1994) mentioned several criticisms towards case studies; they do not necessarily have a basis for scientific generalization, the data has not been handled systematically, and the entire process takes too long and ends up with unreadable documents. If a study requires data from several instances in order to understand and compare the phenomena and outcomes, then the use of multiple case studies is reasonable (Saunders et al., 2009). According to Saunders et al. (2009) multiple case studies allow the possibility of making generalizations from the found data. In this study the use of multiple cases is rationalized because the goal of the study is to understand how the internationalization of the certain SMEs occurred, and which factors caused the outcomes of the internationalization.

3.4. Case Selection

In the beginning, 22 Finnish SMEs that have participated the IEC – course held in LUT in 2012-2014 were under scrutiny. After analyzing all the data collected from the IEC – course and secondary sources found from different websites, it was possible to create the categorization of the firms. Thereafter, the four most interesting cases were selected for the follow-up interviews. The possible case firms also needed to fill certain criteria, namely that the firms had to represent each main category of the figure 7. Another criterion was that the firm needed to have some turnover during its existence, because including firms with at least some turnover decreases the possibility of having a firm with no serious intention to internationalize.

		Small			Mid-Range				
		0-5 years	5-10 y	10 - < y	0-5 years	5-10 y	10 - < y		
Domestic		X X	Ekogen	X				Stable Grown	
		X	X	X			Entteri		
International		X					X	Stable Grown	
		X X Templey X X				X X X	X X Fantasia Works		

Figure 7. Categorization of the firms and the locations of the case firms.

The case firms were picked in order to get more understanding about their internationalization; they represent all of the main four categories. All the case

firms are in different phase of the firm life cycle, but the conjunctive factor is that they have expressed their willingness to internationalize. Two of the firms were considered "small" firms, and other two as "medium" sized, and in both groups there is one firm that represents a successful internationalization, and one that has failed in their internationalization attempt. The aim was to achieve as much information about the internationalization of the case firms, and also examine their motives and motivations through the attempt. One other aim was to identify factors leading to successful internationalization, and also to gather information about the barriers and actions that SMEs need to experience during the attempt.

3.5. Data collection

The primary data for the empirical part of this study was collected by using the semi-structured interview method. The interviews were done by selecting the appropriate people to represent each of the case firms, three out of the five interviewees were founders of the firms. One of the two interviewees who were not founders was the Developmental Manager, and the other one is the firm's current Director of Sales and Marketing. The interview consisted of average of 20 questions, which were divided under four different topics. The interview questions are available in the appendix 1. The four different topics were discussed always in the same order, and in the end of the interview, there some time reserved for open discussion the subject. The interviewees received a list of topics that be discussed a minimum of a week before the actual interview which enabled them to refresh their memory about the issues that were handled. The interviewees were informed to reserve enough time for the interviews, which was a maximum of an hour. Most of the interviews happened via Skype, because of their distant location or the urgent schedule, but one was conducted face-to-face in a public cafeteria.

3.6. Data Analysis

As the data for this study has been collected twice from the case firms, and also from secondary sources as well, there is a possibility of focusing in something nonessential, but according to Miles and Huberman (1994) people are meaning-finders in other words people are able to make sense of the most disorganized events really quickly. The crucial question should be whether the significations found in qualitative data through the tactics outlined in the study are repeatable, valid, and right (Miles and Huberman, 1994). The cases in this study are first analyzed separately, and the success/failure factors, the global mindset, and the barriers are identified individually. In the end, the cases are reflected and , in order to identify the factors affecting successful or unsuccessful internationalization. The collecting of the qualitative data for this study started in 2012, and continued until 2016. The data gathered from several interviews, various secondary sources, and the interview method of the four case companies semi-structured. The semi-structured interviews were recorded and afterwards transcribed into a written format, and usually the duration of the interview was about 40 minutes each, so there was a total of about 160 minutes of recorded data. The total amount of written paper after transcription was about 40 pages, and the transformation from voice recorder to written format was initially made after each interview. The semi-structured interviews and the transcriptions were conducted by the interviewer, which was time-consuming, but it helped during the data analysis process.

4. EMPIRICAL FINDINGS AND ANALYSIS

In this section the chosen firms are being overallly examined and also all the materials collected from the interviews are analyzed. The aim is to identify interesting significances from the case firms, and discuss the empricial findings. Another aim is to analyze the data and examine their importance and consequences throughout the internationalization attempt. Firstly, the case firms and the interviewees are introduced shortly before moving to the central issue. Another topic is the issues linked in the internationalization, such as the antecedents, actions, and outcomes. Third topic is the global mindset, and if the case firms possessed it. In case they have got it, did it assist the internationalization attempt? Thereafter, the barriers of internationalization are discussed and how the case firms tried to overcome such issues. Final topic of this chapter is the cross-case analysis, and it was done in order to examine the similarities and differences among the case firms.

4.1. Description of the Case Firms and Analysis

In this chapter the case firms are introduced and examined one-by-one, and the information data has been gathered from the primary and secondary sources. Different factors concerning the internationalization attempt of the case firms are handled in order. the end of this chapter, all the four case companies are put in the cross case analysis.

4.2 Ekogen Oy

The interwieevee of Ekogen Oy, Dr. Lasse Koskelainen has been the Chief Executive Officer and also the Chief Technology Officer. He is the founder of the firm, possessing years of experience in teaching in different universities.

He has got international work experience, and was one of the developers of the Ekogen's product, CHP (combined heat and power plant).

Ekogen Oy was a Finnish firm that operated in energy and heat sector, and it was founded in 2006 by Dr. Lasse Koskelainen. The firm was marketing, selling, developing and manufacturing a small combined heat and power plant (CHP). The firm operated only in Finnish market and in business-to-business segment, but the firm had intention to internationalize.

According to Dr. Koskelainen the st of the firm was their technology knowledge that had been gained from the university and from the that Dr. Koskelainen was working with, initially this knowledge was gained from his personal studies. Another thing that helped the firm in the beginning was the appropriate investors, which gave the suitable prerequisites in order to develop the technology.

In 2012, Ekogen participated in the IEC – course held in Lappeenranta University of Technology (LUT) and the students made the first interview. The strategy of the firm was to first acquire a good reference from the domestic market and then internationalize in other European countries. The firm goals when participating the IEC- course were:

- Build a pilot plant by October 2012
- Recruit three more employees
- Cover 7-9 foreign markets with 27 million turnover by 2016

Unfortunately, up to the present from the three goals, only one was achieved. In August 2012 the firm build the pilot plant in Taipalsaari, and it was put in to use in November 2012. Dr. Koskelainen told that while the firm was testing the pilot plant, it was also executing marketing work, and their goal was to get a reference from domestic markets in order to shift their focus European markets. He added that the firm stumbled in selling their idea for the potential customers, and also the timing for such a device was not favorable, even though the pilot plant was in use for almost a year after all the municipality of Taipalsaari not afford to keep the plant in operation. The result was that the firm went bankrupt in 2014.

Ekogen Oy obtains most of the characteristics of a SME mentioned by Hollensen (2001); the firm had limited resources during their entire existence, additionally the firm was small and so was the organization which that their decision-making happened via owner and manager. Also the firm's flexibility was high and the firm used mostly cheap channels to gather information about potential target markets, but they still managed to find potential customers with lot of interest towards the firm's product.

4.2.1 Internationalization attempt

The founder of Ekogen told that while the pilot plant was in use, the firm focused on making market researches about the European markets. These market researches revealed that the most interesting markets from the firm's viewpoint were Hungarian, Italian, and German. In the firm acquired connections in Germany, it also almost established a local partnership in order to realise business practises. Bilkey (1978) mentioned in his theory that physically further markets were psychologically more challenging to approach, but in this case Ekogen identified the potential markets further than the neighboring countries.

The firm targeted markets based on screening the markets through three different meters: 1) the price of electricity, 2) the availability of the fuel, and 3) the level of target market's infrastructure. The technology that the firm has invented does not fit in all circumstances, for example urban areas using district heating are not suitable, on the other hand the technology suits targets such as: areas of small industries, countrysides, and areas outside of the center. According to Dr. Koskelainen it was a coincidence that Hungary turned out to be in a developmental phase where th kind of technology that Ekogen developed was desired by the local government. He also added that there was even a government's programme that supported combined heat and power technology, and Hungary is still interested in applying their technology. Leonidou (1998) categorized two different stimuli that can have an affect in internationalization, and in this case there were both stimulus that could have

boost the internationalization of the case firm. As internal stimuli the firm obtained at least a product with unique qualities and of course special managerial interest, since the product was created by Dr. Koskelainen himself. On the other as external stimuli the local connections and governments encouraged the firm, and also the firm identified attractive foreign opportunities with their market researches.

The path for the firm to internationalize was simple; after gaining a reference from domestic market, the firm would have expanded Europe, and later on physically more distant markets. There are plenty of studies made that argue how smaller firms are trying to establish a business first in their home country and then internationalize with the relevant reference acquired from the domestic market (Reid, 1981; Andersen and Rynning, 1994; Havnes and Senneseth, 2001; Wiedersheim-Paul et al., 1978), unfortunately Ekogen never succeeded in selling plants to any customers in Finland, even though they had the pilot plant running in the municipality of Taipalsaari. Bilkey (1978) mentioned in his theory that physically further markets were psychologically more challenging to approach, but in this case Ekogen was not afraid of begin the internationalization somewhere else than the neighboring countries.

At the moment, Dr. Koskelainen is investigating the possibilities for the supply-chain in Hungary and Italy here have been negotiations with both countries and they have been looking for suitable partners that would be willing to manufacture a country-specific implementation. The partners, whom the firm had before the bankruptcy, have been huge help in the current process.

4.2.2 Global mindset and motives

Fletcher (2000) explained that when one does obtain the mindset it has the ability to control cultural differences, identify opportunities, and take risks in forming international relationships. Ekogen's motive to internationalize was the market outlook, and in the beginning when the firm examined the amount of potential customers in Central and Southern Europe the number exceeded

thousands of promising target customers. At the same time, European Union was supporting green energy objectives, which enhanced the carbon dioxide-free electricity generation, and encouraged the combined heat and power plant production. Dr. Koskelainen mentioned that during that time Germany quit using nuclear power and they were exploiting different kind of procedures how to develop local energy, and Ekogen's power plant had a lot of technological factors that supported its use.

Dr. Koskelainen explained that he has tried to avoid leadership, and the one who has functioned as the CEO has been more suitable for the role. In addition, he described himself as a person who works better alone, focuses more on developing technology, and fabricates things by his own hands. Hurmerinta-Peltomäki (2004) wrote in their article that managers with capabilities mentioned by Fletcher (2000), are able to assimilate resources from distinct markets extremely well, because of their gained experience and competencies. Dr. Lasse Koskelainen wanted to focus product development, therefore the firm hired a person who had strong experience of working internationally, and also had wide networks in energy and environmental fields.

Several authors (e.g. Govindarajan and Gupta, 2001; McCall and Hollenbeck, 2002; Arora et al., 2004; Clapp-Smith and Hughes, 2007) have argued that individual's background, language skills, education, curiosity, international management training, and experiences in overseas are factors that assimilate global mindset. Dr. Koskelainen told that he has spent two years of working outside of the Finnish borders: the first time he taught in Bosnia, and the second year he spent in Danish university. The first CEO of Ekogen had international experience working in Netherlands, and the last CEO of the firm had international experience working in Bangladesh, Indonesia, and Brazil.

Ekogen identified its international opportunities by the made-up marketing researches, and also he had the perception that the firm's technology could have more possibilities to be applied in Europe than in Finland. Also, the bioenergy, and the collaboration of heat and electricity has been used widely

in Finland, and there is not an urgent need for combined heat and power production. He continued that when he was visiting different conferences around Europe, the atmosphere was distinct from Finland, and elsewhere in Europe the technology is clearly needed. In that sense, since the beginning internationalization was on Dr. Koskelainen's mind, and he explained that it was not clever to develop the technology for Finnish markets only, but for international markets as well, in addition it had to be something that is capable of being duplicated without difficulty, and also applicable in all kinds of circumstances. Hurmerinta-Peltomäki (2004) argued that internationally oriented managers consider wider regions as their home markets, and do not limit their businesses in their home markets. Dr. Koskelainen told that Ekogen's market potential was 5% in Finland and 95% elsewhere, and they had only been seriously monitoring european markets, not so much of the rest of the world.

4.2.3 Barriers

Ekogen's Dr. Koskelainen mentioned that one of the barriers was the regulated electricity market, but it has become more untied. He added that there local monopolies in energy market, and these electricity companies are large and powerful, in addition they still want to precisely regulate who can join their networks, especially with combined heat and power plant. Some authors have noted that new entrants must spend enormously to conquer the established advantages of incumbent organizations (Bain, 1959; Porter, 1980, 1987). He also mentioned that the wind power, and solar energy industries have similar difficulties with the electricity companies, because these companies that deliver electricity can dictate freely. Fortunately, this problem has vanished and also the situation is different than 10 years ago. Additionally, Dr. Koskelainen told that financing was also one of the barriers, and someone from TEKES (Center of Financing Innovations) said to him that they have financed so many different new technologies that they are beginning to cede with the production development of the fuel industry. Dr. Koskelainen admitted that it is a major problem not to have financing, especially in the beginning of

the internationalization of the firm. Finance-related barriers have been categorized among several authors as being the most critical obstacle, which may result in the end of the small firm's internationalization attempt (Bannock et al., 1987; Alvarez, 2004; OECD, 2008b). He added that poor people cannot afford to internationalize, and to become international one must have a financier who has plenty of money, and also an organization with enough know-how and international contacts.

According to Dr. Koskelainen the substantial difficulty was the financing, and the firm spent a lot of time finding investors, and they succeeded in acquiring a significant investor and a co-owner. Ekogen tried until the end to overcome the barriers, but at some point everybody just kind of lost their faith in making the domestic and international breakthrough. On the other hand, the ministry of employment and the economy of Finland did much of legislation work in order to change the law to be more favorable for firms such as Ekogen, and during minister Pekkarinen the regulations changed radically.

4.2.4 The Future of Ekogen Oy

The internationalization attempt of Ekogen ended since the firm never obtained the reference from the domestic market, which unluckily resulted that the firm's activity finished and they went bankrupt, but according to Dr. Koskelainen the intention in the future is to exploit the firm's know-how in some other way. He also explained that one of the factors affecting the firm's failure was the general economic depression at the time, and the companies simply are not willing to invest one million euros in a product which does not have guarantees of paying off in time, and also no certainty that the price of electricity would not increase.

The founder of Ekogen told that the aim is to recreate its business, because the firm has created and developed many great things that have to be taken forward. The goal of Dr. Koskelainen is to find the appropriate partners and channels to start doing business again. He told that he does not want to set any

official goals for the project, but everything is depending on finding the correct strategies and business partners. Lately, he has been visiting different destinations and interviewing people about their interests towards the project. In the end of the interview Dr. Koskelainen mentioned that something should happen during this year or it might be too late. The following figure 8 demonstrates the internationalization attempt of this case firm.

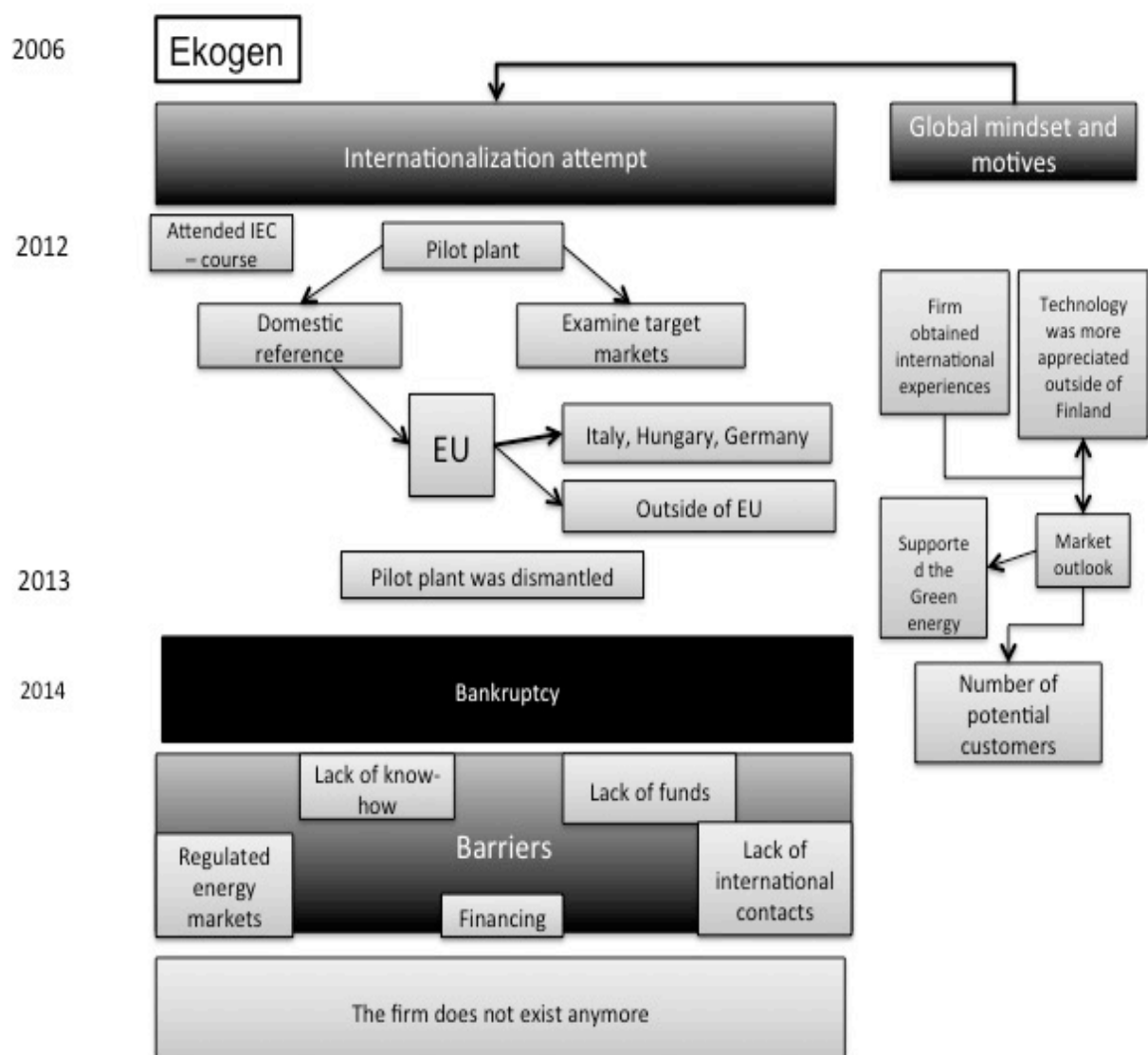


Figure 8. Internationalization attempt of Ekogen Oy.

4.3 FantasiaWorks Oy

The interviewee of FantasiaWorks, Jere Ruotsalainen is the Chief Executive Officer of the firm. He is one of the four founders of the firm, and has a strong background in arts and theatre, but not much in business and management. Unfortunately he does not have much international experience, but he is very determined to take the firm to the international markets.

Fantasiarakenne Oy is a Finnish space design firm, and in 2004 it was established in Kuopio by four co-founders: Paula Kosonen, Juhani Parviainen, Jere Ruotsalainen and Allan Ruotsalainen. Its business activities focus creating thematic environments indoor and outdoor. The focus of the business is in designing memorable experiences for the customers, which are indicated in four dimensions: activity parks, attractions, theme building and theme design. Internationalization and international growth were the reasons why the firm changed its name in 2015 from FantasiaRakenne to FantasiaWorks (Savon Sanomat, 2015). Jere Ruotsalainen, the CEO of the firm, explained that by the time the firm was founded the idea was to bring the theatre concept outside of the theatre. Ruotsalainen explained that the strength of the company is the unique design and concept they have developed for their theme activity park, and also their position in their industry, because there are no similar concepts anywhere at the moment.

In 2013, FantasiaWorks participated in the IEC – course held in LUT and the firm was first interviewed. The initial strategy of the company was to internationalize with the Santa Claus – concept but the markets were too narrow for such concept and it was too small compared to potential profits. The firm had set few goals, which were:

- Create amusement parks' attractions
- Internationalize first with one concept and furthermore with more concepts
- Create own activity park
- Become international

In 2016, the firm has succeeded in most of the goals they set for themselves. They have created few amusement park attractions for different customers. The company tried to internationalize with the Santa Claus – concept, but they discarded the idea because it was too small compared to potential profits. They have created their own activity park and at the moment they are expanding to Germany. (Ruotsalainen, 2016)

FantasiaWorks Oy has got some of the characteristics of a SME described by Hollensen (2001), such as the firm is using outsourced resources, the owner/manager is affecting decision making, and the firm has emergent strategy formation.

4.3.1 internationalization of FantasiaWorks

According to FantasiaWorks' CEO the current focus is in Action Stadium – concept and produce proper activity park concepts on their own. After attending to IEC – course held in Lappeenranta they realized how hard was to sell only one attraction and started to focus on delivering entire parks e said that:

"I think that this is the most significant thing we changed in our strategy, and it is of course better to have 1 000 000 euros deal than 15 000 euros deal".

In order to begin their internationalization, the firm attended IAAPA fair held in Sweden this fall and met people from their industry. This is where the firm found their agents who are currently monitoring the erman markets in order to find some potential customers. The strategy of approaching new foreign markets is to find local agents and resellers for the Action Stadium – concept and at the moment the CEO believes that it is the best way to internationalize. In that strategy allows them to get local knowledge about the environment and market situation esides the firm does not have resources to locate their own salesmen in every target country. OECD (2009) mentioned that growth and knowledge-related motives are effective factors for SMEs to internationalize, and an external actor also appears to push and pull them towards

internationalization. The CEO explained that the firm begins their internationalization from Germany because it is pretty big market and there seems to be interest towards the firm. The next target markets for FantasiaWorks going to be the Baltic countries, Sweden and Norway.

The factor that assisted FantasiaWorks' internationalization was that they encountered these German agents who were extremely interested in the firm's concepts and wanted to sell their parks in german-speaking areas. The CEO of the firm told that they have been producing some designing work for customers' abroad and built some children's outdoor parks in cooperation with another Finnish firm, but the turnover rate in foreign markets is still zero. In addition to Germany, the firm also has agents in China, but no park in Chinese market has been sold yet. The CEO added that the cooperation with the other Finnish firm is also going to expand especially in UK markets, where the previous customers were convinced.

The firm did not want to begin the Action Stadium – concept from Finland and the main reason for FantasiaWorks to target German markets was the size of the market and the enthusiastic agent they found in IAAPA – fair. The Super Park – concept has already established its position in Finnish markets and the firm has enough references in order to begin to target foreign markets such as Baltic countries and Sweden.

4.3.2. The global mindset and FantasiaWorks

Fantasia Works' CEO told that they want to be the best activity park manufacturer in the world specially in that particular category it is possible to be the best, and that is what they have visioned and created. Also, in his opinion it is good to be best in some particular area, because that interests their agents as well. One motive for the internationalization was the growth of sales. Another motive was that, in the beginning the firm designed unique parks and did not use the advantage of copying its products, which would have helped their production processes. In other words, the firm did not design

identical activity parks, therefore the firm could not use the same production line which would have been much more effective as it resulted in more work and less profit.

“That is actually the only way to get rapid growth and go abroad, but if we need to design every single task every time we go abroad it is going to be (financially) impossible”.

The CEO of the firm explained that the firm does not have much of international experience, but is going to be changed soon, since there is going to be a new member of the board who has been part of building a factory in Poland and owns a firm that exports in Europe and in 40 different countries. According to the CEO, this recruitment has been a conscious selection, because the firm is shifting from the stages to the industrial activity.

The CEO described himself more as a fellow worker than a strict boss. He also added that instead of yelling to his co-workers it is better to give responsibilities to them, which increases the motivation of the employees, and in addition it gives the feeling of achieving the adjusted goals together.

The experience that the firm has in foreign markets is still quite short, but according to the CEO in China the way of doing business is a bit different. He explained that the difference in China is that the commanding chain is so powerful and they have very strict rules, therefore people are following the orders literally and are not given as much responsibilities in Nordic countries or in Europe. At the moment the firm does not have problems with the cultural differences, but the CEO told that it is an important thing to consider in the future.

The firm has identified international opportunities by attending to IAAPA – fairs, and according to the CEO it is the best place to contact the people who operate in the industry, but besides that the agents are the only way to identify the potential customers in foreign markets.

The CEO mentioned that the Finnish market is currently their home market, but in few years the role of it is getting smaller. He added that the number of potential parks in Finland is around five to ten, but after that the focus is elsewhere. Of

course, even when the focus might be elsewhere the firm must cope with the after-sales and maintenance which is 20% of the firm's income.

4.3.3. The Barriers of FantasiaWorks

FantasiaWorks' CEO mentioned that every time the firm invents a new concept they have to prove to its potential customers that it actually works, and this is their most challenging industry-specific barrier at the moment. The CEO explained that with few Super Parks it was more difficult to convince the potential customers, but at the moment they have five Super Parks that are profitable, equipment's are durable, and also the firm is growing rapidly. Thus, the firm has to teach and gain the trust of their potential customer that the concept actually works. Another thing that the firm had to take in consideration when producing its concepts was the regulations concerning the play equipment although the regulations are the same in all the EU-countries and the firm is strictly following these manuals.

The next barrier for FantasiaWorks according to the CEO is the production pipeline. "We need to stream up our processes more like in this industry-related, more lean, and more process type of production", that will be the next phase of FantasiaWorks' production pipeline. He also added that the firm needs more subcontractors, and is working on their weaknesses in order to be more efficient in their production processes. The firm has learned that they cannot produce everything on their own and that they need external help, as a result monitoring appropriate subcontractors is the main focus of the firm at the moment. Additionally, the firm needs help in German markets and other European markets in form of local partners, patent, etc. while assembling their activity parks. The CEO said that overtime they have found better partners, and added that finding suitable partners is essential for the firm's success.

4.3.4 The Future of FantasiaWorks

FantasiaWorks' next target markets are Sweden, Baltic, and German markets. According to the CEO there is interest in China, but the firm is hesitating entering the market with only one park, because the competitors can copy it and the business in China could end earlier than planned.

The aim of FantasiaWorks is to double their income every year and according to the CEO the realistic plan is to get 5-7 million euro turnover in year 2020. The firm recognizes that there are already 15 Super Park's planned, and another part of their goal is to sell 10 Action Stadium's before the year 2020. In the end the CEO explained that there are quite many cities where are over 100 000 residents, so there is a huge potential to sell the firm's concepts. The firm has three potential paths to be successful, first is selling the Super Park – concepts, second is the Action Stadium – concept, and finally there is the theme building in cooperation with the other Finnish firm. The following figure 9 demonstrates the internationalization attempt of this case firm.

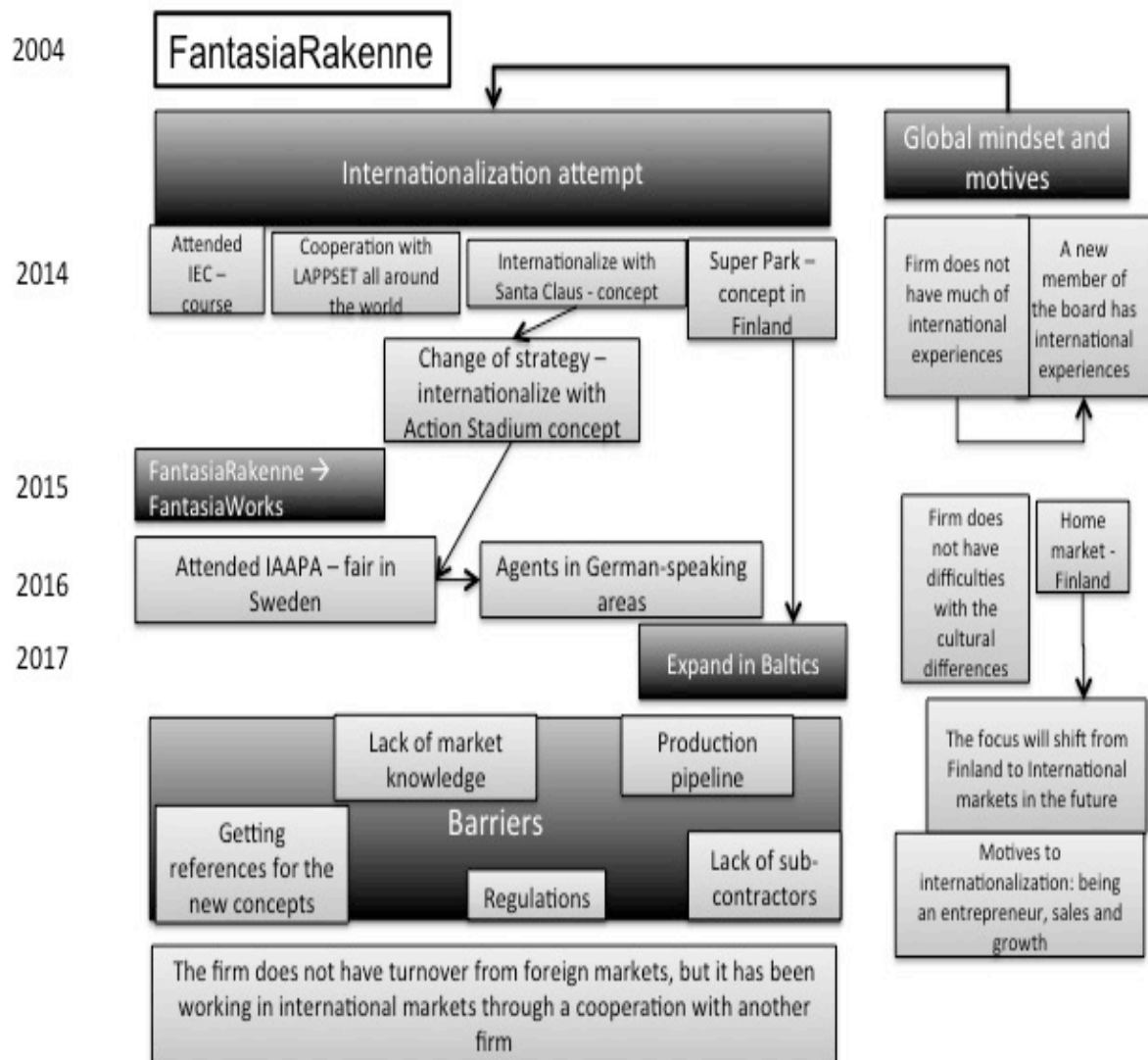


Figure 9. Internationalization attempt of FantasiaRakenne Oy.

4.4 Temploer Oy

The interviewee of Temploer, Markus Itkonen is the Chief Executive Officer of the firm. He is one of the founders of the firm and has also owned another firm before. He has graduated from the university of Oulu, and has years of experience in B2B-sales. He does not possess any serious international experiences, but he is a hard worker and determined to conquer the world.

Temploier Oy was founded in spring 2012 and it operates in the software industry. The firm has developed Software as a Service (SaaS), which specifically is focusing on the B2B health care sector. The idea of the firm's service is to bring together temporary workers and the employer without any middlemen, which usually are the recruitment agencies. The firm decided to focus on the nursing industry, because in this industry it is typical the employers want to select their employees carefully due to the delicate nature of the sector. Currently the firm has international activities in Finnish, Swedish, and in UK markets.

According to Itkonen, the CEO and the founder of the firm, one of the strengths of the firm is their flexibility as an organization, and how fast they can react issues; for the firm is capable of doing changes their service, website, and marketing communications in a short period of time. He added that another strength of the firm is that the concept of Temploier is unique, and there does not exist any similar services in the entire European region.

Temploier participated in the IEC – course held in LUT in 2014 where the firm's CEO was first interviewed. Itkonen then explained that after having successfully internationalized into the Swedish markets, the next target markets were the UK and German markets. The goals that the firm set for themselves for the future were:

- Spread quickly and grow in international markets
- Internationalize in German and UK markets

In 2016, the firm has achieved most of the goals they set for themselves. The first step in UK was to negotiate a deal with one of the largest service providers and the firm succeeded negotiat a deal with a company called Four Seasons health-care, which gives them an opportunity to sell their service in 400-500 nursing home. The firm's plan is to transform the potential piloting customers in the UK into paying customers and then continue expanding in the German markets, but if somehow there appears to be an investor who has insights from some other markets then the next target market may change.

4.4.1 Internationalization of Temploier Oy

Itkonen told that when they were establishing the firm, the basis was that at some point the firm is going to be operating internationally. He added that he was aware that in Finland it is possible to create a small business, but the firm would be more successful if there were more people, nursing homes, and employees, so from the beginning it was easy to put into perspective that in order to become larger the firm must target international markets. He also said that in the beginning it took time to set the service up and running, and when it turned out to be successful in Finland the firm expanded their businesses into the Swedish markets. Itkonen told that it took a year or two before they seriously started thinking about the internationalization. Temploier's first internationalization contacts were made by using Google and the main criteria was that the target market should locate in Europe, because they thought that the US markets would have been very challenging. Itkonen explained Sweden was an easy choice and that they thought that in Sweden everything is a bit bigger than in Finland. He continued that there were two things that assisted the firm achieve its first customers in Sweden one was the organization called FINSVE which helps Finnish firms to begin and develop their businesses in the Swedish market, and another was that the first potential customers had roots in Finland. According to Itkonen this was also the first time that the firm had to do some adjustments to their service in order to acquire customers from the new markets.

Itkonen told that after participating the IEC – course the firm decided to rather focus its resources on the UK markets and then diversify them, because the firm was small and there was a risk of not achieving anything at all with limited resources. Itkonen told that the firm repeated almost the same internationalization strategy for UK as they did for Sweden they contacted an organization called UK Trade and Invest, which was operating in Finland and trying to lure foreign companies in UK, where they got the basic data for UK market. According to Itkonen they also got help from organizations called Finpro and Soprano, but also the firm has self-educated along the journey because they never had tutors or other internationalization consultants.

4.4.2. Global Mindset and Temployer Oy

Itkonen told that one of the most motivating things is being the founder of the firm and entrepreneur, because the success of the firm is on your contribution, and if it is not enough then one can only blame. He continued that money is also motivating, and that there is a slight chance become wealthy, therefore that is also something that an entrepreneur needs to believe in. Itkonen explained that the compensation for the large amount of work that the entire firm has been performing during the couple of years could be better in another job, but the possibility of acquiring more income later is motivational. Itkonen said that in personal-level the most motivating thing is to be able to provide a significant product for the international markets and being part of its progress.

Temployer has gained financial aid from different investors and according to Itkonen the assumption behind the investments has been that the firm will grow significantly, and this kind of a product has to be international in order to satisfy the investors because the domestic market is just too narrow. Also, since the beginning of Temployer there has been a mutual agreement between the founders that eventually the firm is trying to expand international markets. Itkonen told that the future of the firm looks promising and the direction is right, but the firm is not yet in a situation where conclusions about the firm's success can be done.

Itkonen does not have much of international experience except the usual traveling as a tourist, but other employees of the firm possess more advanced international experience. Additionally, the firm hired an employee that had over 11- years of experience from the target markets. He added that the firm does not obtain much of international experience, but that they have this mindset of workers being eager to visit, be, influence, and willing to work in an international environment.

As a leader, Itkonen described himself being flexible and good listener. He can also step up in situations where tough decisions must be done. Although,

Itkonen is involved little bit everything concerning the firm, but he trusts that each employee has their own responsibilities, which they will manage.

Itkonen explained that in business the stereotypes among the countries and cultures are true also feels that as a Finn it is smoother to operate in Finland than anywhere else. He continued that in Finland people tend to tell their opinions quite frankly, and also contacting people by phone or e-mail is much easier than outside the borders of Finland. In Sweden Itkonen has noticed that the atmosphere among the companies is more discussive, and the decisions are made together, which in his opinion makes it more difficult to understand who is responsible of saying the final word. On the other hand, Itkonen understands why firms expand first in Sweden, because the communication is much easier than for example in UK, where reaching people is much more difficult even if one has already met with someone and agreed to discuss about the businesses later. According to Itkonen the communication culture in UK is very selective among the companies, and it is impossible to find any personal phone numbers and if one calls the telephone exchange of some company the voice may not even connect you with the person you are reaching for. Also, sending e-mails does not work either Itkonen argued that one reason might be that UK is such a big country and companies have built larger barriers in order to filter the unnecessary spammers. Another thing that Itkonen mentioned that in UK people do not feel comfortable say no, and it has been a learning process for Temploper to identify when the potential customers really been interested in their product.

According to Itkonen Temploper has learned the hard way how to control cultural differences such as presenting things for the potential customers, and this does not include only sales activities, but also pricing and how to communicate later on with the customer. Itkonen explained that in Finland things are presented more straightforwardly than in UK, where things must be presented much more softly, and these are something that they have adjusted in their communications.

Itkonen said that Temploper identified possible international opportunities through different datas. The firm itself collected the first data, and another data

came from an external project, which confirmed the potential until Itkonen, and the rest of the team went on the spot in order to present their product. In other words, the identification of international opportunities happened by the systematic project, where nothing was handed to them and where they had to work hard to ensure that the product obtains potential in the selected target markets.

Itkonen considers Finland to be the home market of Temploer, but if he could choose the home market again it would be the UK market, because of its potential. He believes that if Temploer happened to begin their businesses from UK, and they would have used the same amount of work tha was used in Finland, the turnover of the firm would be muchgreater. The explanation was that the UK market not used to apply this kind of a product, and according to Itkonen it takes a lot of time before the local habits.

4.4.3. Barriers of Temploer Oy

Temploer is active in several industries but the focus is in health-care sector, and Itkonen mentioned that especially the health-care sector is very conservative, and not using technological solutions. He added that computers are not even used in some nursing homes and all the medical-records are manuscripted, but having a computer and working Internet access is the basis for using Temploer. Additionally, the entire sales process would happen much more efficiently if the people in health-care industry knew better how to use technological devices. Another issue that Itkonen brought up concerning the industry-specific barriers was that most of the nurses are working through a leasing company, and Temploer's product would revolutionize the familiar structure that may feel challenging for their potential customers. Final issue that Itkonen mentioned was that it is challenging to reach out people, even if you have already met or settled something up with them.

Even if Temploer has active businesses in Finland, Sweden and UK, according to Itkonen lack of money is still restricting their marketing activities

and recruiting. He added that in the beginning phase in order to grow faster more resources and more employees are definitely needed. Itkonen highlighted the importance of conquering the market in the beginning phase with enough resources. The current difficulty according to Itkonen is the defective amount of resources, because Temploper has choice where to put their possible resources, and certainly more customers could be visited with more workforces.

Itkonen said that in order to cope with the lack of resources the firm has done very precise budgeting. Also, Temploper needs to quickly transform the pilot customers into paying customers, and of course create the cashflow as rapidly as possible. He mentioned also that the firm has sought funding twice and the third round is about to happen soon, because the firm is still in a stage where external funding is vital especially during internationalization. According to Itkonen the firm's vision is clear, and the product is in good condition, but the only speed bump the road success is relating to the resources.

4.4.4 The Future of Temploper Oy

Temploper's next target market is going to be Germany, but Itkonen explained that if some investor has information that it would be better to expand somewhere else then this should be reconsidered. Itkonen told that Temploper already obtains market data from Germany, and the fact is that where the largest population there is also a big number of senior citizens that need to be taken care of, consequently numbers play a big part selecting the next target markets.

In three years Itkonen visualizes Temploper hav conquered the UK markets and having activity in probably 10-15 other countries from Central-Europe. Itkonen considers the UK market as a practice for Temploper and the aim is to conquer the market in a yeart would give confindence in what the firm is doing, and enough money to expand faster in other international markets. Itkonen is hoping that in the future they have a situation where the firm has enough

resources to expand simultaneously in different markets. First the focus of Tempoyer is in European markets, but Itkonen revealed that US market is also alluring, but as a market it is big that it requires much more resources. The following figure 10 demonstrates the internationalization attempt of Tempoyer Oy.

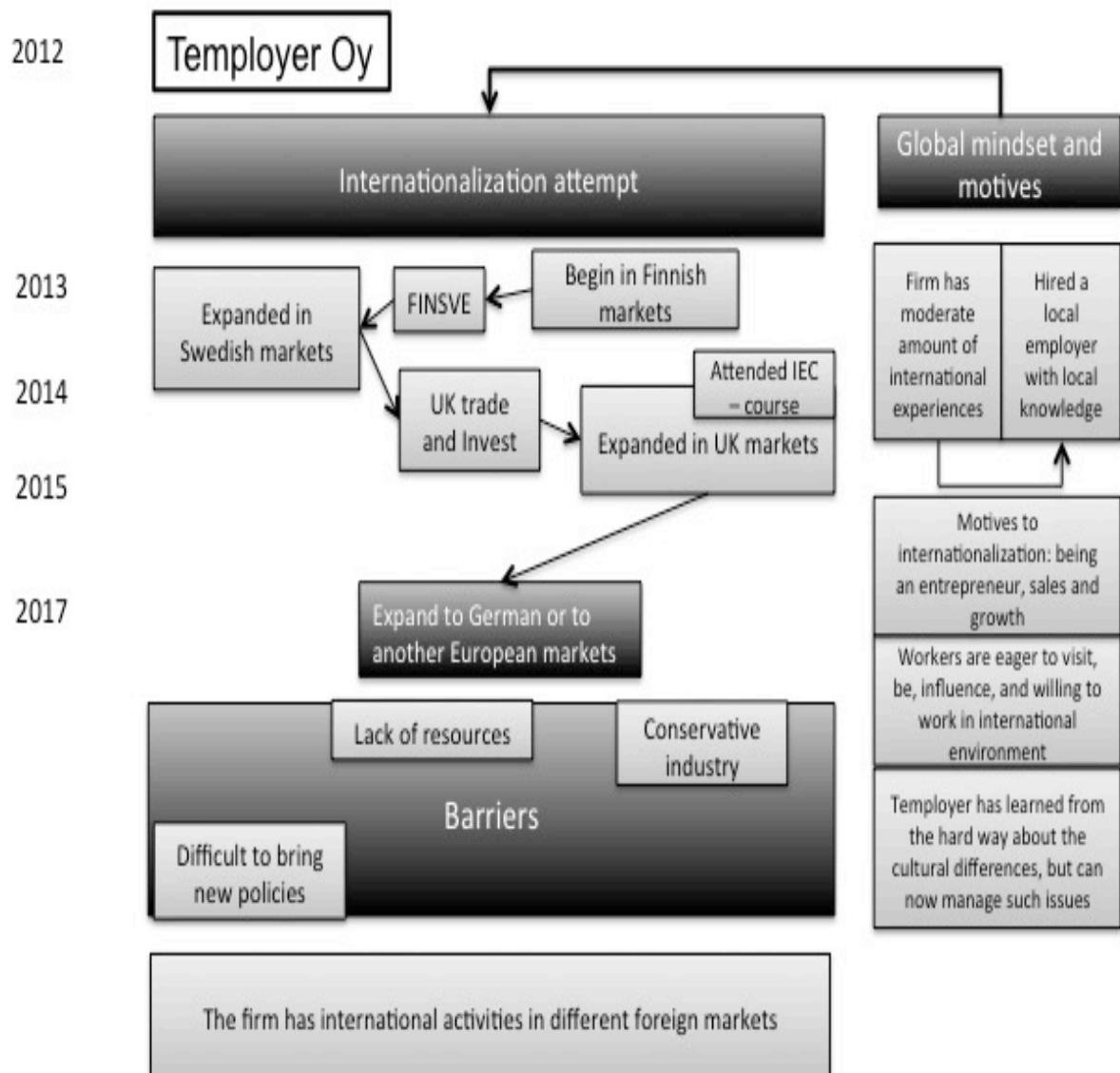


Figure 10. Internationalization attempt of Tempoyer Oy.

4.5. Entteri Oy

The first interviewee of Entteri Oy, Tero Viitanen was the Developmental Manager. He has a plenty of experience on electrophysical methodology, unfortunately he does not have international experience. He is quite goal-oriented and a planner who wants to see things a bit further.

The second interviewee of Entteri Oy, Jani Jääskeläinen is the Director of Sales and Marketing. He is an international business professional with more than decade of experience in business and technology, technology development, and high-technology sales and marketing.

Entteri Oy was established in 1994 and it operates domestically in software development and design sector. The firm designs and develops software solutions for dental health care professionals and its service is fully cloud based and uses rich-client applications. The product of the firm is called AssisDent and it is designed to manage the central processes of all dental health care providers, from booking to billing. Currently the firm is a subsidiary of Planmeca Group, which acquired Entteri in the end of August 2015. According to Jääskeläinen, the cooperation with Planmeca Group allows it to provide more integrated service for their customers.

Viitanen, the former developmental manager of the firm, explained that mostly the strengths of the firm were related to hard expertise in product development, and that the firm had competent engineers and code writers. He added that the weaknesses before the acquirement were on the management level, because it consisted of two men with engineering backgrounds and not so much experience in managing and leading people.

Jääskeläinen, the new director of sales and marketing, said that one of the strengths of the firm is the product itself, because the market in Finland is very complex with all the regulations, so it is easy to adapt in less complex markets than where it is used currently. Additionally he mentioned that the synergies with the Planmeca Group give Entteri important assets for internationalization: financial stability, access to international market knowledge, and brand

recognition. On the other hand, he mentioned that the weaknesses are for example: lack of international competencies, international manners, and not having enough personnel at the moment.

Entteri's participation in the IEC – course happened in 2013, and Viitanen was the firm's representative. He then told that the firm has a dream of becoming internationally recognized, and providing the best available mobile SaaS application for dental health care industry, and that the firm is looking for new markets to enter. The goals that the firm set for the future in 2013 were:

- Aggressive growth in both domestic and foreign markets
- Internationalize in Eastern EU region
- Become an internationally recognized dental health care service

Viitanen told that the aggressive growth in domestic market was achieved, but becoming international was basically left undone. He added that one of the reasons was the lack of competent professionals to begin the internationalization, and another was that the management was not fully prepared or brave enough to take the necessary actions to expand in foreign countries. Viitanen pointed out that the timing for IEC – course was not necessarily the best for Entteri, but probably with the different management or attitude the internationalization could have been achieved. The firm also had plans, but nothing structural, and one problem was that there were plenty of ideas, but none of them were put in the action.

4.5.1. Internationalization attempt of Entteri Oy

After having participated to the IEC – course and receive the report made by the students, Viitanen said that the firm did nothing in order to internationalize, and also that the management believed that participating this course would provide the possibilities to go abroad. Viitanen explained that the IEC - report emphasized the problems that Entteri possessed here were no written plans, budgets, visions, steps or anything else really made concerning the internationalization.

As Viitanen said before Entteri did not have any plans where to begin the internationalization, but the firm received contacts from foreigner partner and customer candidates several times, and once it happened to be a very big vendor from Central-Europe, which basically provides almost everything concerning the dental health care. According to Viitanen after receiving the phone call from the big vendor the plan was to expand in Netherlands, but after all the management decided not to try because they referred not having enough money for the modifications such as translate the interfaces of the program.

Viitanen told that before he joined the firm some market analyses about the Swedish dental health care sector was already done by FINSVE e also added that they were sort of expecting Entteri to expand in Sweden, but it did not happen. Also, the firm studied more about the European markets, and learned that from the firm's perspective better strategy was to begin the internationalization from the East of Finland, because the structure of the market was more beneficial and centralized compared to for example German markets.

Jääskeläinen, the firm's current director of sales and marketing, enlightened the current situation of the firm by telling that the situation has changed dramatically after the acquisition. The interviewee told that he has been specifically recruited to take the firm's products abroad, and that the firm is now part of a Planmeca Group, one of the leading global dental health care device and software providers, which gives the firm a lot more strength and capability to internationalize. According to Jääskeläinen, one of the major benefits of this acquisition is that it allows Entteri to release synergies from the integration of Entteri's software solution with Planmeca Group's hardware and software products (such as dental care chairs, product softwares, etc.). Another advantage is the brand recognition of Planmeca; Entteri can benefit from the global brand awareness of Planmeca and it is also able to use the group's contacts, market knowledge, access to key influencers, and leading dental chains & distributors etc. Jääskeläinen mentioned that having detailed market knowledge and personal contacts is a key advantage as they

cannot be outsourced or bought from consultants, especially in fragmented markets such as the dental market.

Jääskeläinen explained that Entteri had two major reasons to merge with Planmeca group, but basically it was the growth, both horizontal and vertical growth. He added that the founder of Entteri really wanted to expand the business, because it was necessary also in Finland. He said that the market in Finland is getting very polarized, because of certain legal requirements, which means that some of the competitors will exit from the market, and it will leave some small competitors and one or two bigger operators on the market. According to Jääskeläinen, Entteri is the market leader at the moment in Finland in the private dental health care practice management business, and the acquisition helps them to invest in going forward and keeps up the momentum. Also, the founder wanted to grow outside of Finland, but previously it could not have been possible with Entteri's own resources. Jääskeläinen told that Entteri gained more resources, knowledge, and better chances to succeed in internationalization by joining the Planmeca group.

At the moment, Entteri is only selling its products in Finland, but according to Jääskeläinen it is his job now to evaluate the markets and plan where the firm should expand. He added that it is a complex process, and not only the product itself has to be carefully considered, but also the mode of operation, target markets, and other issues related to operating in international markets.

4.5.2 Global Mindset and Entteri Oy

Viitanen told that the motive for Entteri to internationalize was growth, sales, and the belief of having such a good product that it would be compatible internationally. He told that the firm's ideas and product were not the issue, but the structure and the organization was not ready for the internationalization. Viitanen explained that the original plan of the firm was to sell its product only via websites, but during the product development it became clear that it is going to be difficult to deliver it as a single product only.

Jääskeläinen agrees with Viitanen that Entteri's primary motive is the growth, since the size of the market in Finland is quite limited. Additionally, there is a personal motive of a founder who really wants the firm to become international. Going forward is important for Planmeca Group to have a solid software offering as the one who controls the digital environment of the dental chain is in the prime position to sell also hardware which is the main revenue source of the group., Planmeca wanted to shift into this position where they can offer everything from the dental clinic to planning, software, equipment etc.

Motivational things that Viitanen mentioned were that the firm's engineers were doing a good job, and also some of the firm's customers were really helpful in developing the program. Additionally, he said that the cycle was more or less functional as they got feedback and they were able to respond and create something that truly helped the customers. Viitanen also explained that the legislation modified the program in various stages, and that excluded potential smaller customers because the price of the firm's product was too expensive for them. Also, the legislation for handling patient information in electronic form was quite strict which led to a situation where the product development was very significant in order to get the approval from the authorities.

The firm did not possess much of international experiences, and the IEC – course was the only international interface that the firm had experienced while Viitanen was working for the firm.

Jääskeläinen said that the firm lack competencies towards internationalization, and the firm is still using Finnish as its working language, which should be changed to English. Also, the firm should begin in more international manner such as having support capabilities in other languageshe firm also should have local citizens placed to work with the distributors or partners etc.

Viitanen described himself as being quite goal oriented and systematical, additionally he sort of notices the risks before the opportunities and he usually prepares himself if risks do appear. Additionally, he saw that there was a discrepancy between the management and himself in the way they saw things

and worked. Viitanen explained that he would have been focused on some specific markets, but instead the management wanted to exploit all the possible opportunities, even the smaller ones with very limited resources.

TEKES saw some potential in the firm and Viitanen said that he joined the firm TEKES granted some funds for the firm, but it was conditional and funds would have been distributed in two shares, one for the product development and the second half for the international growth. the second half never occurred, because TEKES believed that it would have been used in product development again, and in their opinion there were no clear signs of internationalization.

4.5.3. Barriers of Entteri Oy

Viitanen told that the firm did not have much of industry-specific barriers, but there could have been some barriers relating to the legislation of handling patient information. Also, the firm was expecting difficulties concerning the location of the database storage, because different countries had different legislations, and cloud services also need to have a location in some country. The firm was expecting to have such issues, but they were prepared to hire someone who master the local law. Another thing that the firm was a bit worried about was the level of technological infrastructure in some less developed countries, and could their technology support the software that the firm was trying to provide.

According to Viitanen the firm had several barriers that were slowing the firm's growth outside of the Finnish borders such barriers were lack of expertise, resources, and determination. He explained that there were all kinds of market analyses made by FINSVE and IEC – students, but “within the firm there was not enough expertise to make the decisions based on the information”. Additionally, both external parties gave recommendations and information about the market, but no one made decisions. Finally, Viitanen

said that: *“to be honest, I do not know what kind of information would have been needed to say: Yes, let’s do this!”*.

Viitanen explained that in order to overcome these barriers he tried to push forward the idea of adding actual steps and forming a real structure for whatever internationalization plan they possessed. Unfortunately, it did not help. Viitanen also said that during his employment in the firm, any documentation about the internationalization made by the firm itself was not created.

Jääskeläinen believed that the legislation would not be an issue when expanding to other international markets, especially in the EU, because usually markets are less regulated than the Finnish market. He explained that there might be other needs that Entteri must take into consideration such as change and localize the offering. Jääskeläinen pointed out that the biggest barrier actually is the market fragmentation, which means that the dental practice management business is local and no major cross-market players exist. Since his recruitment to Entteri, he has come to an interpretation that dental markets in general are very local, the dentists are mostly entrepreneurs, and they do not have traditionally bought solutions. After all, Jääskeläinen told that industry-specific barriers are mostly strategic.

Jääskeläinen was recruited to take Entteri’s products abroad, and his job is to evaluate the markets and plan where the firm should expand. According to Jääskeläinen, the firm has begun to make pre-studies and plans where the firm internationalize.

4.5.4 The Future of Entteri Oy

In the beginning of June, Entteri launched a new version of their software, which meets the new governmental requirements of Finland. Jääskeläinen explained that the firm’s priority is to get the software up and running and convince all their customers to use it as soon as possible. Also, during the year of 2016 Entteri is trying to secure the position of being the market leader in Finland,

evaluate the potential target markets and its requirements, and localize the software. In 2017, Jääskeläinen told that the firm will begin to sell more aggressively towards international customers, and hopefully some predefined lead customers could be secured. Additionally, at that point Entteri should prepare the rest of the organization for the international growth, such as support, consultancy, documentation, processes need to be set up, and employees need to have the right competencies. The following figure 11 demonstrates the firm's internationalization attempt.

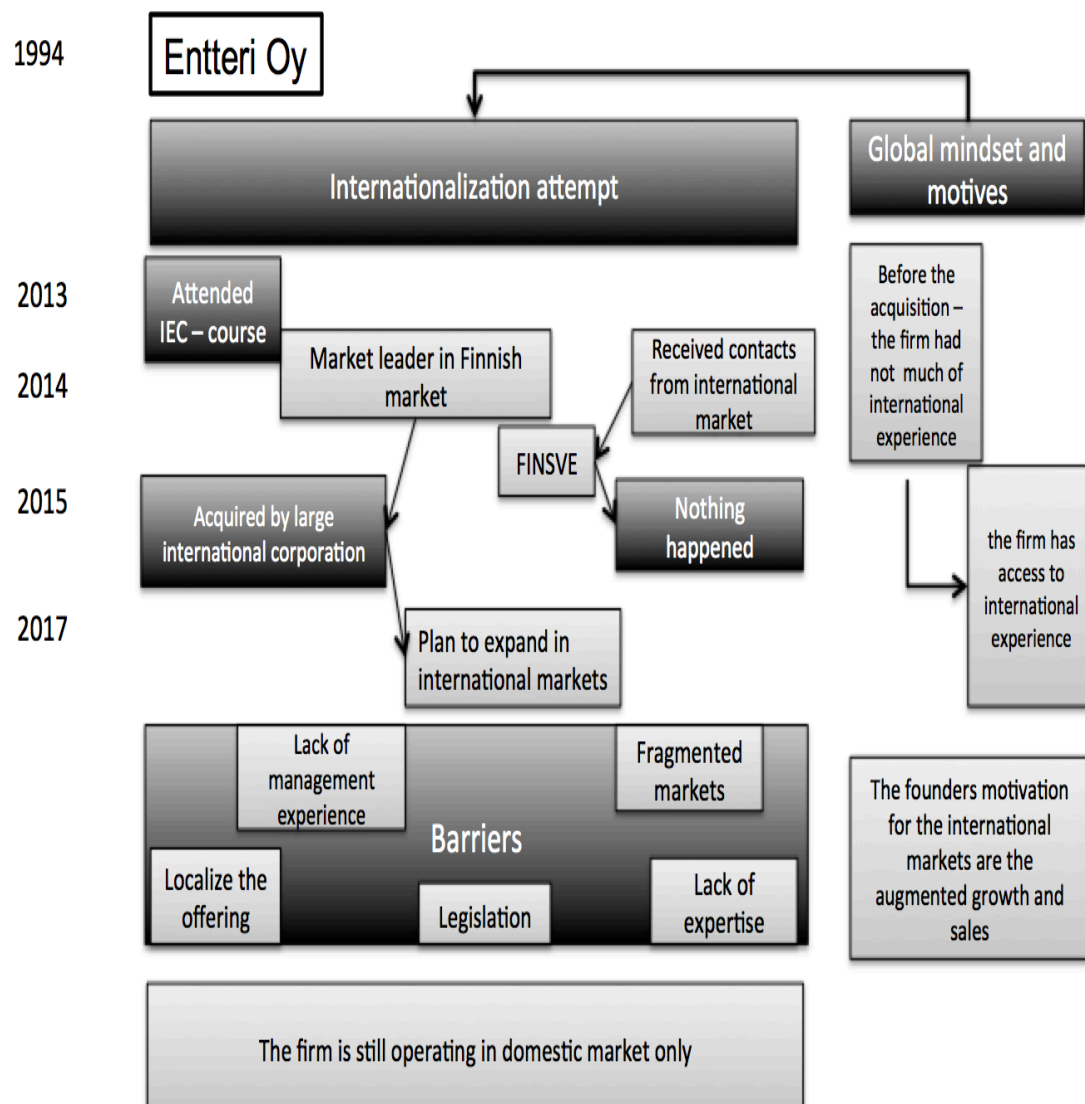


Figure 11. Internationalization attempt of Entteri Oy

4.6 Cross-Case Analysis

There were apparent similarities among the case companies, but also clear differences. The firms were chosen after a careful scrutiny, and the goal was to choose firms that would represent all of the 22 SMEs with different results. Two, Temploier and FantasiaWorks, out of the four case companies chosen for the follow-up interviews had some international activities, and Temploier has turnover in international markets. FantasiaWorks has been involved in international activities through a partnership, but has not acquired turnover from international markets yet. Hitt et al. (2006) described internationalization as a strategy where a firm increases the sales of its products or services abroad and into different geographic areas. Even though some of the firms did not succeed yet in having international activities, all of the four firms have announced their willingness to internationalize by taking a part in the IEC - course. the four case firms announced that the market in Finland is limited, and that the only way to grow and augment sales is expand outside of the Finnish frontiers. A cross-case comparison concerning the factors affected in case firms' internationalization strategy is demonstrated in this chapter, and it will explain how the firms have decided to pursue their internationalization strategies.

the four case firms have gained experience first from the domestic markets, and then increased the amount of efforts to internationalize. There are plenty of studies made concerning the issue that smaller firms tend to begin their internationalization after having a reference from the domestic markets (Reid, 1981; Andersen and Rynning, 1994; Havnes and Senneseth, 2001; Wiedersheim-Paul et al., 1978). Temploier and FantasiaWorks were successful in the domestic market and succeed having international activities. Additionally, Entteri was also successful in the domestic market, and is currently a market leader in their industry, but they still do not have any international activities. Unfortunately, Ekogen was very close to get a

reference from the domestic market, but in the end they did not succeed in selling the product and end up in a bankruptcy.

	Ekogen	FantasiaWorks	Temployer	Entteri
Successful in domestic market	No	Yes	Yes	Yes
International	No	Yes	Yes	no

Table 5. The summary of the case firms' status.

The first internationalization strategy for FantasiaWorks was to find local agents who were excited about the idea and ready to represent the firm, and they found them by attending a fair hosted by International Association of Amusement Parks and Attractions (IAAPA). Their strategy is to use the contacts and knowledge of these local agents. The firm also has partnerships with two other Finnish companies, one is already having international activities and has used FantasiaWorks as their subcontractor, and the second one is still seeking for more growth in Finland, but soon expanding in altic countries.

In the beginning, Temployer collected market data from various sources, but serious steps were taken towards Swedish markets when they contacted an organization that served as an agent and operated locally. The firm used similar strategy when entering UKmarkets irst they contacted an organization that gave them basic market data, and then the firm used all the available sources and channels until they decided to make cooperation with an organization that helps SMEsinternationalize. Also, the firm hired an employee with local market knowledge and local experience. The founder of Temployer also mentioned that they did not use much of external mentors, mostly everything was done by working hard.

Entteri has not internationalized yet, because the firm did not have any kind of strategic level plans, written plans, and no real steps were taken towards the internationalization before the arriv of the new Director of Marketing and Sales.

The situation has changed within the firm, because the firm merged with huge corporation that enabled them more resources. Also, the new Director of Marketing and Sales was hired in order to make concrete steps towards the firm's internationalization.

Unfortunately, Ekogen was bankrupted before it could its internationalization. The firm made all sorts of marketing plans and contacted some potential customers from abroad, but they never succeed in having a reference from the domestic market, which did not support the internationalization.

The main motive to internationalize was the same among the case firms, which was the growth and potential sales, but there were also some differences. Three of the four firms had motives a personal level Ekogen Tempoyer, and Entteri's founders were motivated by the strong belief in their own ideas. Additionally, one motive for Ekogen to become international was the market prospect, and for Tempoyer's founder it was being an entrepreneur.

Almost all the firms had some international experience such as working in foreign countries or studying somewhere outside of Finnish borders, but the only case firm without anykind of international experience was FantasiaWorks. The situation in the firm is going change, because the firm has consciously decided to acquire a new member of the board with tons of experience in international business. Ekogen had a little bit of international experience the founder ha in two different foreign locations, and the former Chief Executive Officer has been involved with international business. The founder of Tempoyer any international experience, but the other employees have experience of studying and working in foreign countries. Additionally, Tempoyer recruited an employee from UK that has helped the firm run their businesses locally. Before the acquisition of Entteri, the firm did not have any international experience, but now the firm can benefit from the international experience that their parent company is holding. Also, the new Director of Marketing and Sales possess plenty of international experience.

	Ekogen	FantasiaWorks	Temployer	Entteri
Factors that assisted or will assist the internationalization	-	Local agents, Partnerships	Local contacts, Local employee, Market data collection	Acquisition
Motives to internationalize	Belief in its own idea, market prospects	Sales and Growth, Belief in its own idea	Sales and Growth, Belief in its own idea, Being an entrepreneur	Growth, Founder's motive to become international
International experiences	Moderate	-	Moderate	Great

Table 6. Summary of the case firms' issues concerning the internationalization.

All the case firms have faced some sort of barriers since their foundation. The main barrier for most of the firms has been the lack of resources, which may have appeared differently in each firm, but mostly financially. FantasiaWorks was the only firm that did not directly complain about their financial situation, but the firm did not have enough funds to send their own salesmen Germany. Ekogen's activity has ended already, because the firm could not attract any new investors, even though in the beginning the firm succeeded well in obtaining some remarkable investments. Temployer would need more money in order to increase the amount of their personnel. Also, the firm needed more money to invest in marketing and increase the amount of the firm awareness. Entteri was having some financial restrictions before the acquisition. Currently the situation is different within the firm since they have a partner that can help the firm financially in order to begin their internationalization.

Ekogen's other barriers were strong competitors and getting a domestic reference. Ekogen made its costs accounting by comparing the prices of their competitors, but suddenly their competitors cut their prices almost in half,

which ruined Ekogen's businesses. Also, it was very hard to get a domestic reference anymore, because their solution became relatively expensive. Ekogen's plan was to acquire the domestic reference before expanding in international markets, but there was plenty of interest in some countries before the bankruptcy and there still is, therefore the firm has not entirely given up and the purpose is to begin the business again someday.

FantasiaWorks' has several barriers, but the firm is optimistic in overcoming their issues. One of the barriers is about their concepts, which are completely new and it is difficult to get references for them. Other barriers are linked the production first difficulty is in their production pipeline, which needs to be transformed more like in process type of production instead of producing each element in a unique manner. Second barrier concerning the production is that the firm must find more subcontractors that could deliver some parts of their production. The firm has grown almost every year, and their goal in 2020 is to have a turnover of 5-7 million euros.

Excluding Tempoyer's financial barrier, the firm's other barriers are more industry-related barriers. The industry in which Tempoyer is operating is quite conservative where technological solutions are not generally updated to today's potential. The firm is having difficulties with some potential customers because they do not possess the infrastructure that is required use Tempoyer's solutions. Also, the firm is having hard time new policies among the industry, where old habits are standing strong. The firm has a clear goal for the future, and before 2019 the firm has a target of operating in more than 10 different countries.

Before the acquisition, Entteri did not have enough expertise, resources, and determination internationalize. The management was not experienced and they could not make decisions about the internationalization, even if they got recommendations from external advisors. Currently, the barriers are more likely industry-related, and one of the barrier is related to legislation, since each and every country has its own differences. The main problem is that the market is very fragmented, and there is no dominant company that would dominate the market, which means that the market is quite local. Also, the firm

does not have enough knowledge about the potential target markets. The aim for the future is to begin the internationalization in 2017, and expand at least one European country.

	Ekogen	FantasiaWorks	Temployer	Entteri
Barriers	Lack of resources, strong competitors, getting a reference	Getting a references for the new concepts, regulations, production pipeline, lack of subcontractors	Lack of resources conservative industry, difficult to bring new policies,	Legislation, fragmented markets, not enough market knowledge
Future goal	The purpose is to begin the business again	In 2020 turnover rate of 5-7 million euros	In 2019 expanded in more than 10 countries	In 2017 expand in some European country

Table 7. Summary of the case firms' barriers and future goals.

As a conclusion, it is clear that the SMEs in Finland are having difficulties in acquiring enough financial aid for their attempts to become international. The firms that succeed in internationalization used similar strategy by contacting local agents with local knowledge. Also, partnerships and acquisitions were made in order to achieve more market knowledge and local contacts. All the firms had their own barriers to overcome, some of them were similar, but mostly each firm had their own difficulties. The future of these firms look quite bright, since two of the firms are already international, and one is preparing its strategies to expand somewhere in Europe in 2017.

5. CONCLUSIONS AND DISCUSSIONS

In this chapter the conclusions of the study are made based on the findings of the empirical study findings are compared to earlier literature and research. chapter will answer the research questions, and the discussion is located after the theoretical and managerial implications. The validity and reliability is being analyzed and discussed after explaining the outcomes of this study, which will also provide aid for the future research on this subject. The limitatitons of this study will be discussed, and ideas for future research subjects are presented the end of this chapter.

Today all the firms are affected by the globalization of the markets, which is putting pressure for the entrepreneurs of the SMEs think and act more globally. SMEs may become international rapidly, but for some firms it may happen accidentally. Internationalization is a strategy through which a firm improves the sales of its products or services in foreign markets (Hitt et al., 2006). There are many ways how SMEs can succeed in their internationalization, and the most common path for the SMEs is to export directly, because SMEs usually still have lots of costs and limited amount of funds, and internationalization does not happen without investments. There are also Born Globals or International New Ventures, which has been targeting international markets since the beginning of their existence, but these are considered to have unique resources, certain valuable assets and capabilities using alliances (Oviatt and McDougall (2005).

The founder or the owner-manager in SMEs is playing a key role in a firms attempt to internationalize, and according to Reuber and Fischer (1997) there two kinds of behaviors that internationally experienced leaders may use in their firm's internationalization. The first is t use of foreign strategic partners, are helping the firm foreign markets. The second behavior is similar, but the pace with which foreign sales are first obtained after start-up is faster. However, the SMEs owner-managers do not necessarily need be internatonally experienced in order to internationalize here are many different organizations with international experience that can give their expertise to the

SMEs'. The firm's owner-manager is definitely in a key role when a firm is targeting international markets, and having a determined and positive leader is one of the most valuable assets that a firm can obtain. Harveston et al. (2002) argued that manager with a positive attitude is a significant factor in separating exporters from non-exporters.

Every firm has its barriers, which can be derived from the internal and external environments of the organization (Smith et al., 2006). The most perceived internal barriers among SMEs are: shortage of working capital to finance exports, identifying foreign business opportunities, and having limited amount to locate/analyse markets (OECD-APEC, 2007). These three barriers are only the tip of an iceberg, but most of the SMEs are constantly seeking for new investors in order to acquire more funds to run and extend their businesses. Evans et al. (2008) identified several key factors of external barriers: government regulation, economic and political instability, cultural differences, and distribution difficulties. There are so many different barriers in country, and firms need to find their own unique ways to solve their situation.

5.1 Theoretical Implications

The first chapter of this study explained the target of this study, which was to monitor certain Finnish SMEs and their internationalization strategies. To accomplish the target of the research, one main research question and three supportive sub-questions were characterized. The main research question was: *"What are the factors affecting the internationalization strategy (antecedents, actions, outcomes) of the Finnish SMEs?"*. The three sub-questions that support the main research question were: 1) *"What are the factors affecting in the selection of firms internationalization approach?"*, 2) *"How does the global mindset affect in firms internationalization?"*, 3) *"What is the role of barriers that firms have encountered during the internationalization?"*.

The empirical part of this work was made to study these research questions, and it happened by interviewing semi-structuredly four people from the different Finnish SMEs. The main research question contains three different phases of the internationalization: antecedents, actions, and outcomes. Therefore several questions for the interviewees dealt issues in the past, present, and future of the firm. The idea of internationalization happened before participating in the IEC – course, but in some cases the actual internationalization strategy was implemented yet. The interviewees were asked to explain all the issues that happened after participation the IEC – course they described their plans, approach methods for the foreign markets, factors that assisted the internationalization, and reasons for targeting the chosen international markets.

The most challenging part was to develop a theory base for this study, even there are plenty of studies made about the internationalization process most of them cover MNCs instead of SMEs. Also, the recent studies are focusing more SMEs that strive foreign market since their inception, therefore recent literature based on the firms that internationalize less rapidly are more difficult to find. However, the empirical findings are corresponding relatively well in the theory base that was chosen for this study. It is argued that internationalization decisions represent the strategic choices that have an influence in designating the firm's performance and survival, and eventually resources define the flexibility of firm's possible approaches (Filatotchev and Piesse, 2009). The empirical findings displays that the firms have certain steps that they make in their internationalization, and Uppsala Model provided few explanations for such phenomenon. Evidently, the firms increased more of resources and commitment abroad while gaining more market knowledge about foreign markets.

Various export development theories are arguing that the decision-maker is considered as the key factor in the firm from the beginning of the internationalization to being international (Reid, 1981; Cavusgil, 1982; Barrett and Wilkinson, 1986; Holmund and Kock, 1998; Andersson, 2000). Management is also seen being responsible for the mode, direction, and pace with which the firm develops its way to international markets. The case firms

had quite unexperienced managers, and none of the owner-managers had studied management. Mostly, the owner-managers had been learning management in practice, and without having much of international experiences. The empirical findings proved that the characters of the managers were able to describe the firm's current situation. The owner-managers that were passionate about their ideas and worked really hard seemed to be able to push the firm over the difficulties, and their firms succeeded in having international activities. On the other hand, the experienced owner-managers with no serious intentions to internationalize ended up merging with a huge corporation. The last firm that was bankrupted had a passionate owner, but did not have a passionate owner-manager.

The first sub-question was *"What are the factors affecting the selection of firms internationalization approach?"*. There are different kinds of internationalization approaches, but there is no single internationalization approach that dominates other strategic approaches under every circumstance (Sui and Baum, 2014). As mentioned before, there are several international approaches, but the most known are Uppsala-model and Born Globals. All the case firms were not able to begin their internationalization, however most of them have considered or expanded first Sweden or other physically not distant countries. None of the case firms were thinking about expanding outside of Europe in the near future, and the farthest country that was considered approach was Italy. Temploper was one of the firms that had begun their internationalization, and they expanded first Sweden with the help of FINSVE. In addition they are also operating in United Kingdom. FantasiaWorks has done international projects in cooperation with a firm that has been international for years now. The firm decided to first expand with its own concept Germany, and Baltic countries with another concept made in cooperation with another firm.

The lack of resources affected the firms' internationalization approaches, and some of the firms used the services of different organizations, where market knowledge of the target country and all kind of consultancy comes to internationalization. Temploper has used these organizations that provide their knowledge about certain markets and encourage SMEs to internationalize firm

has done sharp budgeting but the internationalization could have happened more rapidly with enough resources. Entteri has also used similar organization, but they never did any real plans or strategies before the acquisition. Currently, the firm is evaluating markets and making steps towards internationalization. Ekogen did market research about their potential target markets, but they ran out of funds, which ended their business. FantasiaWorks could also have more use for funds, since for economical reasons they are using external agents instead of their own salesmen in Germany. Uppsala model explains these phenomena how by gaining more market knowledge firms commit more of its resources to foreign markets is evident that firms try to control the risks by making small steps towards internationalization.

The second sub-question was: “*How does the global mindset affect firms internationalization?*” The interviewees were asked several questions concerning the global mindset they were asked to describe issues that motivate them, and how they would describe themselves as a leader. A common thing with all the case firms was that their owners were motivated by their own ideas, and also that they were proud of their work. Additionally, almost all the managers were also motivated by the growth and sales opportunities. The owner-managers that had led their firm towards international markets were having leader characteristics, but the firms that were not yet international, did not have owner-managers with experience of leading a firm or even willingness to lead a firm.

The interviewees were also asked about their personal international experiences and international experiences that the firm possessed, but surprisingly none of the firms had great international experiences before the year 2016, and only Ekogen's owner obtained some experience of working abroad. Currently, Entteri is having great international experiences because of the acquisition and new Director of Sales and Marketing, who has plenty of international experience, and these two issues can be very helpful for the coming internationalization attempt. The firms that are international, Tempoyer and FantasiaWorks, have obtained international experience during their internationalization, but before that the only experience

The firms that were operating internationally were also asked about the cultural differences that they have faced in foreign market, and Temployr's owner-manager explained that contacting potential customers is much more difficult in UK than in Finland or Sweden, even if you have met the person before and agreed to negotiate again. The owner-manager of Temployr explained that they have learned to control such cultural differences the hard way. Temployr considers Finnish market as their home market, but if they could start over it would be UK market, even though it would require a lot of work. FantasiaWorks has noticed during their internationalization that Chinese market is hard to conquer, because they have rules and the commanding chain is quite powerful. The firm does not have any difficulties yet, but in the future if they spread their businesses in China they would have to come up with an idea how to cope with these differences. At the moment they consider Finnish market as their home market, but in the future the focus will be somewhere else, because the Finnish market prospects will decrease during the years.

The third sub question was "*What is the role of the barriers that firms have encountered during the internationalization?*". The interviewees were asked about their industry- and firm-specific barriers that they have encountered, barriers that they are facing currently, and how have they overcome such barriers. Almost all the firms had difficulties of having enough resources or funds, only the owner-manager of FantasiaWorks did not mention having financial difficulties. Acquisition of Entteri ended their financial difficulties. Ekogen had to end their businesses because they ran out of funds, and Temployr would need some extra funds in order to increase the amount of their personnel. The data obtained from the interviewees clearly revealed that the firms that had less difficulty with financial resources were struggling less with the internationalization, and their growth had been much more progressive.

There were also similar barriers that were mentioned by different case firms. Ekogen was trying to get a domestic reference, but failed to acquire it. The strong competitors of Ekogen ruined the firm's chances to succeed by halving its prices, which made it impossible for Ekogen to compete with them. On the

other hand, FantasiaWorks is working hard to acquire references for the new concepts, and they always have to individually prove to the new potential customers that their concepts actually work. It was clear that having a customer reference helped SMEs to acquire more customers and investors. It has also a psychological effect in people's mind; it plays as evidence that the idea of a firm might actually work.

The case firms had various other barriers that affected their internationalization, such as having a different legislation in foreign countries, operating in a conservative industry, or not having enough market knowledge etc. It was clearly visible from the data that the firms that had international activities were not facing such barriers; they would not know how to react, and they were aware that it would require lots of work in order to overcome these issues. Additionally, they had quite clear plans and steps for the near future.

Studies made by various authors have underlined how smaller firms tend to begin their internationalization process after they have gained more experience and become successful in their domestic markets (Reid, 1981; Andersen and Rynning, 1994; Havnes and Senneseth, 2001; Wiedersheim-Paul et al., 1978). All the case firms are operating in domestic market with positive results except Ekogen, which has terminated businesses and ended up in a bankruptcy. Entteri founded in 1994, so they have been operating over two decades in the Finnish market; currently they are the market leader with their product. The internationalization has become actual for Entteri in the past years. FantasiaWorks has operated in Finnish market since 2000, so internationalization has also become topical through recent success in domestic market. Johanson and Vahlne (1977) created a theory about the psychic distance, where internationalization activities of the firms begin from physically close markets and used such as exporting as a market entry method, and the firms gain experience and market knowledge throughout the process until they start to raise their foreign market commitments; then they spread out to more physically distant markets. These three case firms have this sort of characteristics in their internationalization plan, since their potential target markets were in Europe, which could be considered as physically non-distant area. Also, the firms would begin the internationalization by exporting,

but not before they have gained enough market knowledge and experience from domestic markets.

Entteri especially has mentioned their lack of business and marketing experience, as the owner-managers were more specialized in programming. Also, FantasiaWorks owner-managers did not have much of business and marketing experience, therefore the internationalization for these firms has become topical after operating several years in domestic markets. Ekogen's plan was to achieve a domestic reference before beginning the firm's internationalization, but they failed to achieve it, even they had a manager with proper business background.

Caves and Porter (1978) and Porter (1979) argued in their studies that market conditions could possibly straightforwardly influence decisions whether the firm is expanding in international markets. Temploer was the only firm that has set internationalization as an aim since its foundation, because the domestic markets were seen narrow. The firm was founded in 2012, and after operating a year in Finnish markets they expanded their businesses in Swedish markets currently they also operate in UK markets, and their goal is to expand to another European country after that. Temploer's internationalization strategy has characteristics of Uppsala-model, but the firm could also be a Born Global, as the model describes the small entrepreneurial firms with an international focus from the outset and targeting on rapid internationalization (Moen and Servais, 2002; Bell et al., 2003; Oviatt and McDougall, 1994, 1999). Also, most of the BGs possess a knowledge-based competitive advantage, and typically in the form of managerial or technological innovation, or both (Kyvik et al., 2013), and Temploer has invented a unique technological solution for the health-care industry, and the data collected from the interview it is possible that the owner-manager of Temploer has the potential of having great managerial skills.

Crick and Chaudry (1997) argued that probably the most important factor in SMEs is the entrepreneur (owner/manager) or senior management team, because they are the ones in key role the firm, and affecting the level of commitment in firm's exporting operations. The previously mentioned view is

agreed based on the empirical findings of this research. The owner-managers are having more personal interest behind the firm's success, which is the main driver for them to be successful. Also, they are the ones that are making all the key decisions concerning the internationalization. The owner-managers of Temploer and FantasiaWorks were explaining issues concerning their firms they were also courageous enough to make decision their internationalization. Additionally, both owner-managers were very open-minded and optimistic about the firms' future. Ekogen's owner was not the manager of the firm, because he was not a leader type of person, so he hired an external person to run the firm, but an external person does not have the same interests as the owner does. Entteri's owner managers were programmers and they were unexperienced managers, but the main problem was that they were not able to make any sort of internationalization plans or decisions, even if their employees and external organizations were encouraging them to make some sort of actions towards internationalization. According what the person in the key role decides, the firm will or will not export the decision is based on the facts how the decision-maker perceives the desirability to sell overseas (Crick and Chaudry, 1997). The pre-export activities of the firm model also the role of the key decision maker, who has the responsibility of choosing the right strategic decision (Wiedersheim-Paul et al., 1978).

As mentioned before, it is important to highlight the role of the decision-maker in a SME, and in the literature of internationalization the role of the decision-maker in the organization has clearly noted as the principal force behind the introduction, development, sustenance, and success of a SME internationalization (Joynt and Welch, 1985; Chetty and Hamilton, 1993; Ward, 1993; Kohn, 1997; Zou and Stan, 1998; Lindsay et al., 2003). It was possible to filter the case firms to firms with great management, and firms with unexperienced or poor management. The case firms with great management were having owner-managers that were truly passionate their work, possessed leader characteristics, and they also achieved most of the goals due to their plan made in the IEC-course. These two case firms were Temploer and FantasiaWorkshese were the firms that were having international activities. On the other hand, the case firms that had failed or started their

internationalization were having issues in the management. Ekogen's owner was not a managerial type of person and he recruited someone to manage the firm, but an external manager does not have the same passion and drive that a real owner-manager would possess. Additionally, the firm failed to achieve almost all the goals set in the IEC-course. Entteri's problem was that the owner-managers were inexperienced managers that were unable to make decisions about the internationalization, and the former employer of the firm mentioned that: "there was no one to decide, well we decided not to do anything and to be honest, I do not know what kind of an information would have been needed to say: Yes, let's do this!". Additionally, the firm failed to achieve most of the goals set in the IEC – course. Reuber and Fischer (1997) also indicated that the owner-manager in SMEs is mostly responsible for the firms' internationalization. The Mediated Relationship model demonstrates the two possible behaviors how the owner-managers may behave in order to form strategic partners that would facilitate the entry into foreign markets (Reuber and Fischer, 1997). The difference with these two behaviors is the pace with which foreign sales are first obtained, but more importantly both case firms that were having international activities, Templo and FantasiaWorks, were engaging some sort of partners to help the firms' internationalization. Entteri is currently in the situation where they have a large partner helping the firm to internationalize, but that came through the acquisition. The empirical data does support the findings of Leonidou et al. (1998), which is that the management is responsible for the mode, direction, and pace with which the firm progresses along the international path. To be clear, management is one major factor that affects the firm's internationalization, as a result good management affected positively in the firm's internationalization, and vice versa

The case firms also had internal and external stimuli that were affecting the internationalization. Of the case firms were having following internal stimuli that the proactive category in Leonidou's (1998) classification: Achievement of economies of scale, special managerial interest, product with unique qualities. The internal stimuli are usually gained from experiences in the domestic market (Leonidou, 1998). None of the firms had reactive internal stimuli,

except Temployer, intention has been since the beginning to become internationally operating firm herefore they are possessing following reactive stimuli: reducing dependence on/risk of domestic business. As external stimuli all the firms possessed only proactive ones, but this time there was some variation between the case firms. Temployer, Entteri, and FantasiaWorks were encouraged by the external organizations/agents, but the difference is that only Temployer and FantasiaWorks reacted on these encouragements. Temployer, Ekogen, and FantasiaWorks have attractive foreign opportunities, but Ekogen never got that far that they would have done some concrete for their internationalization. Temployer and Entteri were only firms that were having government export assistance, but Temployer was the only one that used it. Ekogen and FantasiaWorks got contacts form fairs, and FantasiaWorks managed to establish a partnership with German agents. The difference between the firms that become international was that another case firm had assistance from the government and another one from the contacts made in trades. The empirical data showed that one factor that helped the case firms become international was to have the external agents or organizations encouraging towards internationalization, and another was that if the firm had an attractive foreign opportunity. The two other firms, which were not able to internationalize were only having one of the two precedent external proactive stimuli.

One definition for the global mindset is that it is referred to a set of attributes that enables an individual to influence other individuals, groups, and organizations from diverse social, cultural and institutional systems (Begley and Boyd, 2003; Hitt et al., 2007). contains the ability to control cultural differences, seize international opportunities, and the readiness to take risks in forming cross-border relationships (Fletcher, 2000). The empirical data indicated that none of the firms' managers possessed all of these previously mentioned attributes, but the owner-managers of the firms that were having international activities possessed some of the attributes, such as seizing international opportunities and forming cross-border relationships. Various authors have argued that individual's background, nationality, education, language skills, curiosity about the world, international management training

and experience in overseas are factors that integrate global mindset (Govindarajan and Gupta, 2001; McCall and Hollenbeck, 2002; Arora et al., 2004; Clapp-Smith and Hughes, 2007). The case firms managers had very limited amount of any of previously listed factors, and Ekogen's owner was the only owner with some international experience. As a the global mindset did not play a huge role in the internationalization of these case firms, since only two of the four case firms were having international activities, but none of the firms owner-managers with global mindset. some of the owner-managers were having some features of global mindset, but one could not say that any of the managers' possessed it completely.

The empirical data revealed that the barriers of the case firms were quite similar, and also as Nummela et al. (2006) have argued the limited amount of human and financial resources has been experienced as a key barrier for the SMEs in developing business in foreign markets. For most of the case firms the lack of financial or human resources was their main barrier, which was preventing the case firms either internationaliz or put more effort in firm's internationalization. The founder of Ekogen told that poor people do not have enough money to internationalize, and in order to internationalize a firm must have a rich investor, and also an organization that has the know-how and international contacts. It is clear to say that internationalization requires a lot of assets, and that it is the largest barrier for most of the SMEs. OECD-APEC (2007) listed top ten barriers perceived by the SMEs, and most of the barriers that were mentioned by the case firms were also on that list. Two of the four case firms mentioned getting a reference as a barrier, which was not included on the OECD-APEC (2007) report about the most common barriers fo SMEs. This seemed to be quite critical barrier for the case firms, since one case firm was bankrupted for not succeeding to acquire a reference, and the other firm spent a lot of valuable time proving that their concepts work. Hutchinson et al. (2009) found that internal barriers were perceived as more critical than external factors, and the empirical data of this study supports their findings. The case firms' barriers mostly are linked in internal issues are some external factors that were seen as barriers, but the internal barriers were affecting more negatively in the case firms performance, than the external factors.

5.2 Managerial Implications

Planning is one issue that requires more focus among the SMEs. It is clear that the visions and strategies of the SMEs can change quite fast, because they might be in the situation where they are still modifying their products or services, and they might not know their potential consumers. Every firm does some sort of plans, but the management should definitely have some clear steps where the firm is heading. One of the interviewees told that: “there were plans, but nothing structural”, which can be understood more time in planning could have been used among one of the case firm’s managers. It must also be very unmotivating to work without clear steps of how the firm will reach its goals. There are some researches done by several authors, which highlights that SMEs do not necessarily engage in strategic planning (e.g. Robinson and Pearce, 1984; Sexton and van Auken, 1985; Berman et al., 1997; Orser et al., 2000; Sandberg et al., 2001; Beaver, 2003), and by neglecting strategic planning, SMEs may not be able to reach their full growth potentials and full performance, which will lead to placing their survival at risk (Berry, 1998). Clearly other researchers have been concerned about this same subject, but the SMEs with clear plans are surviving. One example among the case firms was that one of the interviewees explained how they realized that their initial plan was not going to be as lucrative they first thought, which led to a new plan and strategy that they followed and it seemed to have even better profits. One sign for this concern was that almost all the case firms had difficulties achieving their targets set in the IEC – course. Also, when they were asked about their plans after participating the IEC – course, only one firm was really answering that question, and explaining what their next steps.

the SMEs were having difficulties financially, and it is obviously the main barrier for most of the existing SMEs. The four case firms got some sort of investments during their existence, but it seems that usually it is not enough. It is also very difficult to grow with only income financing, and only one case firm has been able to do that. Funding also seemed to affect significantly in the

pace of the internationalization. The firms were already minimizing all the costs and still were not able to recruit more human resources in order to affect positively in the pace of the internationalization. Two different case firms explained how they would recruit more people to help their internationalization if that would be financially possible. Also, as mentioned before in this study, one interviewee expressed how poor people do not enough money to internationalize, because it requires a rich investor to be on board and finance the entire process. Business angels and investors do exist, and if the internationalization is what the owner-managers are looking for no matter what, then they be ready to sell their shares of the firm and use more time in finding the possible investors. Also, the use of external funding instruments can be taken into a consideration if the firms are willing to take some risks.

In the case firms an owner-manager, person experience in managing the firm. Three out of the four case firms had an owner-manager, but only one had some experience in business studies. The one firm that had an external manager was having appropriate experience, but on the other hand it was the only firm that does not exist anymore. All of the firms have earned business knowledge in practice, and some of them ha got mentors or hired people with business knowledge. The experience in running a business helps the SMEs, but it is not a necessity s seen from the empirical data there were examples where a firm, which did not have much of experience in running a business,has become successful in domestic markets and also has some foreign activities. The SMEs should be active in getting help from their networks or other external sources when they are lacking experience in something.

For some SMEs the identification of potential foreign markets is challenging, and some of the case firms mentioned that they have used tools such as Google to solve this issue. One case firm attended a fair specialized in their industry, which was a good way to search for potential customers and networking, which is something that SMEs should do a lot more. Currently, things by knowing the right person here are several studies arguing that network relationships are seen as the major initiators in the internationalization process where firms are following their networks to foreign markets (Coviello

and Munro, 1995, 1997; Coviello and Martin, 1999; Moen et al., 2004; Zain and Ng, 2006). The importance of networking should be recognized, which is why attending different events is important. Additionally, the use of these networks should be considered without any hesitations. Some of the case firms did use external help in finding potential target markets, but there was a case firm, which did not react at all even if they had market knowledge and it looked potential target market. These opportunities should be used and the SMEs need to take some risks in order to become successful and international, but of course these risks must be deeply analyzed before any actions.

5.3 International Entrepreneurship Challenge - course Implications

the firms that participated the IEC – course positive feedback for the course, but not many of the firms were able to use the material made by the students. Most of the works made by the students were some sort of marketing strategies for the new markets, but for example none of the four case firms were able to execute the strategies yet. Only one firm mentioned that their next step would be the market that was studied by the students of the IEC - course, and that will be happening hopefully during the year of 2017.

Most of the firms that have attended the IEC – course could be categorized in being too early stage SMEs, or the real desire of expanding in international markets has not been strong enough. Additionally, most of the firms have stuck in the same position they have been in the last years, but of course some of the firms have taken small steps towards internationalization. One extreme example was that one of the case firms thought that by attending the IEC – course, the firm would become international right after its participation. Unfortunately, some of the firms were having surrealistic expectations for the course, but most of the firms were quite realistic and were happy about the results of the studies made by the students.

The four case firms were all in previously explained categories, and probably the scaling and selection of the IEC – course firms should be done more profoundly. There is no point of selecting firms to IEC – course with no real intentions to internationalize, or having too early stage firms with no turnover and resources to execute the plans. Additionally, some of the participating firms do not even show up to the presentations, even if the students have worked hard for them. The concept of the IEC – course is very educational already, but it has not its full potential. That can be done by selecting appropriate participating firms, which have respect for the students, and are what the future professionals have to say about their firm and future strategies.

One possible scenario avoid situation, where the firms are not applying the works made by the students would be that the firms would instantly or in half a year offer a part-time job for one of the group's student. The student's job would be to execute the strategies made in the course, and this would be a really good method to learn how it is done in practice. This would also increase the rate of how many works made by the students in IEC – course would actually see daylight.

5.4 Reliability and Validity

Reliability and validity characterize the quality of this exploratory research method. Reliability of a study indicates to the extent to which the data collection methods or analysis procedures will produce compatible results (Saunders et al., 2009). There four threats to reliability; first is the subject or participant error, second is the subject or participant bias, third is the observer error, and final threat is the observer bias (Robson, 2002). The spent on this study several years, which lowers the risk of subject and participant errors. All the interviewees were founders, or executives on the management level of their firms at the of interviews, except one, but another person was interviewed from that specific is currently working for the firm. Additionally, one firm shortly ended their activities because of bankruptcy. The subject or participant error risk is considered as being low, because of the previously mentioned factor that

the interviewees represented the management level of the firms. Time period of the study may have affected some memory biases, but in order to avoid such things the questions were sent beforehand and the data from the IEC – course used to refresh interviewees' memories. The method of interviewing left no room for observer errors, because one person managed the interviews during a short timeperiod. Additionally, the same interviewer was used in all the five interviews, and these sessions were recorded and transcribed into a written format right after each interview session.

Validity is transferable into two categories: internal and external. Internal validity judges whether the theoretical ideas developed by the researcher matches with its observations (Bryman & Bell, 2011). The external validity judges whether the findings of the study can be generalized beyond the prompt case firm (Yin, 2009). Internal validity was confirmed because the researcher was one of the students on the IEC – course, also pertinent research material and different approaches of data collection helped the researcher to confirm the internal validity. However, the findings of this study are valid in this research context, and also small generalizations outside of this context can be done.

The case firm selection was made carefully and all the interviewees were independent. Mostly these four selected case firms were also representing all the firms that have attended the IEC – course, since the selection happened so that all of the four categories (figure 7) would be represented. There were other firms as well, which could have been interviewed, but after a careful screening these four case firms happened to represent most of the other possible alternatives. None of the initially selected interviewees cancelled the interviewing opportunity, and none of them required any specific agreements on what cannot be published. The four interviewees were offered the possibility of being anonymous, but they believed that this study would not make any damage on their businesses. This study was made independently and it was not assigned by any organization or company, which also increases its validity.

5.5 Limitations and suggestions for the further research

This study focused on the 22 firms that have participated the IEC – course during the recent years, but the results could have been different if the case firms were selected for example randomly, or more firms were selected for the follow-up interviews. The findings of this paper can be generalized in other similar SMEs and firms that have taken part on the IEC – course. One interesting thing to see would be how many of the 22 firms succeed in internationalization or expanding in other markets. In this paper only two out of four were having international activities. It would be interesting to learn how many of these firms still exist. From the IEC – course point of view it would be fascinating to learn how many of the 22 firms found helpful. This study lasted a year and half, and the basic data was collected in the very beginning, but the data for the follow-up interviews was collected in two months. It would be very valuable to have an extended study on this subject, gather more data on all the participant firms. That would also help the risk of memory biases, and offer more specific and detailed information about the factors that affect internationalization.

In this study the firms were not categorized in any specific industry, and the firms were offering different type of products and services. The focus in this study was on the IEC – course firms, which is why other limitations were not done. The firms represent different types of firms, others are more established than the others and so on, but the focus was on finding the factors affecting each firms' internationalization. There could be a future research on this issue, where the IEC-course firms could be divided in similar categories and each category would be examined individually.

Finnish SMEs tend to wrestle with the limited resources, and it is very difficult to predict the right timing to expand in foreign markets. Timing is very crucial when the resources are limited and as the competition around the industry grows. Firms need to make brave decisions when it comes to internationalization, since there is no guarantee whether the timing is right. Especially, if there would be some work to do in the domestic markets as well.

There are not researches made where the focus is only on the Finnish firms that have successfully expanded in international markets, and that could be very productive in order to identify the factors that have lead to success. Plenty of Finnish startups have become successful in international markets during the recent years, such as Supercell, Smartly.io, Rovio, etc. and it would be very interesting and motivating to learn about the factors their success.

Finland and the nordics is the second biggest startup region after the Silicon Valley, and not many people acknowledge that fact yet. Finland is highly appreciated and has a lot of know-how on tech-industries, and especially in startup scene (Atomico, 2016). Therefore this is such an important study field, and more studies where the focus is on the Finnish SMEs and startups could be done in the future.

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Attachment 1. Interview questions for Ekogen

Introduction

What do you think are the strengths and weaknesses of the company?

The firm goals when participating in the IEC-course were

- *Pilot plant by October 2012*
- *Recruit three more employees*
- *Cover 7-9 foreign markets with 27M turnover by 2016*

What the firm did in order to achieve previously mentioned goals?

- Were there only plans, or did the company act somehow in order to achieve the goals?

Did you implement the strategies and plans made in the IEC-course? If no, why is so?

Internationalization

Besides the plan made in IEC-course, what other plans of internationalization did the company possess?

- If there were plans, did you implement them?

What happened after participating the IEC-course in LUT?

How Ekogen tried to approach the foreign markets (for example: first in physically not distant markets or...)?

What were the main reasons for targeting the chosen international markets?

What is the current state of the firm?

What factors caused the current state of the firm?

Global Mindset

What were the firm's motives for the internationalization?

What motivates you to keep pushing forward?

What kind of international experiences you or the firm possess (living, studying, working abroad etc.)?

How would you describe you as a person, and as a leader?

How did your firm identify that there might be an international opportunity?

Barriers

What industry-specific barriers did Ekogen face during the internationalization attempt?

What firm-specific barriers did Ekogen face during the internationalization attempt?

How did you try to overcome these barriers?

What barriers are you facing currently?

Future

What are the current goals for Ekogen?

Does Ekogen still aim for the international markets, if yes then when and how?

Attachment 2. Interview questions for Entteri

Introduction

What do you think are the strengths and weaknesses of the company?

The firm goals when participating in the IEC-course were:

- *Aggressive growth in both domestic and foreign markets*
- *Internationalize in Eastern EU region*
- *Internationally recognized Dental health-care service*

What the firm did in order to achieve previously mentioned goals?

- Were there only plans, or did the company act somehow in order to achieve the goals?

Did you implement the strategies and plans made in the IEC-course? If no, why is so?

Internationalization

Besides the plan made in IEC-course, what other plans of internationalization did the company possess?

- If there were plans, did you implement them?

What happened after participating the IEC-course in LUT?

How Entteri tried to approach the foreign markets, (for example: first in physically not distant markets or...)?

What were the main reasons for targeting the chosen international markets?

What is the current state of the firm?

Global Mindset

What were the firm's motives for the internationalization?

What motivates you to keep pushing forward?

What kind of international experiences you or the firm (leaders) possess (living, studying, working abroad etc.)?

How would you describe you as a person, and as a leader?

How did your firm identify that there might be an international opportunity?

Barriers

What industry-specific barriers did Entteri face during the internationalization attempt?

What firm-specific barriers did Entteri face during the internationalization attempt?

How did you try to overcome these barriers?

What barriers are you facing currently?

Future

Does Entteri still aim for the international markets, if yes then when and how?

What are the current plans of the firm?

Attachment 3. Interview questions for FantasiaRakenne.

Introduction

What do you think are the strengths and weaknesses of the company?

The firm goals when participating in the IEC-course were:

- *Create amusement parks' attractions*
- Internationalize first with one concept (Santa Claus), then with more concepts
- Create own activity park
- Become international

What the firm did in order to achieve previously mentioned goals?

- Were there only plans, or did the company act somehow in order to achieve the goals?

Did you implement the strategies and plans made in the IEC-course? If no, why is so?

Internationalization

Besides the plan made in IEC-course, what other plans of internationalization did the company possess?

- If there were plans, did you implement them?

What happened after participating the IEC-course?

What FantasiaWorks did in order to begin the internationalization, and what kind of plans, actions it did?

How FantasiaWorks tried to approach the foreign markets, (for example: first in physically not distant markets or...)?

What factors assisted the firm's internationalization?

How many years it took that the firm had international activities?

In how many countries does FantasiaWorks have international activities, and how the turnover rate is spread between the markets?

What are the main reasons for targeting the chosen international markets?

Global Mindset

What motivates you to keep pushing forward?

What were the firm's motives for the internationalization?

What kind of international experiences you or/and the firm possess (living, studying, working abroad etc.)?

How would you describe yourself as a person, and as a leader?

Among the countries your firm operates, what kind of differences have you noticed (cultural, behavioral etc.)?

How does your firm control cultural differences?

How does your firm identify international opportunities?

What do you consider to be your home market?

Barriers

What industry-specific barriers did FantasiaWorks face during the internationalization attempt?

What firm-specific barriers did FantasiaWorks face during the internationalization attempt?

What barriers are you facing currently?

How have you overcome the barriers, and how would you describe the firm's current situation?

Future

What are the next target markets for FantasiaWorks?

Where does FantasiaWorks see itself in next 3 years?

Attachment 4. Interview questions for Flyvice.

Introduction

What do you think are the strengths and weaknesses of the company?

The firm goals when participating in the IEC-course were:

- *Spread quickly and grow in international markets*
- *Internationalize in German and UK markets*

What the firm did in order to achieve previously mentioned goals?

- Were there only plans, or did the company act somehow in order to achieve the goals?

Did you implement the strategies and plans made in the IEC-course? If no, why is so?

Internationalization

Besides the plan made in IEC-course, what other plans of internationalization did the company possess?

- If there were plans, did you implement them?

What happened after participating the IEC-course?

What Flyvice did in order to begin the internationalization, and what kind of plans, actions it did?

How Flyvice tried to approach the foreign markets, (for example: first in physically not distant markets or...)?

What factors assisted the firm's internationalization?

How many years it took that the firm had international activities?

In how many countries does Flyvice have international activities, and how the turnover rate is spread between the markets?

What are the main reasons for targeting the chosen international markets?

Global Mindset

What motivates you to keep pushing forward?

What were the firm's motives for the internationalization?

What kind of international experiences you or/and the firm possess (living, studying, working abroad etc.)?

How would you describe yourself as a person, and as a leader?

Among the countries your firm operates, what kind of differences have you noticed (cultural, behavioral etc.)?

How does your firm control cultural differences?

How does your firm identify international opportunities?

What do you consider to be your home market?

Barriers

What industry-specific barriers did Flyvice face during the internationalization attempt?

What firm-specific barriers did Flyvice face during the internationalization attempt?

What barriers are you facing currently?

How have you overcome the barriers, and how would you describe the firm's current situation?

Future

What are the next target markets for Flyvice?

Where does Flyvice see itself in next 3 years?