

**MASTER'S THESIS**

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**The Effect of the Host Country's Culture on Internationalization and Customer Service**

**- Case: Finnish Start-up SME's of B2B and Service Sector**

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## ABSTRACT

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Internationalization, Culture and Customer Service are concepts that have been studied relatively broadly. Yet, culture's implications on companies' customer service still requires more research. There are existing literature findings on culture's effects on companies' internationalization, but B2B markets and the service sector require more studies related to this topic as well. This thesis aims to open a significant research area, and to offer explanations into the relation between internationalization and culture and customer service and culture. Also, the study has an object of increasing understanding on the ways companies internationalize and change their customer service operations in different host markets and opens slightly these companies' future exploitation of their international experience and the effect of the global pandemic situation, Covid-19, on their international operations. The concentration of this thesis is limited to study Finnish B2B start-up companies (SME's), operating in the service sector and in the field of digitalization.

The empirical part of the study is based on multiple case studies, as it includes consisting of four Finnish SMEs in B2B sector. The data is collected through semi-structured interviews and the results of the research show that companies' internationalization is affected by company's field of business, nature of products or services and international experience. There are some implications of culture on companies' internationalization, but there are no significant changes

in customer service related to culture between domestic and international business. However, cultural differences are recognized and expected. Customer service is considered more of a *partnership* between two or more firms.

## TIIVISTELMÄ

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Kansainvälistyminen, kulttuuri ja asiakaspalvelu ovat käsitteitä, joita on tutkittu suhteellisen laajasti. Kulttuurin vaikutukset yritysten asiakaspalveluun edellyttävät kuitenkin vielä enemmän tutkimusta. Kulttuurin vaikutuksista yritysten kansainvälistymiseen on olemassa kirjallisuustutkimuksia, mutta B2B-markkinat ja palvelusektori vaativat myös lisää aiheeseen liittyviä tutkimuksia. Työn tarkoituksena on avata merkittävä tutkimusalue ja tarjota selityksiä kansainvälistymisen ja kulttuurin sekä asiakaspalvelun ja kulttuurin välisistä suhteista. Tutkimuksen tavoitteena on myös lisätä ymmärrystä tavoista, joilla yritykset kansainvälistyvät ja muuttavat asiakaspalvelutoimintojaan eri kohdemarkkinoilla, ja avata sitä, miten nämä yritykset hyödyntävät kansainvälistä kokemustaan tulevaisuudessa. Myös maailmanlaajuisen Covid-19-pandemiatilanteen vaikutuksia tarkastellaan lyhyesti yritysten kansainvälisten toimintojen osalta. Tutkimuksen painotus on rajattu palveluun ja suomalaisiin B2B kasvuyrityksiin, jotka toimivat digitalisaation alalla.

Tutkimuksen empiirinen osa perustuu useisiin tapaustutkimuksiin, sillä se koostuu neljästä suomalaisesta pk-yrityksestä B2B-sektorilla. Tiedot kerättiin osittain jäsenkyselyjen haastattelujen avulla, ja tutkimuksen tulokset osoittavat, että yritysten kansainvälistymiseen vaikuttavat yrityksen liiketoiminta-alue, tuotteiden tai palvelujen luonne ja kansainvälinen

kokemus. Kulttuurilla on joitain vaikutuksia yritysten kansainvälistymiseen, mutta kotimaisen ja kansainvälisen liiketoiminnan välillä ei ole merkittäviä muutoksia kulttuuriin liittyvässä asiakaspalvelussa. Kulttuurierot kuitenkin tunnustetaan ja niitä oletetaan esiintyvän. Asiakaspalvelua pidetään enemmänkin kahden tai useamman yrityksen välisenä kumppanuutena.

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I would not have been able to finish my master's thesis without the encouragement from my loved ones: family and friends. Thank you for listening to me all these long months and for supporting and cheering me up in the moments of doubt. I also want to thank my fellow students, especially Johanna and Pilvi: I made it through the ups and downs of this project, mainly because of your collective support. I am happy to know that besides everything else, this journey gave me you as my friends for life. Thank you.

I am looking forward to continuing the journey of life with not only a new degree, but mainly with all new knowledge, skills, experiences and friends.

Hämeenlinna, April 2021

Karoliina Peltonummi

## **LIST OF ABBREVIATIONS**

B2B – Business to Business

B2C – Business to Customers

Born Globals – Born Global Companies

SME – Small and Medium sized companies



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# **1 INTRODUCTION**

Globalization as a recent megatrend has influenced global competition and internationalization of companies in the past few decades (Knight, Madsen & Servais, 2004). Specifically, market conditions, technological development and international knowledge have been improving since 1990's towards easing international opportunities. Nowadays it is common for firms to consider internationalization as an early growth strategy (Fan & Phan, 2007), compared to past when it was seen as a stage after succeeding in the domestic market. However, internationalization is not a new phenomenon (Oviatt & McDougall, 1994). The phenomena of internationalization research contain two main research fields: early-stage models (for instance, Uppsala model by Johanson & Vahlne (1977) and International New Venture theory by Oviatt & McDougall (1994). Early-stage models discuss internationalization by certain stages, as companies' business operations start domestically and systemically, and internationalization starts from markets with low psychic distance with the home market. International New Venture theory acknowledges that there are companies that are Born Globals (Knight & Cavusgil, 1996). There are variety of terms used to describe Born Globals, but the idea behind is the same: according to INV theory, companies are not required to internationalize via certain stages (Oviatt & McDougall, 1994).

In the upcoming subchapters I will describe the research gap, explain the research questions and theoretical framework, including the main literature references of thesis, and the definitions. Limitations and the structure of the thesis are presented as well.

## **1.1 Research gap**

Even though internationalization of companies involves earlier research, it still requires further understanding. The strategies of how (Arenius, Sasi, Gabrielsson, 2005) and why (Zander et. al. 2015) firms internationalize and what factors have an effect on it are specifically significant for further research, especially regarding Born Global companies. According to Schweizer (2012), further empirical research is required on SME internationalization. According to Rothaermel, Kotha & Steensma (2006), inductive qualitative studies are needed as well on this certain topic.

Besides internationalization, concepts of culture and customer service are researched relatively broadly, but deeper studies of how culture affects on internationalization of companies and their international customer service is needed. There is evidence on cultural implications, but for instance deeper empirical studies would reveal much on the topic and could speed up companies' use of qualified customer service as a competitive advantage in the international markets. The specific context of this study are Finnish B2B start-up companies, in the field of digitalization that operate at the service sector.

Overall, the main concepts of this study, internationalization, culture and customer service, are relatively broadly studied, but only individually. The literature still lacks especially studies related to culture and customer service. Culture's implications on companies' internationalization have been researched, but a wider perspective, especially related to B2B and service sector, should be addressed. There have still been only a few research that review the extant literature of this significant concentration of culture affecting international business (for instance: López-Duarte, Vidal-Suárez, & González-Díaz;2016 and Harzing; 2003). Furthermore, culture's implications on international customer service also lack literature findings. Based on these issues, there is a research gap for this thesis to cover.

## **1.2 Research Questions**

The aim of this research is to gain knowledge and overall understanding on how and why companies internationalize and how does the culture of the target market affect on customer service. Additionally, the object is to find out which changes companies make in customer service and marketing as they internationalize, and what are the consequences of these changes. Furthermore, these findings are applied to existing literature. This study focuses on Finnish start-up companies that operate in B2B and service sector. All case companies aim to aggressive growth and have internationalized fast after establishment. Based on represented facts, this study aims to find out answers to the following research questions through multiple-case study of four (4) companies:

- 1. As companies internationalize, how does the culture of the target market affect on the change of the needs in customer service? (Main question)**
- 2. Which factors affect on companies' decision to internationalize?**

**3. What significant changes companies have made in customer service and marketing as they target their services to international customers?**

**4. What have been the consequences of these changes?**

The main research question of this study is wide as it includes three different concepts: internationalization, culture, and customer service. The main research question is: As companies internationalize, how does the culture of the target market affect on the change of the needs in customer service? Supportive research questions aim to give more comprehensive understanding on these concepts, and altogether three sub research questions are formed.

The first supportive question aims to cover the overall concept of internationalization, emphasizing the motives to decide to internationalize. This question defines whether companies' internationalization processes are systematic, coincidental or if they are born global companies from inception. Thus, it is formed as: Which factors affect on companies' decision to internationalize?

The second supportive question aims to find out significant changes companies may have made in customer service and marketing, as they target their services to international customers. The object is to find out cultural implications on customer service and it follows as: What significant changes companies have made in customer service and marketing as they target their services to international customers?

The third research question of this study pursues to define the consequences of possible changes in customer service and marketing, affected by culture. The third supportive question is built as: What have been the consequences of these changes?

Figure 1 summarizes the research questions of the study.

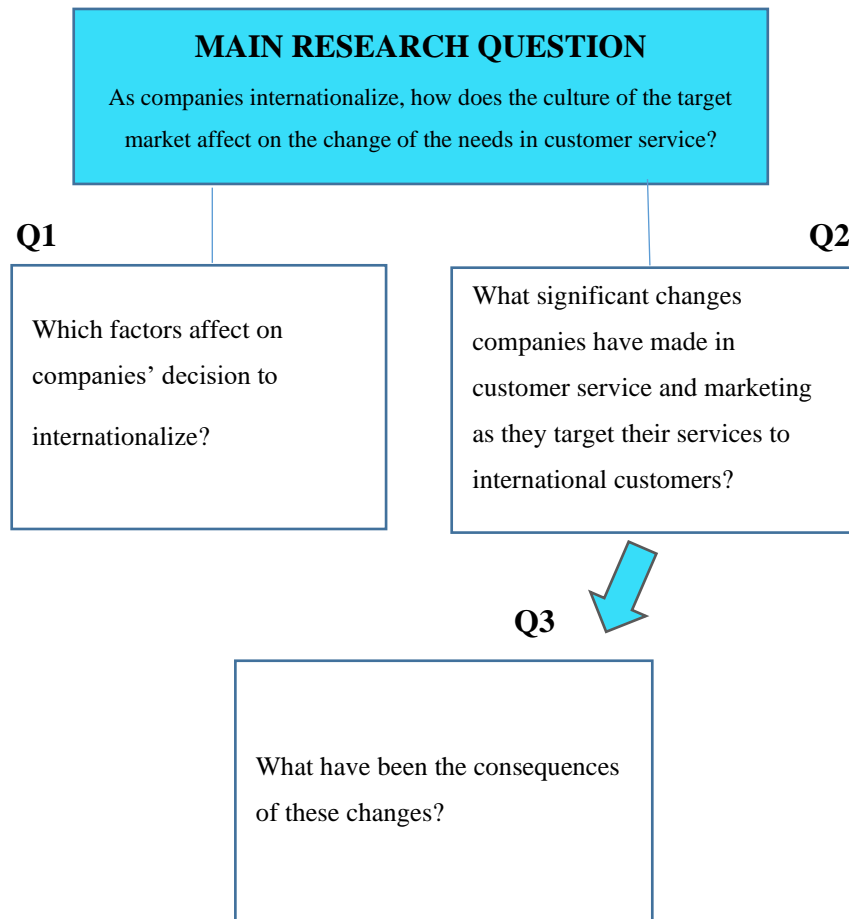


Figure 1. Research Questions.

### 1.3 Theoretical Framework

The theoretical framework used in this research consists of the concept of B2B customer service, researching the topics of internationalization and culture. In more detail, internationalization is observed through International New Venture theory and previous international experience. Culture is related to companies' internationalization and host countries' cultures. Internationalization and culture are in this research linked to each other and their intersection is studied. Results are analysed through earlier literature findings. Theoretical framework is presented more closely later as the literature review is gone through and the overall aim is to find out how the host country's culture affects on companies' internationalization and customer service. Figure 2 presents the theoretical frameworks of the study.

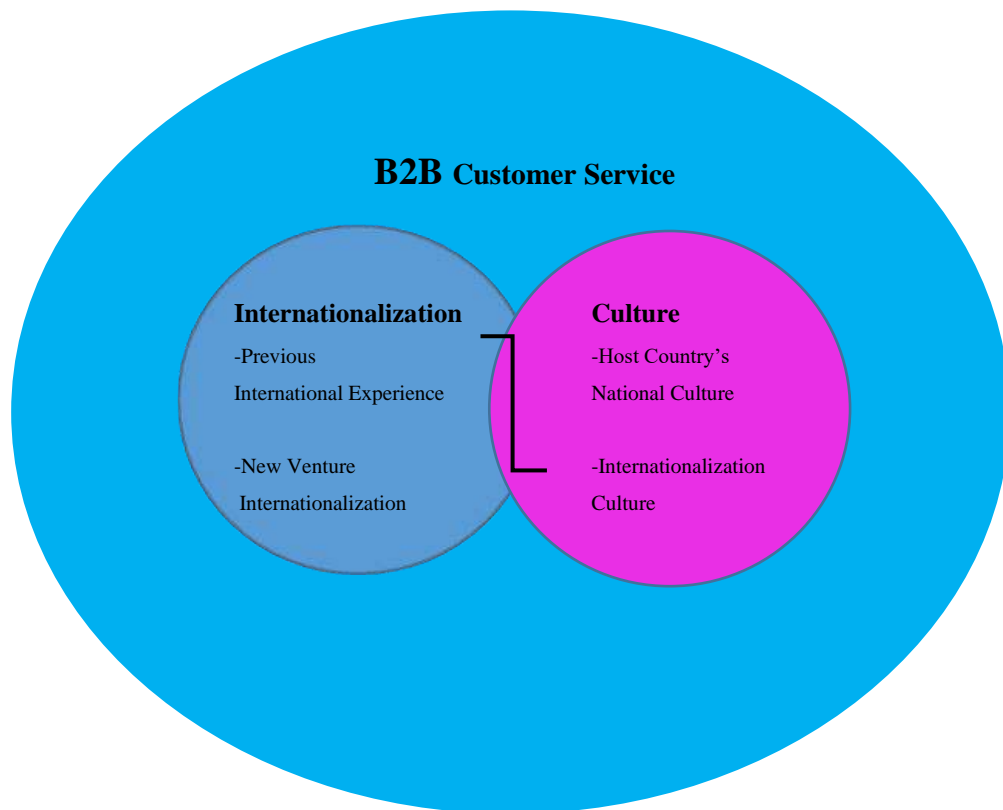


Figure 2. Theoretical Framework of the Thesis

Table 1 presents the main literature references of the thesis, to give the reader a clearer view of which studies this thesis is based on.

Table 1. Main Literature References

Study	Author(s) & Year
A Comparative Study on B2B Vs. B2C Based on Asia Pacific Region. International Journal of Scientific & Technology Research. Vol. 3, Issue 9, pp. 294–298.	Saha, et all. 2014
Business-to-business marketing and globalization: two of a kind. International Marketing Review, Vol. 25 No. 5, pp. 481-486	Matthyssens, et all. 2008
Explaining the International Intensity and Global Diversity of Early-Stage Technology-Based Firms. Journal of Business Venturing, 14 (3), pp. 259-281.	Preece, S., Miles, G. & Baetz, M. 1999
Global Start-Ups: Entrepreneurs on a Worldwide Stage. The Academy of Management Executive, 9 (2), pp. 30- 43	Oviatt, B. & McDougall, P. 1994
Culture and International business research: A review and research agenda. International Business Review. Volume 29. Issue 4.	Srivastava, S., et all. 2020
Intangible assets, international experience and the internationalisation speed of retailers. International Marketing Review	Mohr, A. & Batsakis, G. 2014
International experience in international business research: a conceptualization and exploration of key themes. International Journal of Management Reviews. Vol. 15 No. 3, pp. 265-279	Clarke, J. E., Tamaschke, R. and Liesch, P.W. 2013
International Entrepreneurship Research (1989-2009): A domain ontology and thematic analysis. Journal of Business Venturing, vol. 26, pp.632-659	Jones, M.V., Coviello, N. and Tang, Y.K. 2011
The internationalization of the firm - four swedish cases 1. Journal of management studies, 12 (3), pp. 305-323	Johanson, J. & Wiedersheim-Paul, F. 1975



The Internationalization Process of the Firm-A Model of Knowledge Development and Increasing Foreign Market Commitments. Journal of International Business Studies, 8 (1), pp. 23-32	Johanson, J. & Vahlne, J-E. 1977
Viewpoint: service marketing research priorities. Journal of Services Marketing, Vol. 34 No. 3, pp. 291-298	Grönroos, C. 2020

## 1.4 Definitions

This subchapter defines the central concepts of this thesis. Additionally, this chapter introduces significant concepts used to define internationalization, customer service and culture. Also, the concepts of B2B marketing, digitalization and start-up companies are defined as they are regularly used in the thesis, and therefore important to understand.

The most central concepts used in the thesis:

**B2B Marketing:** B2B marketing is marketing targeted for other businesses, instead of end users (consumers). In this study B2B marketing is observed and emphasized, as all case companies' main customers are other companies. "*B2B*" comes from the term "*b to b*" or "*business to business*". The difference between consumer or B2C marketing is the need for more precise targeting and consideration of a longer purchasing process. (Sanasto, 2014). According to Saha et al. (2014), besides target, B2B marketing differs from B2C marketing by market size, as the market of B2B companies is smaller. Moreover, sales volume and risk are higher on B2B companies, purchasing processes longer, money transactions more complex and purchasing decisions of customers are rational, not emotional. Demand is based on need and decisions are made by committee.

**Born Global:** Companies that are international from the inception are called Born Global companies. These companies do not have a certain internationalization path, but their product or service enables the company to have a global market from inception as the company is founded. According to Preece et al. (1999), Born Global companies have international intensity

from inception and they further create global diversity. The research showed two of the case companies to be Born Global and it covers internationalization paths of all case companies.

**Culture:** Culture refers to for example attitudes, beliefs, experience, hierarchies, meanings, values, perception of time, religion, relations, and roles applied to a group of people. In this thesis, culture refers to geographical boundaries and features.

**Customer Service:** According to Gröönroos (1990), the definition of service refers to activity of intangible nature that usually, although not always, appears by intercourses of the customer and the employees of the firm who aim to find solution to the customer's problem. Customer service means activities which consist of intercourses of customers and the firm and aim to mutually satisfy the expectations of both (Lovelock, 1991). Customer service should consist of two main objects: Customer satisfaction and operational efficiency (Álvarez-García, et al. 2019). In this thesis, customer service refers to partnerships companies have with their customer companies, not on the service of end customers.

**Digitalization:** Digitalization refers to a process of converting a company's products, services and processes into data that is enabled to be internet-compatible, and can be created, stored and transferred in bits and bytes. Moreover, the information related to these products, services and processes, such as marketing, sales and distribution share the same characteristics. (Chen, Shaheer, Yi, & Li, 2018; Sambamurthy et al., 2003). Digitalization is driven in technologies such as mobile services, big data analytics, cloud, social media, 3D printing, additive manufacturing, artificial intelligence (AI), and machine learning, for instance. However, according to Kotha et al. (2001) and Singh & Kundu (2002), International business studies of internet are strongly focusing on companies of intensive service, such as Airbnb, Facebook and Amazon. According to Collinson & Narula (2014) and Hennart (2009), these companies are so called service multinational corporations (SMNC) and have relatively tight physical assets, but they use platform technologies and *"scale by leveraging their FSAs with local partners' complementary resources"* (Banalieva & Dhanaraj, 2019). Case companies of this thesis operate in the field on digitalization based on this exact definition.

**Internationalization:** Internationalization refers to any operation of a company that crosses national boundaries. Internationalization can be used as a strategy to grow a business. Nowadays, not only large but also smaller companies have a challenge to gain a significant

role in the international markets. Consequently, as the domestic market is decreasing as globalization accelerates, the common idea is that domestic market is too narrow for growing the business (Bose 2016). All case companies of this study have already internationalized.

**Service Sector:** According to Rathmell (1974, p. 7) service marketing is: *“definitions, classifications, data, and concepts are lacking, noncomparable, or unreal from a marketing perspective.”* Main research priorities of it are service innovation and design, transformative service research, service branding, accountability, service logic and digitalization, and currently these topics have a central role in the field of service marketing (Ostrom et al., 2015). Instead of one contact point with their customers, service companies have two: marketing and production (Rathmell, 1974, p 7.) The interaction between customers and service operators that appear in the latter contact point are significant in the marketing point of view in service companies. In this thesis, service sector refers to the market sector of companies selling something intangible, non-physical, compared to traditional tangible, physical products.

**SME:** A general definition for a small-to-medium-sized enterprise (SME) is that they have employees of 50-250 and turnover of 10M€ - 50M€ (European Commission, 2020). Case companies of this thesis are relatively small in the size of employees and turnover, and they have internationalized fast.

**Start-up company:** Start-up company, by definition, refers to companies at first stages of their operations, aiming to aggressive growth. In this thesis all companies, besides other features, have unique business ideas which can also been considered as a typical feature of a start-up company.

## 1.5 Limitations

The obvious limitation of this study is its concentration on B2B market, leaving out the entire B2C market. Even more evidence of how companies internationalize and how culture affects on it and on companies' customer service could be found in case B2C markets were considered. Also, some differences could appear if B2B and B2C markets were compared.

Another limitation is that research results are based on interviews which represent opinions and statements of single persons', mostly CEOs and managers. Results could be different if I would

have interviewed other people from each company. Also, all case companies are from Finland, which may bring certain characteristics in the results, especially considering cultural issues. Limitation of time influences the research, as this study was conducted in a short period of time. It is also possible that a language barrier exists, as interviews were held in Finnish and then translated to English afterwards.

## **1.6 Structure of the Thesis**

This thesis consists of two main sections: theoretical and empirical part. In the first chapter, the theme is introduced to the reader by describing its background and research gap, as well as explaining main and sub research questions. The first chapter also introduces the theoretical framework, definitions, and delimitations.

The theoretical part of the thesis consists of chapters two as previous and existing literature findings regarding the main concepts of the study are introduced. Chapter two concentrates on literature review of internationalization, customer service and culture, more specifically on companies' internationalization paths and cultural adaptation of customer service. Chapter three presents the research methodology: main characteristics of qualitative research, case study, data collection, data analysis, validity and reliability. The main object, together with the thesis' empirical part, is to answer the research questions.

The empirical part of the study is introduced in the chapter four. Firstly, the case companies and the results are presented and analysed. In the last chapter, these findings are summarized and discussed, and practical implications are linked to theoretical references. Also, limitations made by conclusions as well as suggestions for future research are presented. The structure of the study is demonstrated in figure 3.

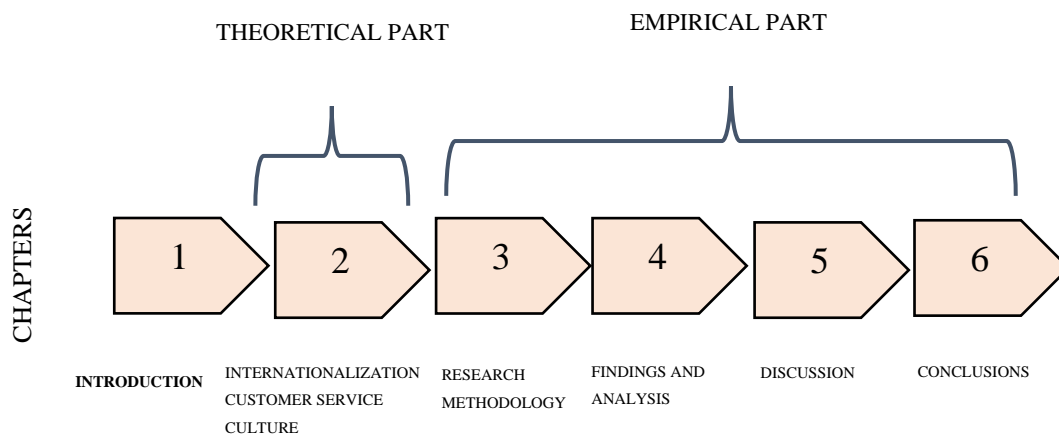


Figure 3. Structure of the Study

## 2 LITERATURE REVIEW OF INTERNATIONALIZATION, CUSTOMER SERVICE AND CULTURE

This chapter presents the academic literature concerning internationalization of Finnish start-up companies (SME's), emphasizing B2B markets and service sector. Moreover, cultural effects of companies' internationalization and customer service have the main focus on this study. The meaning of this literature review is to depict background information of the research area and present how previous literature findings are related to this study, thus define the theoretical frame of this research more closely.

At first, internationalization as a concept is explained. Second, classical stages models of internationalization, with special focus on the Uppsala model are covered. The third section consists of newer concepts of INV theory and Born Global companies, and the fourth section explains the role of previous international experience on companies' internationalization. The fifth part considers service sector. The second part of the literature review consists of cultural effects on companies' internationalization and customer service. Several theories are related to the study as the concept of internationalization challenging to explain and internationalization research should not be observed by considering only one theory (Coviello & McAuley, 1999). Moreover, the aim is to present and discuss the empirical evidence to be able to create understanding and give examples, considering internationalization related to B2B companies of the service sector and cultural implications on their internationalization and international customer service. Major of the literature is related to SMEs, which are related to the context of this thesis. Additionally, I would like to emphasize that I gained a lot of information as well as inspiration to the theoretical part of my thesis from to other master's thesis': Piesala (2016) and

Munther (2017). I would like to thank both Piesala and Munther for the help their works provided and congratulate them on their comprehensive master's thesis's.

## **2.1 Internationalization**

Internationalization refers to any operation of a company that crosses national boundaries and it can be used as a strategy to grow a business. According to Peiris, et al. (2013), the entire process of internationalization begins by recognizing international opportunities. These opportunities exist in both home and foreign markets (Zahra, et al., 2005). For SME's based on online operations, opportunities mainly appear, and they do not have time to fully create a strategy of internationalization or gain knowledge (Coviello & Munro 1997). One possible reason for internationalization is a company's requirement for certain resources (Fan & Phan 2007). According to Zarpelon, Medeiros & Borchardt (2015), providing a service in several countries might bring challenges, i.e., related to local regulations that prefer local service companies over foreign companies, or operational challenges that include employee turnover, the gap between resources and customers, as well as shared structure with service providers and the factory. Also, problems related to the culture of the manufacture, commercial strategy and lack of knowledge in the value demands of the customers may occur. Companies that aim to adopt a global service strategy must take into account the existing barriers. The barriers may include for instance the local regulations, operational elements, internal culture, commercial problems, or poor knowledge management.

Companies that internationalize should settle to contrasting institutional arrangements in their operations (Dunning & Lundan, 2008; Peng, 2003). The wider the institutional distance between a company's home market and foreign market, the more challenge the company has to effectively settle (Meyer, Estrin, Bhaumik, & Peng, 2009). The problem emphasizes in international business, especially where the *“cultural norms, demographics, competitive dynamics, and other factors may contribute to difficult-to-understand and hard-to-manage variations in supply and demand patterns abroad”* (Javalgi & Martin, 2007). Therefore, the concept of distance well explains the differences in companies' strategies and performance of companies' that operate in different markets. (Tihanyi, Griffith, & Russell, 2005).

In the following sub-chapters I will present the current literature findings of internationalization, that are most relevant for my thesis. They include theories of early stages

of internationalization, international new venture theory, previous internationalization experience affecting on companies' internationalization, B2B markets as well as internationalization related to the service sector. As this research focuses on small companies, not all theories of internationalization are straightforward applicable to the case companies of this study. However, many aspects of these theories can be applied to small companies as well, besides bigger multi-national corporations in which they originally concentrate on.

### 2.1.1 Early Stages of Internationalization

The end of 1970's was a new era of studies for firm internationalization. Johanson & Wiedersheim-Paul (1975) and Johanson & Vahlne (1977) presented models for multinational manufacturing companies of slow, systematic internationalization process. One of the most used models is the Uppsala model, a study named by its origin and presented by Johanson & Vahlne in 1977. The study is related to Swedish companies and the scholars proved that companies are able to minimize their risk of internationalization by starting the process of internationalization in markets that are by psychic distance as well as geographically close to the company's home market.

Uppsala Model, a Swedish framework, aims to describe a typical internationalization process. The model states that companies decide to enter nearby markets with low market commitment and minimum risk, and that the internationalization process starts from the markets that company has the least psychic distance with. The original Uppsala Model was introduced by Vahlne & Johanson in 1977 and has been updated in 1990 and 2017. The main components of the Uppsala model are capabilities, commitment process, commitments / performance, and knowledge development processes. Although the original model is extended in the newest versions, the basic idea behind remains. By adding capability-creating processes in the Uppsala model's components it can be explained what features enable internationalization process of a company: ownership, control and other forms of privileged access to firm-specific advantages. Vahlne & Johanson also state that efficient governance and economies of scale are reasons for companies' internationalization. Uppsala Model's main purpose is to research "*what firms are trying to do as opposed to what they have succeeded in doing*". Also, risk is related to resources at the stage where a decision to internationalize is made. The risk is there even if the company decides not to internationalize because then a company ignores an opportunity. A successful

company does not only passively adjust to a changing environment but, additionally, reacts to it actively and aims to transform it with i.e., entrepreneurial action or technological innovations. The updated Uppsala model offers a dynamic, process-based explanation of MBE evolution with realistic assumptions and it can possibly explain the evolution of the MBE. (Johanson & Vahlne, 2017).

Johanson & Wiedersheim-Paul (1975) emphasize the importance of psychic distance in their model as it is described to be preventive or disturbing to the information flow between a company and market, such as communicational differences (language), cultural and political characteristics or levels of education or industrial development. The early studies of internationalization were followed by literature from other authors, i.e., Bilkey & Tesar (1977), Czinkota & Wesley (1981) and Cavusgil (1984). In more recent literature, Ojala (2015) presents psychic distance to be complex to measure, as it has variety and changes in time. Thus, geographical distance is stable and easier to measure. The size of market influences companies' entry decision: when the market is bigger, it has more business opportunities and may be more appealing for a company to enter. Smaller markets have less opportunities, but they may offer a market opportunity such as geographically close country. (Ojala, 2015).

The early models of internationalization are also presented as the stage models by Johanson & Wiedersheim-Paul (1975) because they depict the four steps of the internationalization process of a company:

1. No regular export activities
2. Export by independent representatives
3. Sales subsidiary
4. Production / manufacturing

Stages 1-2 refer to companies' preference for minimizing the risk by indirect entry modes. Also, these stages refer to the fact that at the beginning of internationalization less knowledge is required of target country. Thus, in the meantime companies are able to gain knowledge about the markets. Then, at the stages 3-4, companies are more familiar with target markets which leads to companies being better prepared to establish direct operations in these markets.



Johanson & Vahlne (1977) divided the knowledge of international markets to general information and market-specific knowledge. General internationalization knowledge refers to mainly objective knowledge, which can be transformed to present behaviour of one market to others. Companies can learn general knowledge i.e., via media. Market-specific knowledge refers to more subjective knowledge and it is only relevant in the context. Market-specific information is not easy to gain according to its nature of not being communicated or shared often. Additionally, it is based on personal experiences. Lack of knowledge is an essential limitation for internationalization of companies, as knowledge helps companies to internationalize in markets that the firm's management is familiar with.

At the time of early studies of internationalization (Johanson & Wiedersheim-Paul, Johanson & Vahlne, Bilkey & Tesar, Czinkota & Wesley, Cavusgil) the concentration was in companies following certain stages in the internationalization process. The later studies of internationalization were in line with the research of Johanson & Wiedersheim-Paul (1975) and Johanson & Vahlne (1977), adjusting only small additions. For instance, Bilkey & Tesar (1977) presented six stages of early internationalization process. The scholars stated that at that time, these six stages were especially suitable for SMEs:

1. Management of the company does not have an interest in exporting
2. Management of the company would fill an unsolicited order, but does not have an interest to explore the opportunity further
3. Management actively explores the feasibility of exporting
4. The company exports to psychologically close country
5. The company is an experienced exporter to that country
6. Management of the company explores the opportunity to export to other countries that are psychologically further away

These stages have a deeper level on internationalization compared to the stages of Johanson & Wiedersheim-Paul. Furthermore, the study of Bilkey & Tesar (1977) focuses strongly on the previous experience and background of the company managers as they have a conclusive role within SME companies. The quality and dynamism ease the ability of the companies to receive unsolicited export orders more easily, and therefore, internationalize with more potential. (Bilkey & Tesar, 1977).

However, as this thesis considers companies in the service sector and in the field of digitalization, and as these early studies focus especially on manufacturing companies, it can be argued that same findings cannot be straight forward applied from manufacturing companies to companies of service sector. Several scholars have criticised the early stages of internationalization, such as Bell (1995), Oviatt, et al. (1995), Moen (2002) and even Johanson and Vahlne (1990) themselves, as they have argued that the Uppsala model may not be applicable to companies in the service sector. They have also stated that a different approach might be more suitable for companies in the service sector for scholars to be able to better understand their nature. In 1999, Roberts introduced a stage model of internationalization for companies in the service sector, but it gained a lot of critique as many scholars stated that the service sector requires a completely new internationalization theory.

### 2.1.2 International New Venture Theory

In the early 1990, concepts of Born Global and International New Venture were formed to challenge previous stage models of internationalization (i.e., Johanson & Vahlne, 1977; Cavusgil, 1984) and answer the questions of companies' internationalization process. These concepts present the features of such companies, emphasizing the aggressive internationalization and growth. (Jones & Coviello, 2005). Variety of terminology is used, regarding companies in the field of INV research. For instance, Born Globals (Knight & Cavusgil, 1996), Instant Internationals (Preece et. al., 1999), and Global Start-up Companies (Alahuhta & Jeannet, 1992) can be bound in the existing literature. However, as these terms are almost synonyms to each other, confusion should not be addressed to this terminology. Svensson (2006) had an attempt to combine these terms under one term, but still, it seems that each original scholar uses their own terminology. In this thesis, Born Global is the term used.

The fundamental idea of International New Venture theory is to describe behaviour of companies that have the aim of internationalizing from the inception. Previous theories of internationalization mainly concentrate on companies that at first operate in the home market and later search for i.e., growth opportunities from foreign market. Classical theories emphasize the firm level and large companies, and thereby leave out a fundamental part of SME's: individuals and smaller groups, for instance the founder or the entrepreneur and his networks. One definition for INV is that it is a company that from inception, "*seeks to derive*

*significant competitive advantage from the use of resources and the sale of outputs in multiple countries*". (Oviatt & McDougall, 1994, 49). Besides Oviatt & McDougall, other scholars have researched INV: Cavusgil & Knight (1996), Coviello & Munro (1997), Preece et. al. (1999), for instance. Findings show that INV companies mainly operate in industries of strong international competition (McDougall, 1989). Additionally, Bell (1995) states that INV companies also operate in industries of high technology.

According to Oviatt & McDougall (1994), a successful INVs should have features such as global vision from inception, internationally experienced managers, strong international networks, pre-emptive technology, unique intangible asset, product or service closely related to extension, and the company should be strongly coordinated worldwide. Moreover, founders' role is emphasized by Madsen & Servais (1997), including previous experience and motivation. They also stated that organization's competence and governance structure, as well as environment with market situation have a major role in Born Global company development.

According to Knight (2000), core components of SME internationalization are also product specialization and adaptation, meaning that *"by developing more niche products it is possible to gain market share where the bigger companies have no ability or interest to operate."* Adaptation refers to localization and culturalization of products that companies can do to attract new markets. It is also relevant for companies to be prepared to adapt themselves to *"shifting trends in the market"*, what kind of products they are providing and to whom. (Piesala, 2016). McDougall, et al. (1994) presented that INV's aim to create i.e., strategic alliances or use their business networks in turbulent markets, as a way to take care of their limited resources. This strategy is emphasized especially at a start-up phase. However, for instance Preece, et al. (1999) found no relation between strategic alliances and SME's internationalization success which may refer to i.e. the possibility of these factors being case-specific. (Piesala, 2016).

A driver for internationalizing early can be the small demand of the home market, even in bigger countries (Madsen & Servais 1997). Also, Knight et al. (2004) and Fan & Phan (2007) have recognized the same findings: the company's decision to internationalize is affected by the size of the home market, as well as a company's production capacity. Online operations make internationalization faster, as it enables commerce without having to take into account the national borders. Firms aim to seek more resources, not markets. (Petersen & Welch, 2003). According to Sinha, et al. (2015), for internet-based international new ventures, the size of a

market is an aggregate of internationalization decision. Cannone & Ughetto (2015) support the finding as they suggest USA, China, and United Kingdom to be most attractive markets for high-tech start-up companies.

Furthermore, Crick & Jones (2000) suggest that the role of founder or entrepreneur has a significant role in SME internationalization. They state that decisions a firm makes are usually dictated by few people of the company. Also, Knight (2000) has stated entrepreneurial orientation to play a key role in improving performance of globally operating SME's, as it pushes them towards providing technologically advanced and high-quality products and thereby, create competitive advantage (Cavusgil & Knight, 2014). Nummela, Saarenketo & Puumalainen (2004) found that management experience is a driver for managers to emphasize global mindset, which accumulates the internationalization of SME's.

Sasi & Arenius (2008) state two phases of companies' internationalization: first, to access to global markets, and second, to increase the involvement in achieved market positions. It is meaningful to notice that early internationalization does not necessarily bring success for all companies, and the future research of Born Globals should focus on how these companies make their internationalization decisions (Fan & Phan, 2007). The INV theory was formed to prove that the classical stage models of internationalization do not describe internationalization of SME companies precisely enough. The theory has been discussed and developed from the 1980's and yet, it is still widely discussed. (Piesala, 2016).

It should also be considered that aggressive growth, that usually Born Globals aim to reach, has disadvantages besides earlier discussed advantages: For example, it can cause companies not being able to meet the demand of new customers. A company's capacities may not be enough to fulfil each customer's expectations or in the service sector, even make deals with all possible customers. It is also possible that aggressive growth causes decrease in employees' morale, highlighting larger companies that have many employees. Culture plays a critical role in employee satisfaction and therefore, aggressive growth may have a negative affect on it. Due to this matter, companies are required to establish strong managerial teams as a way of maintaining internal restructuring. Additionally, cash flow management may become more challenging for companies that grow aggressively. (Signature Analytics, 2013).

### 2.1.3 Implications of Previous International Experience

To be able to internationalize rapidly, companies are required to have certain intangible resources. Also, decision-makers of companies must be eager towards the effects of international experience in allowing them to expand operations in the foreign markets. The speed of internationalization can be understood by intangible assets and experiential knowledge of operating internationally. Even though many studies have emphasized the significance of both intangible assets (Delios and Beamish, 2001; Meyer et al., 2009) as well as international experience (Barkema and Drogendijk, 2007; Clarke et al., 2013; Dikova et al., 2010; Dow and Larimo, 2009; Lihong and Delios, 2008) as a significant feature of the pattern and outcome of companies' internationalization, their role of explaining the speed of internationalization of companies is still underexplored. Additionally, only a little is known for the degree to which the implications of companies' international experience on the speed of internationalization varies with the nature of this experience. For instance, Mohr et al. (2014) and Rugman & Girod (2003), concentrate on the home-region of companies in general and particularly on the companies of the service sector but still the moderating role of this concentration for the relation between international experience and the speed of internationalization is not yet researched. According to Mohr & Batsakis (2014), it is meaningful to clarify such an effect in order to understand the complex role between companies' international experience as an important intangible resource in the internationalisation process (Clarke et al., 2013).

International experience should be considered as a critical intangible resource for internationally operating companies (Fang et al., 2007; Peng, 2001). According to Clarke et al. (2013, p. 265), in research on companies' internationalization, international experience in general refers to the *"experience that firms accrue from operating internationally"*. This experience enables companies to create knowledge and skills that are useful as they internationalize their operations. Especially, international experience improves a company's ability to overcome its liability of foreignness and decreases the costs and time related to it. (Barkema et al., 1996). Companies that have international experience can transfer their knowledge into new contexts to overcome their liabilities of foreignness faster, and therefore, such companies can internationalize more rapidly compared to companies with no international experience. For instance, experience of establishing and managing operations in new markets enables companies to adjust themselves into consumer demands or legal restrictions of the host

country more rapidly. In addition to the facilitating effect of international experience Mohr & Batsakis (2014) suggest that it can also encourage companies to internationalize fast.

Managers of companies with international experience are more likely to have a mindset towards internationalization and therefore to consider the company's markets as international. Such mindset towards internationalization enables managers to be more into growth opportunities in the foreign markets, growing the speed of the company's internationalization. (Mohr & Batsakis, 2014). Research on entrepreneurship in general, and research on International New Ventures or Born Global companies has emphasized that *"entrepreneurs learn from their experience and become more likely to spot new opportunities in general, or new opportunities for international expansion"* (Luo et al., 2005; Musteen et al., 2010).

A company's board of directors is a significant factor for companies to successfully address the complexity that accompanies internationalization, but yet only a few research links the board to internationalization. Directors with human and social capital provide companies with ongoing advice and critical resources required to internationalize successfully and it is also likely that these directors provide resources for internationalization when they have *"longer co-working experience"*. As a conclusion, directors' role that is dependent on resources has an effect on the company's internationalization and offers a new view on the implication of board capital. Future research is encouraged to investigate how board directors affect on a company's strategic complex and uncertain decisions which require adequate resources. (Chen, et al. 2017).

#### 2.1.4 B2B

B2B marketing is marketing targeted for other businesses, instead of end consumers. According to Saha et al. (2014), besides target, B2B marketing differs from B2C marketing by market size, as the market of B2B companies is smaller. Moreover, sales volume and risk are higher on B2B companies, purchasing processes longer, money transactions more complex and purchasing decisions of customers are rational, not emotional. Demand is based on need and decisions are made by committee.

There are many challenges that operators in B2B markets face, due to globalization of markets. This leads to firms having to choose such market strategies that are different compared to previous approaches. One challenge is the “*delocalization*” of the customers, in case a company is not Born Global. (Matthyssens & Vandenbempt, 2008). Still, global customers require the same levels of service and quality as the customers in the company’s home market. According to Matthyssens & Vandenbempt (2008), operators in B2B market need to make massive investments to ensure the high-quality customer service in the foreign markets, and yet, it is not certain that these investments are beneficial, in case a firm follows only a few of its customers.

In practise, even though the demand is created by “*delocating*” customers, the market potential of these markets is still quite limited because pulling global customers does not ensure continuity of orders, “*to justify the investments in additional assets abroad*”. This is a more critical issue for SMEs as they have limited resources. Consequently, SMEs often make decisions to focus on a certain regional niche market or search for alliance partners to invest in foreign markets together. It is for certain that this trend is not to be reserved, as business markets have become global and global customers expect the same level of service in all markets. (Matthyssens & Vandenbempt, 2008).

According to Harris and Wheeler (2005), global networks have an increasing importance in B2B markets. Operators of B2B markets aim to add value to their general offers by undertaking the role of system suppliers as operators of solutions or performance have a more proactive and wider attitude towards customer service. This often leads to a wider source of profit (Helander and Möller, 2007). Mainly, the service-focused attitude leads to a more intense integration of the B2B operator into both the business and technical processes of their customers.

However, even if the B2B operator has a well-known, positive reputation of being reliable, the reputation mainly refers to products of the company, not to the integrated solutions or the management of complex projects. Additionally, decent global partners and managing cross-border networks address extra challenges for B2B companies. (Matthyssens and Vandenbempt, 2008). The challenge for B2B companies is also “*the transition to electronic forms of exchange.*” Online operations have a major role for i.e., companies’ supply chain management, negotiations, virtual communities and marketplaces, servicing contracts and marketing. Even though global business is easier nowadays online, which current technology enables for B2B

firms, e-internationalization still faces challenges because B2B companies can lose their intellectual property online. Also, B2B partnerships are more challenging to manage online. (Samiee, 2008). However, according to Keinänen & Kuivalainen (2015), social media channels and their use have become remarkably more common over the past few years in B2B sector. Social media and social media marketing are general in B2C sector and yet, marketers of B2B sector have also started to research *“how to utilize social media in their marketing efforts”*. Keinänen & Kuivalainen state that it could be beneficial to market social media services to specific key persons in the customer organization. Because private use of social media is the main driving factor for the business use of social media, organizations need to take into consideration of how they could make their customers use the same social media tool for business purpose and how organization could support this migration with marketing. It is critical to find the right persons in the customer organization who are inspired and able to use social media, as colleagues’ use of social media supports the increase of the social media use for B2B purposes. (Keinänen & Kuivalainen, 2015). I would argue the use of social media to have a major role in international customer service of B2B companies.

Despite the challenges discussed before, more and more B2B companies grow their international operations because international activities are meaningful to their performance (Katsikeas, 2006). Furthermore, B2B companies are likely to begin internationalizing at early stages in the development (Rialp et al., 2005; Knight et al., 2004). It seems that B2B business reality is further developed according to internationalization than the existing literature on the topic. Further research on the topic is required in order to understand how previously discussed challenges influence B2B partnerships and international marketing phenomena. (Matthyssens & Vandenbempt, 2008).

As previously discussed, global customers require the same level of service and quality as do the customers in the company’s home market. However, Barry, et al. (2008), argue that a customer’s decision to choose a certain supplier again is often based on the necessity of the supplier. Relationship strength in B2B partnerships is affected by social and economic factors. Social factors include the quality of relationship, where economic factors consist of perceived value and switching costs. B2B customers emphasize almost equally both social and economic factors as they make decisions to continue cooperation with a certain supplier. However, the degree of orientation is not affected by national culture. According to Barry, et al. (2008), a possible reason for this refers to *“the tight correlation between country collectivism and*



*national poverty*”. On the contrary, customers are still committed to suppliers out of desire as well. The degree of perceived switching cost, value and relationship quality felt by a buyer has a key role in their willingness to invest in the partnership and to provide increased business opportunities to the supplier. In other words, it is unlikely that buyers would invest in relationships or extend wider business opportunities to suppliers that only offer good deals. Main benefits of increased business opportunities are still driven mainly by switching costs and value, not by relationship quality. Besides cognitive judgments on the supplier’s performance that customers form, they also consider the trust in supplier’s credibility and largess, as well as the sentimental side of allegiance of the supplier. By recognizing a customer’s preferences of rational and sentimental factors, it is easier for suppliers to familiarize themselves to the customer’s nature and increase the likelihood for further relationship. (Barry, et al., 2008).

B2B customers require information and communication is the key in every B2B company’s marketing strategy. Personalization and its importance have been widely discussed topics in digital marketing for a long time: the more a company of B2B marketing is aware of its customers’ likes, dislikes, needs, and desires, the more likely it will be able to “*effectively target its marketing message.*” (Totka, 2019). Customers of B2B markets exist in relationships: customers referrals and further suggestions are critical for B2B companies. Usage of social media (Facebook, LinkedIn), direct messages to the right persons in the company and trade fairs may also bring customers to B2B companies. Additionally, B2B companies should study how their competitors work. (Lunk, 2019).

#### 2.1.5 Service Sector

Rathmell (1974, p. 7) defined service marketing to be following: “*definitions, classifications, data, and concepts are lacking, noncomparable, or unreal from a marketing perspective.*” According to Ostrom et al. (2015), main research priorities are service innovation and design, transformative service research, service branding, accountability, service logic and digitalization, and currently these topics have a central role in the field of service marketing. Instead of one contact point with their customers, service companies have two: marketing and production (Rathmell, 1974, p. 7). The interaction between customers and service operators that appear in the latter contact point are significant in the marketing point of view in service companies. (Rathmell, 1974, p. 6). To conclude Rathmell’s findings, new concepts are required

in order for service marketing to be successful. (Rathmell, 1974, p. 73). Grönroos (2020), continued that the research of service marketing has not reached far from early days of modern service research. Two fundamental perspectives of service marketing have been missed in service marketing research: service and marketing. He argues that solid service-focused models of service marketing are missing. According to Grönroos, the conceptual development of service marketing should have a central priority role in research because marketing has been a further pushing force in the modern service research and its dominating subareas. Marketing of services can not be considered conceptually without the understanding of what service as an object of marketing includes, conceptual development of service has to be “*another self-evident research priority in service research*”.

Grönroos and Berry, Parasuraman & Zeithaml’s researched service quality in the 1980s, and begun a growing interest towards service quality nearly exponentially among service researchers. The interest kept its level at the 1990s and early 2000’s as for instance Boulding et al. (1993), Cronin and Taylor (1994), Teas (1993) and Brady & Cronin (2001) continued research of this area, but at the same time the interest towards service marketing decreased dramatically. According to Grönroos (2020), this happened because new approaches are required in service marketing, which was not suitable for original and dominative marketing mix management paradigm, and therefore, decelerated researchers from continuity of researching marketing in service companies. To conclude this phenomenon, the researchers of service devoted themselves to research other topics according to service, instead of aiming to understand the marketing of service companies or developing models of service marketing forward.

In general, marketers should promise such things to their customers that can be kept and certainly keep these promises, to be able to fulfil customers’ expectations that are based on the made promises. If these promises are in relation to customers’ needs, situations with life or activities, meaning their ecosystems, making promises to customers should make a company relevant to customers. Therefore, marketing should fulfil its ultimate goal. In the service sector, the same pattern does not work because “*in service there are no products as pre-produced, tangible artifacts*”. (Grönroos, 2020). According to Edvardsson, et all. (2005), service refers to a process-based business in which promises are equal to processes that take place in the future, and these promises are kept by functioning of processes. At the same time, companies interact with their customers during the process. Grönroos (2020) states, that this definition

changes things automatically as keeping promises is self-evidence no longer. In company's marketing, keeping a promise is not automatic and customer experience processes have to be handled in a customer-focused way. It means that customers should be satisfied and engaged with the company in a way they will choose the company in the future as well. Where making promises is often organized in a certain department of a company, keeping promises is spread all over the organization. Therefore, keeping promises cannot be organized through original structures but in the promise-keeping point of view, marketing should be managed by a mindset focusing on the customer. Yet, it requires scholars to stand out of their comfort zone. (Grönroos, 2015). In order to develop marketing, marketers should approve work that bursts through and makes re-definitions to the currently adjusted boundaries (Webster, 2005, p. 6). Unlike products, services are processes that aim to an outcome. As the service quality model demonstrates (Grönroos, 1984), customers' perceptions are affected by both the outcome and the process. Moreover, Edvardsson (1996), suggests that a company of service sector should take into account the distinction between customers' primary needs and secondary needs.

The service model must include service elements, to be able to fulfil primary needs of customers. For instance, this may refer to guest rooms and booking, check-in and breakfast services in a hotel. To be able to fulfil secondary needs of customers, the service model must additionally include *“process-related aspects of the service, which guarantee that the service elements function in a customer-focused manner”*. According to Grönroos (1984), these service elements formulate the service package, which still is not the service as an object: they only ensure that the company achieves the service's intended outcome, and that the quality of technical quality can be delivered to customers. As services are conceptualized, both service package elements and features related to processes should be emphasized. When a service company develops the elements of the service package, it is also significant to ensure that they are able to fulfil several purposes of customers, i.e., mandatory features that enable the usage of core service and optional elements that emphasize the perception of the service. Grönroos (2020) states that *“most service elements can be both enabling and enhancing”*. As an example, Grönroos & Sand (1993) use a car rental service. The central service of a rented car is transportation. A customer's access to a desired car is an enabling service element, whereas, for instance customer feedback handling is an enhancing service element. Yet, the reservation system, information about terms and conditions and car return or payment systems can be both enabling and enhancing service elements. (Grönroos, 2020).

There are several studies related to internationalization of SMEs (Hollenstein, 2005; Lamb, Sandberg, & Liesch, 2011). Findings of these studies show that compared to large companies, SMEs have different business models in scale of operations, processes and managerial styles (Child et al., 2017). According to Brouthers & Nakos (2004) and Buckley (1989), SMEs have relatively smaller human and capital resources required for internationalization and therefore they seem to have a disadvantage compared to large companies as SMEs expand into international markets (Reuber & Fischer, 1997). Yet, SMEs in the service sector are active in international markets and face several different problems compared to manufacturing companies (Dunning & Kundu, 1995; Moreira, Maia, Sousa, & Meneses, 2013). Differences that are most commonly acknowledged between manufacturing SMEs and service SMEs are variability, simultaneity of production and consumption, perishability of the output and intangibility (Buckley, Pass, & Prescott, 1992; Goerzen & Makino, 2007). These differences are meaningful as SMEs expand to new markets that are distant because they require companies to address the challenges of intimately engaging with a foreign target market in distance from the home market (Clark, Rajaratnam, & Smith, 1996).

SMEs in the service sector are required to examine the potential of the market before deciding to enter it; SMEs must understand the institutions of the host market, both formal and informal, and the market structure, such as its size and the nature of the value chain. Besides, internationalizing SMEs also have to understand how customers make decisions and on which level these decisions are made. Roberts & Muralidharan (2020) suggest that for example in Asia, creating business partnerships is time consuming and therefore patience is required from SMEs. In Asian market, SMEs are required to develop relevant value propositions in the Asian market and be long-term oriented in their approach. Brand and country of origin reputations must be built, in order for SMEs to create niche service offerings in the Asian market. Also, pricing strategy has to be well considered because Asian customers are extremely price sensitive. Local presence has a major role in Asia and therefore, as SMEs internationalize there, they are required to have local partners there, *“who know how business is done and can communicate well about the SMEs’ offerings to customers.”* SMEs must concentrate on relationships and networks as relationship building is the key to success of the service in Asia. (Roberts & Muralidharan, 2020). This study does not consider especially Asia, as the study of Roberts’ and Muralidharan’s does, but as some of the case companies do operate in the Asian market, I would argue that it is a relevant example for this study’s theoretical part.

## 2.2 Cultural Adaptation of Customer Service

In this subchapter I will cover the concepts of culture and customer service. In this thesis, special focus is addressed to the national culture of companies' host countries. Customer service is viewed as partnership between two or more businesses. Especial focus is on cultural adaptation of customer service as a whole.

### 2.2.1 Culture

Cultural distance and national culture have an obvious impact on companies' internationalization decisions (Szkudlarek, et al., 2020). Fan & Phan (2007) state that cultural distance has a major role even for Born Global companies' decision making. Also, Rothaermel et. al. (2006) suggest that cultural distance is a limitation of internationalization for online-based companies. However, there have still been only a few research that review the extant literature of this significant concentration of culture affecting international business (for instance: López-Duarte, Vidal-Suárez, & González-Díaz;2016 and Harzing; 2003). In relation to this, the topic of this thesis is well justified.

Culture affects on business in B2B markets as well as personality affects on consumer behaviour in B2C markets. Therefore, it is expected that business psychographics have an influence on psychological motives to which the companies solicit. By taking this into account, marketers can better understand the needs of business segments to marketing stimuli and onwards provide service that better meets those needs. Because the possibility of complexity of the buying centre and more "*formula driven*" customers (compared to B2C markets), marketers are not able to trust personal psychographics. This is the reason behind of the belief that business culture serves a significant insight not only of the functioning of an individual but of the whole organization. It refers to marketers targeting the buyer, which certainly is affected by the business culture. Moreover, they are targeting the whole organization as well. (Jadczaková, 2013).

## Concept of Culture

Definition of culture is complex, as are elements of culture. Culture, as a concept, is intangible and therefore, challenging to define. Yet, we all are affected by it. Some synonym terms have been adjusted to culture: For instance, “*climate*”, “*espoused values*”, “*formal rituals and celebration*”, “*habits of thinking, mental models, and linguistic paradigms*”, etc. (Schein, 2010, p. 13). Schneider (1990) suggests culture and its elements to consist of different layers. People aim to understand culture in order to be able to describe daily-life situations, as it is something that surrounds us all: employees, managers and people in general. (Schein, 2010, p. 1). For decades, managers have formed norms and social behaviour patterns as a culture of an organization. (Schein, 2010, p. 12). Culture is formed by the members of a group, for example a nationality or organization, who construct their environment; these constructions create basic norms and behaviour patterns within a group. (Schneider, 1990, p. 29). The nature of culture includes shared values, beliefs, and common understanding. Additionally, Schneider (1990) emphasizes artifacts as a significant element of culture which refer to tangible or physical products of a culture activity, such as logos of organizations or banners.

Hofstede (2001) states that national and regional culture influence the processes of socialization, as they affect on the consumer’s relationship with the environment, and thus, lead buying decisions and other actions. Advertising influences on and reflects to the values of culture and it is more effective as elements of advertisement are suitable to the national culture of the buyer as the buyer himself and his personality are represented in the conceptual content of the communication. (Cortez, et al., 2019).

## Organizational Culture

According to Weick (1995), culture’s significant element is “*patterning or integration*”, as people aim to manage the surrounding environment towards a more structured pattern, and culture enables to manage an organization more effectively. Schein (2010) states organizational culture to include critical elements. The first element, “*structural stability*”, refers to a level of stability among individuals. People tend to search for something stable from shared experiences, among others. Culture is a sustainable part of organizational structure and it can last in long-term, even if employees who create culture leave the organization. The second element of culture, according to Schein, is “*depth*”. As culture has its in-depth features, it is

less visible to outside than other characteristics of an organization. Therefore, culture is often described in literature as an “iceberg”. Schein’s third element of culture is “breadth”. According to Schein, culture is like air: invisible and difficult to describe. Yet, once culture is developed, it is strongly spread into each corner of an organization. Every department of a company and individual employee are affected by culture and solve conflicts based on it on a daily basis. (Schein, 2010, p. 14). To conclude organizational culture, “*organizational cultures, like other cultures, develop as groups of people struggle to make sense of and cope with their words.*” (Trice & Beyer, 1993, p. 15).

Culture is formed by transferring knowledge of culture from a permanent member of a cultural group to a new member of it. Yet, transferring does not give deep understanding of organizational culture to a new member, but they need time to earn a permanent status within the group and to understand the culture of it by themselves. Understanding culture is the critical factor in an organization, and it can be achieved by observing older members of a group and asking them questions. (Schein, 2010, p. 18). In order to deeply understand culture, new employees of an organization are required to practise self-learning and pro-active anticipation. Within new organizations, as the culture of it is not yet formed, new employees may interact with older members of the organization creatively, for inventing the aspect of a new organizational culture. (Schein, 2010, p. 19). According to Barley (1983, p. 411), culture of a business organization is similar to a culture of a family.

Patterns of behaviour are communication tools, for instance interaction between people, or decision-making processes, that are easy for outsiders to point out as well. These organizational patterns of behaviour support conflict-solving within organizations. (Cooke & Rousseau, 1981, pp. 22-23). Furthermore, behaviour norms refer to what the members of organization are expected and not expected to do in the organization, and these behaviour norms are often stated in the corporation policy, to allow members to acknowledge them by themselves. Schein (2010, p. 9) states that as the internal atmosphere of a company is observed, the importance of cultural differences and background differences among employees can be seen. As people come from different backgrounds and cultures, their ways of thinking vary. There are also extreme differences between companies, for instance in the structure of organization, perspectives of employees’, or organizational behaviour, even if the companies operate in the same industry or at the same location. According to Schein, this is due to individuals’ personalities, from which their behaviour emerges, which then affects on the common norms and rituals of a group

within an organization. The concept of culture has a crucial role in enhancing organizational performance and solving internal conflicts. (Schein, 2010, p. 9-10).

As this thesis addresses the culture of a host country (in companies' internationalization), the culture of organization should not have too deep focus. However, as companies are studied in general basis in this thesis, and as organizational culture is a major part of culture as a concept, theory of organizational culture is required as well.

Qualified customer service refers to a company's ability to care for its customers. If a company's goal is to stand out, it must consider how it treats its customers as there might be a major of negative press coverage considering firms that provide poor customer service. In more detail, company can show that it cares for its customers by responding quickly, knowing who its customers are (the importance of customer relationship), make amends for possible mistakes, listen to its customers, and consider customer relationships on a long-term period. It is also noticeable that delivering unqualified customer service can nowadays lead to weak reputation as social media channels ease word-of-mouth marketing globally. (MacDonald, 2021).

### Culture Related to International Business

In the field of international business, Wang, Clegg, Gajewska-De Mattos, and Buckley (2020) emphasize language issues related to communication by qualitatively exploring emotions in the context of language standardization. As an example, the study of Wang, et al., considers English as a working language in a Chinese-owned multinational organization, and the findings of the study show that both native and non-native English speakers have language-induced emotions that affect on their ability to communicate. This has led to both positive and negative results in the knowledge transfer and the functioning of organizations. Especially significant finding of intercultural communication is that these language-induced emotions were experienced by native English speakers. Additionally, an important result is that standardization of language might have negative effects in the long term, as *"it may inhibit people from sharing information across linguistic boundaries."* Szkudlarek, et al. (2020) enhance the significance of emic, culture-specific insights for making sense of communicative practices.



However, Srivastava, et al. (2020), formed an analysis where they identified knowledge gaps between culture and international business. national culture, external uncertainty avoidance, knowledge transfer and collaboration, management practices, firm performance, entrepreneurial mindset, interaction, and firm performance. These clusters exposed the implication of cultural distance on international business besides for academicians and policymakers, also for companies that practise international business. Srivastava, et al. (2020), formed an analysis where they identified knowledge gaps between culture and international business. These areas are significant for future research on the relationship of culture and international business, which is a significant part of this thesis.

The literature results of Srivastava, et al., were split into 8 different knowledge clusters: national culture, external uncertainty avoidance, knowledge transfer and collaboration, management practices, firm performance, entrepreneurial mindset, interaction, and firm performance. These clusters exposed the implication of cultural distance on international business besides for academicians and policymakers, also for companies that practise international business. As another result, the study showed a comprehensive review of current trends in international business and culture by addressing the extant literature in relation to theory, context, characteristics, and methodology. The scholars underline that theory requires more work to form a theoretical framework for understanding the factors of several cultural dimensions in the internationalization process and a more realistic distance measurement for the future. In terms of context, research on diversification and uncertainty avoidance Srivastava, et al. (2020) studied the firm and country levels and stated: *“How individual intentions, leadership aspirations and motivation are moderated and mediated towards diversification opportunities and superior firm performance needs to be explored in greater depth.”* The scholars state that the context of emerging markets has not been studied enough in the work environment, emphasizing more on individual-level analysis. Paul and Srivastava (2016) researched entrepreneurial mindset and Fowler et al. (2018) adaptive behaviour, but the context of emerging markets is still missing deeper studying. The context of time progression also requires more research in understanding how the internationalization process changes and matures over time as culture affects it. (Srivastava, et al., 2020).

International business research concentrates on the main decisions made by companies as they expand their operations across national borders (Kurt & Kurt, 2019; Singh, Chauhan, & Dhir, 2019; Paul & Mas, 2019). Although these decisions seem like tactical in their nature, they are

strategic decisions in practise, pursuing towards superior performance of companies (Efrat & Asseraf, 2019; Marano, Arreglsse, Hitt, Spadafora, & van Essen, 2016). Multi-national enterprises (MNEs), that operate in the variety of social contexts and several political and economic environments, need strategies as their decisions are complex and intertwined (Magnani, Zucchella, & Floriani, 2018). The research of Srivastava, et all. (2020) concentrates on the varied contexts related to international business. International business is stated to be a “*study of distances*” and it affects the global marketplace. These distances consist of institutional distance (Kostova & Roth, 2002; Kostova, 1997; Paul & Sánchez-Morcilio, 2019), linguistic distance (Dow & Karunaratna, 2006), economic distance (Ghemawat, 2001), geographic distance (Eden & Miller, 2004) and the effect of combinations of these (Beugelsdijk, Nell, & Ambos, 2017). Thus, according to Srivastava, et all., (2020), cultural distance is formed by a more institutional and internally focused element, which influences strategic decision making at the organization level, and studying cultural distance has a key role of international business research. Related to these findings, the topic of this thesis is justified as more research on the field is required and as this thesis studies cultural implications on SME’s internationalization.

### 2.2.2 Customer Service

According to La Londe et al. (1988), customer service is a broad concept and can be defined in three aspects. If customer service is seen as a process, it can be defined as “*a process of effectively providing considerable added value for the whole supply chain*”. If customer service is considered as an organizational context, it can be defined as a set of functions and activities that a certain department of an organization, called “*customer service department*”, takes care of for instance, dealing with customer feedback. If customer service is considered as an expectation of performance, it can be defined to be meeting and exceeding customers’ expectations. (La Londe, et al., 1988). As this study is limited to customer service as partnerships within B2B companies, here customer service as a term refers to the first aspect: process. Customer service can bring added value for a company’s products or services. Later, customer service is defined by C.J. Johnson (1998) as “*The collection of activities performed in filling orders and keeping customers happy, creating in the customer’s mind the perception of an organization that is easy to do business with.*”

Customer service is a concept that is understood differently within different organizations. In some organizations customer service can be simply ensuring friendliness to customers, sending thank-you notes, or keeping customer well informed about new products. (Yankee, 2008). In other organizations, the term may refer to a broader meaning. Exceptional customer service refers to fulfilling customer's expectations and beyond, showing respect to customers and creating decent relationship with them. (Darlington, 2016).

According to Ballou (2004), there are three elements of customer service:

- 1) Pre-transaction elements
- 2) Transaction elements
- 3) Post-transaction elements

Elements of pre-transactions refer to activities that are not included to the external customers. These elements are structuring the environment and the culture of an organization and can therefore support the customer service process. The culture of customer service is formed by the elements of pre-transaction. At the stage of pre-transaction elements, a company forms its internal framework in a way that they will be able to provide the most satisfied products and services to its customers. (Ballou, 2004). Also, companies should provide written documents regarding customer service policy of the organization, as these documents are necessary for both employees and customers of the company. With the help of these written documents employees of the company can act according to the policies of the organization and be able to carry same standards to all customers. Customers can then trust the company's customer service policies and be informed of what they can expect from the company. (Fallah, 2011, p. 203).

Transaction elements are related to distribution and logistics processes of companies. At the transaction stage, most activities of a company are directly related to customers. Such activities may include for instance providing products to customers, invoicing, or providing information and instructions for products. (Fallah, 2011, p. 203). At the stage of post-transaction, company pursues to provide supportive information for customer on the usage of the products, after the actual customer service activity. Such information elements can be i.e., answering complaints,

tracking the products or installation of different solutions (Fallah, 2011, p. 204). All factors of customer service should be taken into consideration as companies internationalize their operations and aim to provide their international customers qualified customer service.

In customer service, culture may have an impact for example in communication, habits, and norms of politeness. In some cultures, direct speaking is emphasized over in-direct speaking, perception of time may differ and what is polite may be considered differently compared to other national cultures. However, not only different countries or markets have their own cultures, but also organizations, fields of business and other groups of people can form cultures. These sub-cultures may have bigger impact on customer service and customer relationships than national cultures do. As customer service is about people communicating and culture is about people forming certain norms and mutual habits, cultural features may affect on customer service as well.

### **3 RESEARCH METHODOLOGY**

This chapter analyses the research methods used in this study. They are presented and justified to clarify, what can be considered as an appropriate scientific research as the research should have a clear design and structure. Methodologic choices are explained and reflected to the topic of the thesis and data collecting process is set out. Also, it will be discussed why the certain case companies were selected for the research. Analysis of data is presented, and the validity and reliability of this research is analysed. As mentioned before, I got a lot of inspiration and knowledge for this chapter (besides theoretical part) from the master's thesis' of Piesala (2016) and Munther (2017).

#### **3.1 Qualitative Research**

Qualitative research can be considered as a contrary to quantitative research. Where quantitative research is used to obtain generalizations of statistics, qualitative research aims principally to explain, depict, and perceive i.e., a certain phenomenon (Tuomi & Sarajärvi, 2003). Qualitative research pursues to creating connections within a phenomenon, in which the context has an essential role (Roller & Lavrakas 2015). Qualitative research supports different kinds of methods to collect data, and therefore, the variety of its usage extends. Moreover, the fundamental of qualitative research is in the way the researcher interprets the results the

analysis of the data is fronted. Qualitative research method enables the discovery of new findings during the study, which the researcher did not possibly initially thought. (Creswell, 2003). Qualitative research describes phenomena with using words, rather than presenting findings with statistics and concentrates on participants of the study. Also, the researcher aims to be close to participants of the study. Qualitative research method offers a continuous research design in which there is no restrictive structure for presenting research material, but yet, some general guidelines do exist for reporting. The process is flexible as even research questions can be adjusted or changed during it and the gathered data is usually practice-based. Often qualitative research also emphasizes individuals or companies on micro-level, instead of i.e., an economy of a country. (Bryman & Bell, 2003).

According to Ghauri & Grønhaug (2005), when there is only few information about specific topic, qualitative research method is often a suitable choice towards better understanding of the phenomenon before conducting quantitative studies. Additionally, qualitative research is a potential method to create new findings based on the data and possibly to generate generalization and theories. (Eriksson & Kovalainen, 2008). The existing information of culture's effects on international customer service is not yet broad, which implies that there is a research gap in the literature of the phenomena. The object of this research is to better understand and consider certain concepts: culture, its characteristics, customer service and their implications in relation to internationalization. Additionally, B2B marketing and digitalization have a major role in the study. Based on these facts, qualitative research was a suitable choice in this thesis.

### **3.2 Case Study**

There are several strategies a qualitative research can follow: case studies, ethnography, grounded theory, phenomenological research, and narrative research. Case studies are studies of i.e., activities of individuals or companies to provide information of how and why issues occur as they do. Ethnography research delves into a long-term study of i.e., a cultural group. Grounded theory focuses on how individuals act in a certain context phenomenon of a study. Phenomenological research is a qualitative research strategy of which individuals' experiences of certain phenomena are pointed out by researcher and usually enhance the new findings over existing theories. Narrative research is a descriptive method emphasizing narratives of

individual stories and experience, i.e., what has affected on their choice of becoming an entrepreneur. (Creswell, 2009).

Case studies can be either single-case studies or multiple-case studies. These are sub-groups of case studies and refer to how many cases are involved in the study. Single-case study focuses on only one case whereas multiple-case studies involve several cases in the research. Yin (2003) supports the choice of multiple-case studies rather than the choice of single-case studies because multiple-case studies provide more assertive material and allow repetition of the experiment. However, Eriksson & Kovalainen (2008) state a deeper way of discussing sub-categories of case studies: intensive and extensive case studies. Intensive case study refers to understanding the actions or behaviour of an individual or a company. Extensive case studies refer to creating understanding of a phenomenon, combining several studies. In practise, these terms can be considered to be single- and multiple-case studies.

This thesis is a multiple-case study, suitable for the characteristics depicted previously. The study considers practise-oriented real-life case, and the main research question aims to answer question of “*how*”, observing the case from an explorative perspective and aiming to explain it understandably. This thesis also aims to create new findings and understanding of the phenomenon. Eisenhardt (1989, 534) states a definition for a case study to be “*a research strategy which focuses on understanding the dynamics present within single settings.*”, and that case studies enable a deeper understanding of phenomena as they provide plentiful descriptive and explanative information. Additionally, case studies challenge existing theories and create renewed research questions (Saunders et al., 2009). According to Yin (2003) and Ghauri & Grønhaug (2005), case studies are commonly used empirical research methods in the field of business. Case studies are especially suitable to practice-based, real-life research of contemporary events, that are related to i.e., individuals or companies (Yin, 2003), and case studies may create an advantage of improved understanding of problems in business (Eriksson & Kovalainen, 2008).

Table 2. Characteristics of a Case Study Research Design (addressed from Yin, 2003)

Characteristics of a Case Study Research Design	Used in the Research
1. Research Questions	Yes
2. Propositions	No
3. Unit of Analysis	Yes
4. Linking the Data into Research	Yes
5. Interpreting Findings	Yes

Table 2 presents, that there are five characteristics of a case study research design: research questions, propositions, unit of analysis, linking the data into research and interpreting findings. A case study is a justified strategy to follow in case a scholar is looking for an answer to questions of “*how*” or “*why*”, as answering these questions offer explanatory. (Yin, 2003). Yin’s statements are in line with this thesis’ main research question, which is a question of “*how*”. However, sub research questions of the research also have explanatory nature, and therefore supportive, even though they are questions of “*which*” or “*what*”. According to Yin (2003), propositions of a case study are not obligatory and relating them into this study is a challenging matter, as they may give direction to the study, which an object to avoid. Yin also states that as the aim of the study is to have an explorative touch of the phenomenon, there are legitimized motives to leave out propositions in the research. Due to Yin’s statements, as this thesis has an explorative nature, there are no propositions included in the research.

Unit of analysis, a part of a case study research design, refers to the certain cases of the research and aims to describe the cases and reasons for them to be chosen in the study. According to Yin (2003), a researcher should choose a certain approach in the research and not aim to pursue to have everything covered regarding the topic. In this thesis, theoretical framework and research questions are carefully designed and the topic cautiously confined. Data is also linked into research and findings are interpreted.

Table 3. Criticism of a Case Study

<b>Criticism of a Case Study</b>
1. Difficult to Conduct
2. Difficult to Generalize Results
3. Time-Consuming Nature
4. Not Able to Directly Explain Causality

Case study method has also faced criticism, and it should be taken into consideration, even though its suitability for this research is previously proved. Main critics of case study is its difficulty to be conducted as well as lack of precision during the research, difficulty to generalize results, its time-consuming nature and inability to directly explain causality (Yin, 2009, 14-16). Criticism is represented in Table 3. However, Yin also argues, that in relation to the difficulty of generalization, it is possible to relate multiple-case studies to experiments in a way that they are generalizable in relation to theoretical proposition in certain context. Creating theory is one of the main objects case studies can develop from the data and in case research, it is advisable for researcher to have a narrow research problem and reflect findings to earlier literature findings. However, there should also be enough space for exploration. (Eisenhardt 1989).

In summary, this thesis is a multiple-case study with features described earlier. The thesis is a practical study of real-life cases, aiming to find answers to the main research question of “*how*”. It also enhances explaining and exploring and even that it does not have propositions, theoretical framework is clearly structured. The study brings new information of the topic to existing literature.

### **3.3 Data Collection**

Documentation, archival records, interviews, direct observations, participant-observations, and physical artifacts are mainly used ways to gather data in case studies (Yin, 2003). Different methods of data collection are often used in case studies, and it can be either qualitative or quantitative, or both. (Yin 2009; Eisenhardt 1989), but according to Eriksson & Kovalainen



(2008), interviews are the main source of data in business research. The same finding is also supported by Tuomi & Sarajärvi (2003), who state that a major characteristics of qualitative research design is interviews, and that their main benefit is their flexible nature. Flexibility as a characteristic refers to the fact that interviewing allows for instance the repetition of a question and to be clear and exact. The primary data of this research consist of six (6) semi-structured interviews of four (4) Finnish start-up companies in the field of digitalization, operating in B2B sector.

The choice of interviews as a data gathering method is supported by Bryman & Bell (2003), as the data comprises participants of individuals and companies. Moreover, Eisenhardt (1989) suggests the number of cases to be between 4 and 10, since a wider number of empirical cases may bring issues, such as complexity and narrow volume of information, to the research. Yet, I interviewed two persons from the same company whenever it was possible, for instance taking into account the argument of Crick & Jones (2000), who state that decisions companies make are often dictated by few people of the company. The interview data consists of the answers of the interviewees at specific time and bias of this method is a possibility of answers being entirely changed if interviews were held at another time. This possibility is not likely, but still possible, specifically taking into consideration the current exceptional situation of the world with global pandemic. However, interview questions were mainly based on companies' history which of course are not affected by current exceptional situation. Table 3 shows, how many persons from each company were interviewed and the interviewees of case companies were founders, CEO's, or managers.

The interviews were mainly conducted within time frame of one month, excluding one company for which I interviewed 6 months later than others due to practical reasons. This company's international operations delayed due to global pandemic, and due to that their wish was to have an interview later. Yet, it is not likely that in this research it would have influence on the research results. The interviewees of the study were selected based on their knowledge and experience in the company, which was clarified before agreeing on the interview. This method is called elite sampling, which according to Tuomi & Sarajärvi (2003), refers to the choice of the persons as interviewees who are expected to have the most knowledge of the topic of the interview. The study focused mainly on companies' internationalization and the changes they have made in customer service as they have moved from domestic markets to international markets. Therefore, the interviewees had to have enough information of the company's

internationalization path and early stages of internationalization, as well as company's strategy and future vision. The interviews were arranged remotely, on Skype or Microsoft Teams, especially due to the exceptional situation with Covid-19. The interviews were mainly held in 6/2020, but for practical reasons one interview was held in 12/2020. The interviews lasted from 20 to 50 minutes. Details of each interview are summarized on Table 4.

Table 4. Information of Interviews

<b>Company</b>	<b>Date</b>	<b>Length (min)</b>	<b>Position of the Interviewee</b>
Company X	11.12.2020	46	CEO
Keho Interactive	26.06.2020	29	CEO
Observis	25.06.2020	27	CCO
	25.06.2020	24	CEO
Zaibatsu Interactive	17.06.2020	30	Head of Sales
	17.06.2020	26	Head of Marketing

The reasoning for the choice of the case companies were following:

- The companies are Finnish start-up companies, with a clear objective of growth
- The companies operate in the field of digitalization and in the service sector of B2B marketing
- The companies have already had at least some international operations

Finnish companies are chosen mainly for their easiness to approach, but there is no other clear reason for why the case companies could not be from different countries. However, the same origin emphasizes the homogeneous of the companies, together with their other characteristics. As these companies are start-up companies, operating in the field of digitalization and in the B2B sector, they have similar features. There is also heterogeneous among companies, which brings variations and differences into the study. One clear difference is that in deeper observation, fields of business of the case companies are different, even though they are all strongly related to digitalization.

According to Tuomi & Sarajärvi (2003), interviews can be divided into three categories: deep interview, semi-structured interview, and survey interview. Deep or open interviews do not

follow any structure but resemble a conversation. Survey interview is an interview type for quantitative research, and therefore, semi-structured interview is a suitable choice for this research. The logic behind semi-structured interview, also called theme interview, is to create certain objects and explore observations related to these created objects. According to Eriksson & Kovalainen (2008), semi-structured interviews are suitable to use to answer questions of “*what*” as well as questions of “*how*”. The interview consists of the main themes of the research: internationalization, culture and customer service and the main object of the study is to investigate if these themes have relation in between.

Even though the type of the interview is semi-structured, and it follows specific themes, the interviews were casual on their nature and did not follow the structure precisely. The idea on the interview questions (Appendix 1) was to ensure that all the important matters were included in the interview.

### **3.4 Data Analysis**

Data analysis has a critical role in conducting scientific research. Eriksson & Kovalainen (2008) state, that qualitative research has a strength of having several steps before the final version. The research process of this thesis was circulated, as it involved many steps of editing and writing, which is in line with the statement. Saunders et al. (2009) state that the main steps of analysis processes are summarizing, categorization and structuring. All these steps were used to analyse the findings of this study. Additionally, a single method that each research should follow does not exist, but it is advisable to enhance if the study is inductive or deductive. (Saunders et al., 2009). This study is inductive as its nature because it relies on interpretation rather than statistics and numbers, as deductive study does. (Saunders et al., 2007). According to Jonker & Pennink (2010), inductive study is suitable for a qualitative research.

The interviews form data which is interpreted in the context of research questions of this study and reflected to internationalization and network theories. The inductive process affected the study in the way that the research design was more flexible to allow the understanding of the research topic in its context rather than forcing the investigation too strongly into structured format. At the beginning of the data analysis, the recorded interview audios were transcribed. As interviews were held in Finnish, the audio was then translated into English. Microsoft Excel was mainly used as a tool of summarizing the research results and organizing the data. After

the audios were transcribed, the content of each interview was carefully read and summarized in Excel, informally and by using the exact words of the interviewees. Each interview question and each companies' answers to them were put separately in Excel, and then, coded with a colour. This is called a template analysis method, meaning that the analysis consists of different codes, colours in this case, which represent the themes of the research data. (Saunders et al., 2009). At the end, a summary of all the answers was formed. The idea of it was to create an overall image of the answers and interviews overall. Answers were divided in different sections and themes. All answers were read through carefully and it was examined what kind of general issues stood out as research results. Figure 4 (adapted from Creswell, 2009) presents the steps of the data analysis of this study. They will be gone through in the findings section in themes that are considered the most important and accurate regarding the research questions of this study.

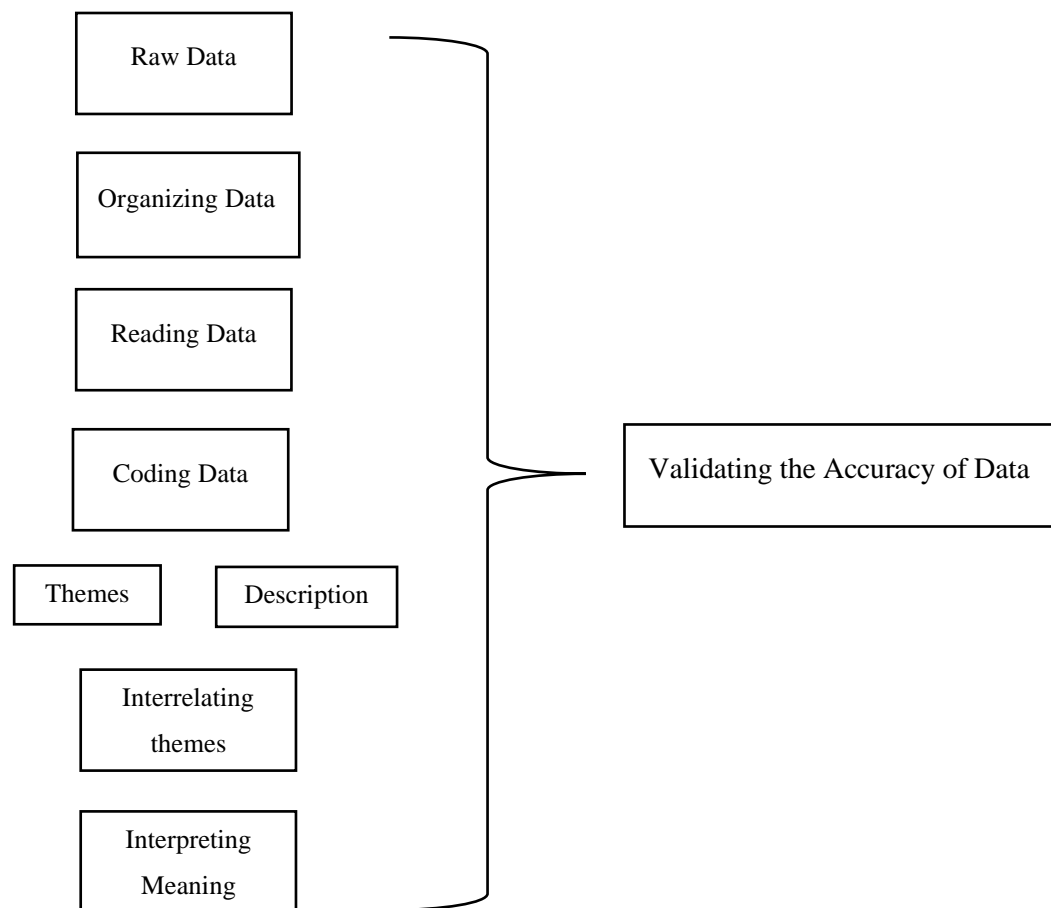


Figure 4. Process of inductive data analysis. (Adapted from Creswell, 2009).

### **3.5 Validity and Reliability**

In the process of data analysis, the validity and reliability of the data should also be taken into consideration. This chapter provides brief statements how these two matters are considered in this thesis. In qualitative research, validity, reliability, and generality as terms do not share the same meaning compared to quantitative research. Also, reliability and generality do not have as significant role as they do in quantitative research. (Creswell 2003). According to Roller & Lavrakas (2015), qualitative researchers tend to disagree on how the concept is defined, and how “*quality*” in the research is evaluated. Even though case studies have faced critique because of their disability to create generalized results, case study was selected as a research method on this research as it offers a deep understanding of a certain phenomenon (Eisenhardt, 1989) and is, therefore, a suitable choice for this research.

Reliability in qualitative research is usually related to repeatability, which is difficult to implement in case studies, more specifically when semi-structured interviews are used. Four commonly used tests, introduced by Yin (2003), examine the quality of empirical research: construct validity (1), internal validity (2), external validity (3) and reliability (4). First three are related to validity. (Yin 2009). Next, all the four tests are briefly explained in more detail.

#### **Construct validity**

Construct validity (Yin, 2003) emphasizes the use of several sources to evidence that the research is valid by its construct. Especially due to limited time frame, and other limits in resources, only interviews were used as a source of evidence in the research. Yet, six interviews from four case companies are enough to prove the validity of the study, according to Simons (2009). He argues for at least three sources of information to be enough to prove validity of a research.

#### **Internal validity**

Yin (2003) states that internal validity is examined only in explanatory or causal research. As this study aims to answer the main research question of “*how*”, and its supplementary sub research questions, internal validity has not a major role in this research. However, the research

data is conducted carefully and suggestions of how a proper scientific research should be conducted, are followed. Criticality towards theories is also emphasized.

### **External validity**

External validity refers to how the findings of a research can be generalized. Yin (2003) suggests multiple-case studies to have replication logic to be valid externally which is a tactic to improve the validity. The logic of replication refers to choosing assumed similar cases, as in cases for which results are predicted to be similar compared to each other. A significant part of replication process is to create a wide theoretical framework. In this thesis, the theoretical framework is designed with care and the argument of similarity was implemented as the cases were chosen, expecting them to give similar results. As case companies of this study are all Finnish start-up companies on the field of digitalization and in the sector of B2B marketing, the context is convergent. This is in line with the statement of Eriksson & Kovalainen (2008), who argue that context creates additional value for a study. The database of this research is relatively strong because all interviews were recorded and transcribed word by word to be able to create the actual analysis.

### **Reliability**

As mentioned earlier, this research followed an analysis based on inductive research process. The results of a research were documented carefully and finally gone through to find any discrepancies. As Yin (2003) states, to be able to provide a study with reliability and credibility, exact same results should be possible to be repeated with the same procedures and it is critical for a research that as many parts of it as possible are documented and well explained.

This chapter has explained the methodology of the research process as precisely as possible. Next, the findings of the research will be presented.

## **4 FINDINGS AND ANALYSIS**

In this chapter the case companies and their features are introduced, followed by the actual analysis of the interview data. Analysis-part consists of the decisions to internationalize and internationalization processes of these companies, as well as cultural impacts on customer

service that these companies have faced. Additionally, future exploitation of international experience and knowledge and the effects of the global pandemic of Covid-19 are discussed. These two last sub chapters are additional information, not linked to previous literature findings, yet offering wider insights of case companies' objects and operations, as well as of current global pandemic situation.

International business research concentrates on the main decisions made by companies as they expand their operations across national borders (Kurt & Kurt, 2019; Singh, Chauhan, & Dhir, 2019; Paul & Mas, 2019). Although these decisions seem like tactical in their nature, they are strategic decisions in practise, pursuing towards superior performance of companies (Efrat & Asseraf, 2019; Marano, Arreglsse, Hitt, Spadafora, & van Essen, 2016). Also, international business is stated to be a "*study of distances*" and it affects the global marketplace. These distances consist of institutional distance (Kostova & Roth, 2002; Kostova, 1997; Paul & Sánchez-Morcilio, 2019), linguistic distance (Dow & Karunaratna, 2006), economic distance (Ghemawat, 2001), geographic distance (Eden & Miller, 2004) and the effect of combinations of these (Beugelsdijk, Nell, & Ambos, 2017).

Customer service is a broad concept and can be defined in three aspects. If customer service is seen as a process, it can be defined as "*a process of effectively providing considerable added value for the whole supply chain*". If customer service is considered as an organizational context, it can be defined as a set of functions and activities that a certain department of an organization, called "*customer service department*", takes care of for instance, dealing with customer feedback. If customer service is considered as an expectation of performance, it can be defined to be meeting and exceeding customers' expectations. (La Londe, et al., 1988). As this study addresses customer service as partnerships within B2B companies, in this context customer service as a term refers to the first aspect: process.

## **4.1 Case Companies**

In this subchapter case companies and their main characteristics according to this study, are being introduced: age, industry, field of business and internationalization process. This basic information helps to better understand and compare the companies in following sections. The idea of this study was to research Finnish start-up companies in the field of digitalization, operating at the service sector, that are aiming to growth and have already had at least some

international activities. All companies operate mainly in B2B sector, but additionally, one of the companies has both B2B and B2C customers, and one serves official authorities besides B2B customers. The information is gathered in a table after the single case company introductions. 3 of 4 case companies wished to present themselves with the company name in the research, and one of them wished to be anonymous. The anonymously presented company is called “*Company X*” in this study. Main information of the case companies is conducted in Table 4.

### **Company X**

Company X was established in 2010 and it has a vision of combining physical space and digitalization. That is, to consider how the same services that were made for the web or mobile devices, could be experienced, and used in physical spaces. Company X turns spaces interactive, for example by making wall surfaces responsive to touch. The company has also made positioning-related games, and the first game the company provided was based on surveillance camera, where it was possible to locate people’s movements by analyzing surveillance camera image. GPS can also be used in games; the company has for example transformed the hills of Lapland into such game platforms. Company X aims to try out how the games work and fit, and to that everything it does is relevant. For example, the exclusion of young people has been prevented through the game the company provides. A solution that looks visually but conveys information is always the company’s goal. Company X has from the beginning considered itself as a born global company: a globally operating “*creative office*” and its customers are mainly other companies or associations.

### **Keho Interactive**

Keho Interactive was established in 2016 and is a company operating in the industry of virtual technique of television. It provides motion captured animation and motion-based effects for games, VR, animation, and movies. In the beginning the company did different projects and soon decided to leave games behind as they were invited, by Teknopolia and YLE, to design and founding a motion capture studio. At first, Keho Interactive started as a mocap studio and in time, it started to provide different kind of virtual solutions. Nowadays the company is strongly directed towards E-sport, which refers to the fact that E-sport event producers, broadcasters and platform administrators are the company’s main market. Additionally, TV



side and especially TV sport is a major part of the company's customer base and it aims to increasing the number of international broadcasters. The company's internationalization process was systematic, as it planned its internationalization process i.e., by profiling possible customers and considering different ways to reach them.

## **Observis**

Observis was founded in 2010 and is a company of IT-solutions, a software house, and a system indicator, which is specialized in exigent visualized traffic image and software development. The company provides software services of public safety critical systems and public security telecommunication networks. It integrates, attaches different equipment, detectors and analyzers to its software platform and (out of that) provides visualized traffic images (snapshots), mainly using base map, to the end user. Main customer segment of the company is official authorities and other firms. Observis makes vehicle systems for critical infrastructure, such as bomb shelters or public, outstanding buildings, or energy departments, and additionally, provides vehicle systems for different defensive destinations. The internationalization process of the company was not a systematical goal that was achieved, but more like *"a sum of coincidences why things went how they went"*. However, with strong international experience the company saw the possibility of internationalization. This idea was followed by determined work towards the goal of operating in the international market, which made company's internationalization a strategical choice.

## **Zaibatsu Interactive**

Zaibatsu Interactive was established in 2014 and it is the biggest gaming company in Middle-Finland. The company has split its operations: besides games, it provides frontend-development for other IT companies as a subcontracting service. About 50% revenue comes from frontend-development and 50% of game development. The profit of game development is based on international operations, whereas the profit of frontend-development has its roots in the domestic business, in the Finnish market. The company considers itself as a *"born global"* company, as its internationalization process started immediately as the company was established. The company serves B2B customers.

Table 5. Company information

Company	Founded	Industry	Field	Internationalization Process
Company X	2010	B2B, B2C	Digitalization, Physical space solutions	Born Global
Keho Interactive	2016	B2B	Virtual technique of television	Systematic
Observis	2010	B2B, Public Authorities	Software services in public safety critical systems and public security telecommunication networks	Coincidental, Systematic
Zaibatsu Interactive	2014	B2B	Games and frontend development	Born Global

As Table 5 presents, there are both similarities and differences among case companies. All companies are Finnish start up-companies, aiming to grow in the near future. All companies operate in B2B sector, but two of them have also other operations: Company X has also a few B2C customers and the main customer segment for Observis, besides B2B customers, is authorities of different countries. Companies operate at the service sector and the field of business of all case companies is digitalization, but in deeper analysis the actual field is totally different among case companies: Company X operates in the field of digitalization and physical space solutions, Keho Interactive's field of business is virtual technique of television and Observis' software services in public safety critical systems and public security telecommunication networks. Zaibatsu Interactive operates in the field of games and frontend-development. All case companies have had at least a little bit international operation, but there are differences also in the internationalization processes. Two of the case companies consider themselves as born global, one has had a systematic internationalization process. One of the companies has internationalized both coincidentally and systematically. The companies' decisions to internationalize, internationalization processes and features related to it are explained more detailed in chapter 4.2.

## 4.2 Decision to Internationalize and Internationalization Process

Internationalization is a concept for which scholars have not yet found an exact, in-line definition. Internationalization increases the involvement of companies in international activities market and can be seen as one of companies' possible strategies. There are several internationalization theories that aim to explain why international activity takes place. (Susman, 2007). According to Cavusgil, et all. (2020, 38-39), internationalization refers to "the tendency of companies to deepen their international business activities systematically". The

key concepts of international business are international trade, exporting, importing or global sourcing, international investment, international portfolio investment and foreign direct investment (FDI). Internationalization is possible via many different internationalization processes. Therefore, internationalization theories must aim to “heterogeneity and equifinality; that is, the possibility of many paths to the same outcome”. Internationalization is a process that consists of learning, network positioning, internal politics, and capability development, that also offers many possibilities for future research because these processes have intersection and tension in between. (Welch & Paavilainen-Mäntymäki, 2014).

Case companies have international operations, as they digitally export their services to foreign customers. However, their actual fields of business vary. Company X operates in the field of digitalization and physical space solutions, Keho Interactive in the field of virtual technique of television. Observis’ field of business is software services in public safety critical systems and public security telecommunication networks, and Zaibatsu Interactive’s games and frontend-development. Field of business may be one of the reasons why these companies’ internationalization processes are different: Company X and Zaibatsu Interactive are born global, Observis has had both coincidental and systematic internationalization process, and Keho Interactive’s internationalization process has been systematic.

Company X branded itself from the beginning as a globally operating “*creative office*”. The first project was already international, in which the founders of the company immediately noticed that international business is no stranger than doing domestic business in Finland. It is easy to communicate with people from different countries of which culture is similar to Finland’s, for example with Swedes and Germans. Communication has a major role in business. Problems then arise in so-called “*cultural clichés*”, for example in China, it is advisable to have precise contracts and yet be prepared for changes, i.e., in monetary transactions.

Keho Interactive had planned the internationalization by profiling possible customers and considering different ways to reach them. However, the first pilot project and projects that followed it, became as a so called “*inbound*”; the company did not aim to reach international customers but they contacted the company themselves, based on preferences and what kind of solutions of the company they had previously seen. Even though Keho Interactive had operated

only in Finland at that time, in showreel it was possible for the customers to see the material of international events, such as FIFA games or Olympic circles, which drew customers' attention.

As Observis was founded, the company did not aim to start exporting immediately. What the company does now and what was planned to do as the company was founded, are quite far from each other. At first, the company operated in the field of environmental issues. Then, the mobile software-side was linked in the business. Finally, the company was driven to the international authority sector because of the founders' previous contact networks. International customers called them and asked if they could do something for them, including i.e., the company's nowadays major operation in the Middle East. The operation in the Middle East led to the business spreading to Asia, and today it is spreading to the Northern America and Southern America. At first, the company's internationalization process was not systematical goal that was achieved, but more of a sum of coincidences. However, the international experience and strong knowledge of international business made the company's internationalization process also systematical. Due to this, the company could see itself as a company of global business. In some level, Observis has never targeted to the Finnish market only, but its markets have always been around the world. Determined work towards the goal has been made and it has been a strategical choice. The company's strategies have been built to enable the company to be around the world. Internationalization of the company was both a sum of coincidences and a conscious choice.

Zaibatsu Interactive's internationalization process started immediately as the company was founded. When the company first started to develop a game, it was immediately introduced at international events and the company has actively created networks abroad, precisely at different events of gaming industry. In the game industry, the market is naturally international. Once developed game is easy to translate to different languages and the domestic market size is extremely small, which leads the profit of a game to stay on a low level when it is only targeted for the Finnish market. However, Finland was chosen as the company's target market on the frontend side, as companies in the industry prefer to do business with domestic operators who they can have personal meetings with.

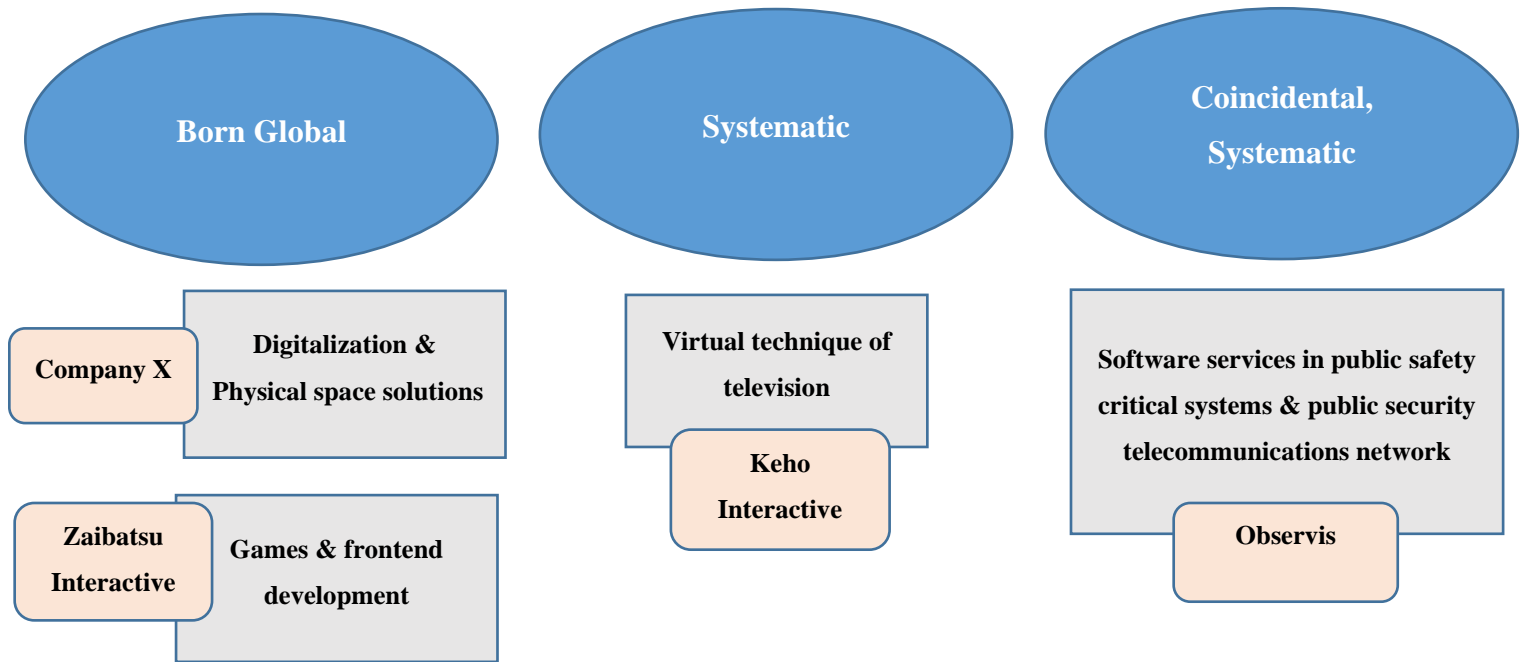


Figure 5. Case companies' internationalization processes in relation to their fields of business

The case companies are either international from the inception or plan to internationalize systematically. Company X and Zaibatsu Interactive are Born Global companies, as according to Oviatt & McDougall (1994, 49) this sort of companies are companies that from inception, *“seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”*. Previous literature findings also show that Born Global companies often operate in industries of strong international competition (McDougall, 1989), and that Born Global companies mainly operate in industries of high technology (Bell, 1995), which applies for the Born Global case companies of these study as well. All SMEs in the service sector are required to examine the potential of the market before deciding to enter it and they should understand the institutions of the host market, both formal and informal, and the market structure, such as its size and the nature of the value chain. Case companies of this study have internationalized relatively fast, and still, it is meaningful to notice that early internationalization does not necessarily bring success for all companies (Fan & Phan, 2007).

Despite the motivation and belief of these companies' founders, all of them were realistic about this aspect as well.

According to Oviatt & McDougall (1994), a successful Born Global company should have global vision from inception, internationally experienced managers, strong international networks, pre-emptive technology, unique intangible asset, product or service closely related to extension, and the company should be strongly coordinated worldwide. Both Born Global case companies of this study have major of these features, but not all of them. Furthermore, Madsen & Servais (1997) emphasize the role of founders, including previous international experience, which will be more discussed later. According to Sinha, et al. (2015), for internet-based Born Global companies, the size of a market is an aggregate of internationalization decision. Although Born Global companies are said not to have a specific internationalization path, Sasi & Arenius (2008) state two phases of Born Global companies' internationalization: first, to access to global markets, and second, to increase the involvement in achieved market positions. Born Global case companies of this study are, related to this, in the second phase of increasing their involvement.

Despite the companies' internationalization processes have been, all of them have happened relatively soon after founding the company. According to Madsen & Servais (1997), a driver for internationalizing early can be the small demand of the home market, even in bigger countries. As the case companies of this study are Finnish SME's, and Finland as a market is relatively small, early internationalization of these companies can be explained by this. Also, Knight et al. (2004) and Fan & Phan (2007) have recognized the same findings: companies' decision to internationalize is affected by the size of the home market, as well as a companies' production capacity. Online operations make internationalization faster, as it enables commerce without having to take into account the national borders. Even though global business is easier nowadays online, e-internationalization still has challenges and B2B partnerships are more challenging to manage online. (Samiee, 2008). In the future, this may bring even more challenges for B2B companies in the field of digitalization that provide services, as the Covid-19 situation changes the world and ways to operate. According to Keinänen & Kuivalainen (2015), social media channels and their use have become remarkably more common over the past few years in B2B sector. Keinänen & Kuivalainen state that it could be beneficial to market social media services to specific key persons in the customer organization. Because private use of social media is the main driving factor for the business

use of social media, organizations need to take into consideration of how they could make their customers use the same social media tool for business purpose and how organization could support this migration with marketing. It is critical to find the right persons in the customer organization who are inspired and able to use social media, as colleagues' use of social media supports the increase of the social media use for B2B purposes. The global pandemic situation might accelerate this change even more and move managing the partnership towards even more online-based solution.

It is essential to understand that in this context, despite the internationalization theories, it does not necessarily mean that the companies with systematic or systematic and coincidental internationalization have followed a certain internationalization path based on existing literature. They have features of early stages of internationalization, such as entering markets with small psychic distance to Finnish culture, but they have not followed certain stages as earlier literature suggests. Also, features of these findings may also be coincidental. In relation to this, the companies' international processes and fields of business are illustrated next. Figure 5 describes the findings of case companies' internationalization processes in relation to their fields of business.

#### 4.2.1 International Experience

Company X started internationalization as the company took part in an international competition in 2010, which was meant for looking for ideas to develop interactive games and concepts between different European cities, meaning that those cities could connect and seek ideas in real time. Company X conceived a game where it connected Helsinki and Berlin in real time. The company's idea was chosen to join the competition and the founders got to develop the game. They set out to get funding for it and with that funding they got the equipment to develop the game. The game worked, people liked it and Company X gained experience of an international project. After the project it was clear that the company and international business is the path the founders want to go and that anything they did from then on, would lead to getting the company up and running.

Keho Interactive has pilot projects in the United Kingdom and in USA, but the company's internationalization process is yet only in the beginning. The company expects these markets

(UK and USA) to be its major target markets in the future as well. Keho Interactive has operated in Finland a while already, but what has postponed its internationalization is its wide and challenging product, as it has taken time to develop it and enabling it to be sold to customers today. The company's internationalization started as the potential customers contacted the company, based on the showreel and company's preferences. The company's previous works suited international customers' profiles as well and the company had a lot of internationally highly appreciated preferences which result in the well-known productions the company has been part of.

Observis did not have a strategy of internationalization in the beginning, but the company was driven to the international authority sector because of the founders' previous contact networks. The founders have strong previous international experience and knowledge of international business and the experience and knowledge enabled the company to answer the wishes of their networks and potential customers. As Observis' main international customer segment is official authorities, it would not be possible to do international business without any previous international experience in the field.

Zaibatsu Interactive's internationalization process started from inception. When the company first started to develop a game, it was immediately introduced at international events and the company has actively created networks abroad, precisely at different events of gaming industry. As the company was established, there was already some international aspect involved, but mostly internationalization has been "*learning along the way*". A person who works for the company, travels around the world for another job and has experienced the internationalization of a startup-company, and therefore Zaibatsu Interactive has also gained knowledge and learning outcomes of international business, from the person's international experience. In practice, things have been learned as they have been done. For example, the company did not have international contact networks in the international market, but it has started networking on international events that it immediately started taking part of after the company's establishment.

According to Mohr & Batsakis (2014), managers of companies with international experience are more likely to have a mindset towards internationalization and therefore to consider the company's markets as international. Such mindset towards internationalization enables managers to be more into growth opportunities in the foreign markets, growing the speed of



the company's internationalization. As discussed earlier, all case companies have international experience and they have internationalized at early stages of founding the company. Therefore, findings of this study support findings of Mohr & Batsakis. Besides, internationalizing SMEs also have to understand how customers make decisions and on which level these decisions are made. (Roberts & Muralidharan, 2020). Therefore, attending fairs and applying knowledge from previous international experience is a suitable move for the case companies.

Table 6 presents case companies' (founders' or employees') international experience. Previous international experience in this context refers to doing international business in other companies or positions before founding the current company. Current international experience refers to taking part on international projects, fairs or having pilot projects before the actual internationalization.

Table 6. Companies' International Experience

	International Experience	
	Previous	Current
Company X		
Keho Interactive		
Observis		
Zaibatsu Interactive		

Based on the data described before, the decision to internationalize is affected by the case companies' international experience. This finding is in line with previous literature findings, such as Mohr's & Batsakis' (2014), who state that previous international experience of establishing and managing operations in new markets enables companies to adjust themselves into consumer demands or legal restrictions of the host country more rapidly, and additionally, encourage companies to internationalize fast. Also, Barkema, et al. (1996) found that international experience improves a company's ability to overcome its liability of foreignness and decreases the costs and time related to it. Previous international experience enables companies to create knowledge and skills that are useful as they internationalize their operations. Companies that have international experience can transfer their knowledge into new contexts to overcome their liabilities of foreignness faster, and therefore, such companies can internationalize more rapidly compared to companies with no international experience.

Also, early findings on internationalization research are in line with this finding: international experience affects on companies' internationalization. According to the theory of early stages on internationalization, Bilkey & Tesar (1977) state that the previous experience and background of the company managers have a major role on internationalization as they have a conclusive role within SME companies. The quality and dynamism ease the ability of the companies to receive unsolicited export orders more easily, and therefore, internationalize with more potential. (Bilkey & Tesar, 1977). However, the early stages of internationalization have also faced critique, such as stating that the Uppsala model may not be applicable to companies in the service sector but even though the case companies of this thesis operate in the service sector, these findings seem to apply well on them. Roberts (1999) introduced a stage model of internationalization for companies in the service sector, but it also faced critique as scholars stated that the service sector should have an entirely new internationalization theory. Additionally, the newer New Venture Theory (Jones & Coviello, 2005), emphasize the aggressive internationalization and growth on Born Global companies' internationalization strategy. I would like to state that this finding is also strongly related to the two Born Global companies of this study.

Although these previous findings refer to international experience in a slightly different aspect than this study, as this one takes current international experience (from fairs etc.) into consideration, findings of this study clearly support the older findings: previous internationalization experience affects on companies internationalization. Additionally, entrepreneurial orientation has a key role in improving performance of globally operating SME's, as it pushes them towards providing technologically advanced and high-quality products and thereby, create competitive advantage (Knight, 2000; Cavusgil & Knight, 2014). The same finding can be seen in the results of this study, as most of the interviewees are founders of these case companies, entrepreneurially oriented and emphasize the global mindset, for which Nummela, Saarenketo & Puumalainen (2004) found that management experience is a driver for managers to emphasize global mindset, which accumulates the internationalization of SME's.

### **4.3 Findings of Features Affecting Internationalization**

The case companies are digital start-up companies and operate mainly in B2B and service sector. Exceptionally, Observis' main customer segment is official authorities of different

countries. Field of business has an impact on the decision to internationalize, and digitalization allows companies to consider their target markets to be either global from inception or international otherwise. Born global companies do not have a certain internationalization process, but their internationalization is automatic, based on their products, target customers and field of business. Field of business also has a major role in company's decision to internationalize based on target customers, even if the company is not born global. Besides the field of business, international experience and knowhow influence the companies' decision to internationalize. If company's founders or managers have international experience from previous companies or i.e., visiting fairs, internationalization overall seems more realistic for the company. The study shows that networks and creating them is significant for internationalizing companies.

To summarize the research results of internationalization, decision to internationalize and internationalization process are affected by company's field of business, nature of products or services and international experience (previous and present). These findings related to international experience are in line with previous literature findings. According to Rialp, et al. (2005) and Knight, et al. (2004), B2B companies are likely to begin internationalizing at early stages in the development. Case companies of this study have all internationalized fast. According to Nummela, et al. (2010), international experience affects on companies' decision to internationalize and their internationalization processes; whether a company decides to internationalize overall and whether it chooses to follow a born-global or other internationalization strategy.

Figure 6 illustrates the features influencing companies' decision to internationalize and internationalization process.



Figure 6. Features influencing companies' decision to internationalize and internationalization process.

#### 4.4 Customer Service

The definition of service refers to activity of intangible nature that possibly (however, not always) appears by intercourses of the customer and the employees of the firm who aim to find solution to the customer's problem. (Gröönroos, 1990). According to Lovelock (1991), customer service means activities which consist of intercourses of customers and the firm and aim to mutually satisfy the expectations of both. Therefore, customer service should be designed taking two main objects into consideration: Customer satisfaction and operational efficiency (Álvarez-García, et al. 2019). Customer service can bring added value for a company's products or services (La Londe et al., 1988). According to Ballou (2004), there are three elements of customer service: Pre-transaction elements, Transaction elements and Post-transaction elements. The culture of customer service is formed by the elements of pre-transaction: at this stage a company forms its internal framework in a way that they will be able to provide the most satisfied products and services to its customers. (Ballou, 2004). This finding is also supported in this study: case companies emphasize creating a mutual satisfying relationship with their customers and plan to serve them in a way that it fulfils their customers' wishes. This will be discussed in more detail in the next paragraphs.

However, at the transaction stage, most activities of a company are directly related to customers. Such activities may include for instance providing products to customers, invoicing, or providing information and instructions for products. (Fallah, 2011, p. 203). At the stage of post-transaction, company pursues to provide supportive information for customer on the usage of the products, after the actual customer service activity. Such information elements can be i.e., answering complaints, tracking the products or installation of different solutions (Fallah, 2011, p. 204). Many case companies of this study state that they do not have a lot of customer service after projects, but companies are still available for their customers in case they need for instance technical guidance.

Company X emphasizes on-time schedule and keeping the budget in customer service, in every market they operate in. There is high competition in the field overall, and therefore, keeping the agreed schedule and budget was the first thing Company X decided to emphasize from inception, as a possible way to differ from competitors. Therefore, it was clear from inception that schedule and budget as a major part of qualified customer service can bring competitive advantage for the company.

Keho Interactive follows the rule of aiming to understand the problem of the customer's customer, in customer service. As the company delivers systems for software parts and provides a product which needs to work as a part of a solid unity, it needs to understand the needs of its customer's customer, to be able to provide the customer a usable system. The company aims to understand how their customer serves their own customers.

Observis emphasizes partnership in customer service. The end customers mainly have projects, and therefore, the business is mainly based on them. Customer service for the end customer is made during the process of the project and the aim of the company is to do the project entirely as mutually agreed in advance. Customer service related to partnership is supporting the partner, helping its work, and providing information. Support, help and cooperation are enhanced. Mutual success is the goal of Observis: *"When the partner succeeds, so do we."* The most significant feature of partnership is that it gives something to both parties. Additionally, partnership does not work without trust and continuity.

Zaibatsu Interactive considers the meaning of customer service to be managing the relationship with customer. Communication has major role in every customer relationship and communicating with customers is enhanced on a daily basis. Besides, the company aims to be as clear as possible in all communicating. The key to successful relationship with a customer is to communicate as clearly and as well as possible, and the main value of the company is qualified communication. Also, transparency in communication and the spirit of partnership, to share a common goal with the customer, are the company's values: Zaibatsu Interactive aims to be equal and on the same side with its customers. The company aims to a so called *"win-win situation"* in all of its customer relationships.

According to Grönroos (2020), marketers should promise such things to their customers that can be kept and certainly keep these promises, to be able to fulfil customers' expectations that are based on the made promises. In the service sector, the same pattern does not work because *"in service there are no products as pre-produced, tangible artifacts"*. Instead of one contact point with their customers, service companies have two: marketing and production (Rathmell, 1974, p. 7). Rathmell's finding is in line with this study's results, as the case companies highlight the whole process of delivering the service, not only one contact point: on-time schedule, keeping the budget, aiming to understand the requirement of the end-user,

partnership, mutual success with the partner (customer), communication and managing the relationship. However, Barry, et al. (2008), argue that a customer's decision to choose a certain supplier again is often based on the necessity of the supplier and that relationship strength in B2B partnerships is affected by social and economic factors, such as the quality of relationship (social factor) and perceived value and switching costs (economic factors). B2B customers emphasize almost equally both social and economic factors as they make decisions to continue cooperation with a certain supplier.

According to Barry, et al. (2008), it is unlikely that customers would invest in relationships or extend wider business opportunities to suppliers that only offer good deals. Customers trust in supplier's credibility and largess, as well as the sentimental side of allegiance of the supplier. In relation to this, companies should aim to high quality of their services, as well as to the high-quality customer service. This is also supported by Grönroos (2020), who states that customer experience processes must be handled in a customer-focused way. It means that customer should be satisfied and engaged with the company in a way they will choose the company in the future as well. The results of this study, for instance what is meaningful for companies in customer service, show the same point. Companies highlight characteristics such as partnership, mutual success and communication (taking care of the relationship) in their customer service. Unlike products, services are processes that aim to an outcome. According to Grönroos (1984), service companies' customers' perceptions are affected by both the outcome and the process. Also, Edvardsson (1996), suggests that a company of service sector should take into account the distinction between customers' primary needs and secondary needs.

#### 4.4.1 Culture's Impact on Customer Service

Culture is formed by the members of a group, for example a nationality or organization, who construct their environment; these constructions create basic norms and behaviour patterns within a group. The nature of culture includes shared values, beliefs, and common understanding (Schneider, 1990, p. 29). In relation to this, a target market of a company can be seen as one culture. According to Schein (2010, p.1), people aim to understand culture in order to be able to describe daily-life situations, as it is something that surrounds us all: employees, managers and people in general. Therefore, culture is an important matter in companies'

internationalization and customer service as well. Still, culture is difficult to define as a concept (Schein, 2010).

In this study, culture refers to the national culture of case companies' target countries and cultural differences are brought up by interviewees themselves. All case companies emphasize the quality of customer service and the same characteristics of it equally in every target market they operate in. However, all of them take cultural differences into consideration. This finding is in line with the findings of Dunning & Lundan (2008) and Peng (2003), who argue that internationalizing companies should adjust to contrasting institutional arrangements in their operations. Company X and Keho Interactive provide tailor-made products, especially made for each customer's needs. Therefore, products are not so directly related to the country of the customer. Observis and Zaibatsu Interactive have different products in Finland and other markets. Observis operates in Finland mainly in the field of software and software subcontracting, and internationally in the field of the exigent visualized traffic image. Zaibatsu Interactive operates internationally in the field of games, and in Finland in the field of frontend-development. Cannone & Ughetto (2015) suggest that USA, China, and United Kingdom are the most attractive markets for high-tech start-up companies. This can be applied to the results of this study as the main target market of Keho Interactive is USA and United Kingdom, and as Company X has business operations in China.

Company X is striving to export a "*Finnish operating model*" in customer relationships, a model based on trust. In many cases, it is appreciated because the company's projects are always on schedule and stay on budget, which has surprised customers positively. Schedule and budget are basic rules of do business in the field that only few operators follow. Company X aims to stick to follow these rules in every target market it operates in. The culture on the digital field of business is universal, which signifies that cultural differences of countries do not appear often. Differences in cultures are administrative, such as differences in contracts and money transactions, and for example, agreement of the timing of the payment. Company X uses the local language of the customer in its products. If company provides for example a game in China, games are played in Chinese, and the company always guarantees the use of local language to its customers. Language-related issues are also brought up in the previous literature findings, as for instance Wang, Clegg, Gajewska-De Mattos, and Buckley (2020) emphasized language issues related to communication by qualitatively exploring emotions in the context of language standardization. They found that both native and non-native English

speakers have language-induced emotions that affect on their ability to communicate. This has led to both positive and negative results in the knowledge transfer and the functioning of organizations. With no doubt, it is possible that this finding reflects also on communication with customers and in a game, the emotions of the end user. Also, Szkudlarek, et al. (2020) found that standardization of language might have negative effects in the long term, as it may affect on the information-share of people across linguistic boundaries.

Keho Interactive has not yet had experiences of new cultures that the company would not be already familiar with. The company's main international markets, United Kingdom and United States, and others the company has had business or discussions of business in : Estonia, Sweden and countries of Central Europe, are markets that are culturally easy to handle. There are similarities in these cultures to Finland's, and cultural issues of these countries, in common knowledge, are distinct. The company considers culture of the target market to have more influence on the business if the company will in the future operate in markets that have cultures that the company is not yet familiar with.

Observis considers the most significant issue in international business to be understanding the culture of the target country. Communication has a major role in partnership. The official language of the company is English and in one of its main markets, Abu Dhabi, the company uses the local language as well. There are also other communicational differences between cultures, besides language: in Europe direct communication is emphasized, but elsewhere it is important to put words correctly. In meetings, it is required to know the local habits and manners all over the world, but according to the company, it is not very complicated. Punctuality as a vendor is very important, but perception of time is depending on the partner.

Zaibatsu Interactive takes cultural differences into consideration mostly in its products, as the partner leads the cooperation from the beginning. Gaming industry as a market is casual and it has its own "*culture*", and therefore, it is not necessary to make major changes when serving international customers compared to serving Finnish customers. Also, according to Knight (2000), core components of SME internationalization are product specialization and adaptation, meaning that companies can develop more niche products to gain market share where larger companies have no ability or interest to operate. Adaptation refers to localization and culturalization of products that companies can do to attract new markets.



According to Jadczaková (2013), culture influences business operations of B2B firms as well as personality influences consumer behaviour in B2C markets. It means that the culture of the host country has an effect on forming a B2B relationship with international customers. Due to this, it is expected that business psychographics have an influence on psychological motives to which the companies solicit, and by taking this into consideration, companies can better understand the needs of business segments to marketing stimuli and onwards provide service that better meets those needs. All case companies take cultural issues into consideration, and familiarity with the target culture beforehand and understanding it stand out in the results. Also, companies emphasize the quality of service, more precisely trust among the company and its customer, products adapted to the target market specifically, communication and pleasing the customer (such as precise schedule and budget, also stated as budget).

Also, Hofstede (2001) states that national and regional culture influence the processes of socialization because they influence the consumers' relationship with the environment, and therefore, manage buying decisions and other actions. Advertising influences on and reflects to the values of culture. It is more effective when elements of advertisement are pointed to the national culture of the buyer as the buyer himself and his personality are represented in the conceptual content of the communication. (Cortez, et al., 2019). I would argue this to apply to B2B markets as well, as companies and organizational cultures are formed by individuals as well. Scholars also underline that theory requires more work to form a theoretical framework for understanding the factors of several cultural dimensions in the internationalization process and a more realistic distance measurement for the future, and state that for example the context of emerging markets has not been studied enough in the work environment, emphasizing more on individual-level analysis. The context of time progression also requires more research in understanding how the internationalization process changes and matures over time as culture affects it. (Srivastava, et al., 2020). As a conclusion, I would state that more research is required related to this topic overall.

Table 7 presents the target markets of the companies and culture's influence on their international operations.

Table 7. Culture's Influence on Companies' International Business Operations

Company	Main target market(s)	Influence of Culture
Company X	Global	Emphasizing trust, On-Time Schedule, Precise Budget
Keho Interactive	United Kingdom, USA	Familiarity of the Culture Beforehand
Observis	Abu Dhabi	Understanding the Culture, Communication, Local Habits and Manners, Punctuality
Zaibatsu Interactive	Global	Products

Based on the data which has been explained previously, there are no significant changes in customer service related to culture between domestic and international business. However, cultural differences are recognized and expected, and case companies adapt their customer service in their customers' needs in all their target markets. Fields of business also have their own cultures which may conceal cultural characteristics of target countries. Results show that companies emphasize equality and partnership in business, customer projects are individually meaningful, and the companies aim to serve every customer based on customer's preferences and expectations, despite the culture of the customer's country.

Even though culture does not seem to have a significant impact on how companies serve their customers, cultural differences are taken into consideration. Companies aim to familiarity with a target market's culture beforehand and understanding the culture of the target country is vital. Products differ in different markets or are tailor-made for each customer and do not depend on the country of the customer. The research results show that customer service in B2B companies refers more to partnership than actual customer service. In partnerships, communication and communicational issues have a major role. Language of partnership and companies' products is taken into consideration and the customer (or partner) leads the cooperation, i.e., chooses the language or if direct speaking is used or not. Also, perception of time is depending on the customer, but it is critical for the vendor to stick on the agreed schedule. Companies consider different projects as learning experiences and as possibilities to gain knowledge of international business. Cultural differences refer more to administrative issues, such as different policies with monetary transactions or different laws. This can also be what Rothaermel et. al. (2006) suggests, as they state that cultural distance is a limitation of internationalization for online-based companies. As case companies do not make significant changes on their customer service as they target their services to international customers, it may be due to the fact that they are culturally near with these markets they operate in. Besides, earlier international experience and gained international network contacts may affect on this result as well: companies know foreign

people and have experience in operating in the market, which may fade the implication of natural culture. Also, some cultures of certain fields of business (i.e. gaming industry) may be stronger than host country's culture. Fan & Phan (2007) found that cultural distance has a major role even for Born Global companies' decision making, but I would argue that gained experience and knowledge of international markets and the culture of the field of business has a bigger impact on this matter.

According to Matthyssens & Vandenbempt (2008), global customers require the same levels of service and quality in as the customers in the company's home market. Therefore, it is no surprise that case companies of this study do not make massive changes in their customer service as they target their services to foreign customers. Also, operators in B2B market need to make massive investments to ensure the high-quality customer service in the foreign markets, and yet, it is not certain that these investments are beneficial, in case a firm follows only a few of its customers. (Matthyssens & Vandenbempt, 2008). I would argue that case companies aiming to build relationships with their international customers (or as they call, partners) and companies pursuing to fulfil their customers' needs and wishes can be accounted as massive investments, also economically.

Although the international demand of B2B operators is created by "*delocating*" customers, the market potential of these markets is still quite limited because pulling global customers does not ensure continuity of orders. This is a more critical issue for SMEs that have more limited resources than large companies. (Matthyssens & Vandenbempt, 2008). Results of this study also show, that many international deals of case companies are one-time deals, not continuing partnership. However, the more companies have had international operations, the more new deals they have got. Networks and general reputation stand out in the results. This finding is supported by Harris and Wheeler (2005), who state that global networks have an increasing importance in B2B markets. Operators of B2B markets have a more proactive and wider attitude towards customer service compared to B2C companies. This previous literature finding is not possible to compare in this study, as all case companies of this study are operators of B2B markets. However, their proactive and intuitive attitude towards customer service can be seen in the results, as for instance partnership, understanding the end-customer's needs and a mutual win-win-situation is emphasized. Furthermore, the service-focused attitude leads to a more intense integration of the B2B operator into both the business and technical processes of their customers. However, even if the B2B operator has a well-known, positive reputation of

being reliable, the reputation mainly refers to products of the company, not to the integrated solutions or the management of complex projects. (Matthyssens & Vandenbempt, 2008).

Besides the national culture of the host country, I would argue that companies are affected by organizational culture. Once a certain culture of an organization is developed, it is spread into each corner of an organization, and every department and individual employee of a company is affected by culture on a daily basis. (Schein, 2010, p. 14). For example, a company's inspiration and will to internationalize could be a feature of organizational culture, as organizational patterns of behaviour are communication tools, i.e. interaction between people, or decision-making processes, that are easy for outsiders to point out as well (Cooke & Rousseau, 1981, p. 22-23). As case companies of this study are small companies, in relation to their number of employees for instance, the spread and affect of organizational culture could be even stronger or quicker than for large companies. According to Schein (2010), when the internal atmosphere of a company is observed, also the importance of cultural differences and background differences among employees can be seen. He also states that there are significant differences between companies, for instance in the structure of organization, perspectives of employees', or organizational behaviour, even if the companies operate in the same industry or at the same location. This statement is supported by this study as well, as discussed previously. According to Schein, this is due to individuals' personalities, from which their behaviour emerges, which then affects on the common norms and rituals of a group within an organization. The concept of culture has a crucial role in enhancing organizational performance and solving internal conflicts within an organization. (Schein, 2010, p. 9-10). Internationalization and growth can be included in companies' performance, which is why Schein's statement is crucial for this study as well. However, this is not the main topic of this research, so more research on organizational culture and especially this certain topic is required in the future.

#### 4.4.2 Achievements of Changes in Customer Service

As Company X's products are tailor-made for each customer, and the company operates in the global market, the focus of the company is on learning from each project and always meeting the needs of the customer. Therefore, there are no differences in customer service based on cultural differences.

Keho Interactive has no clear differences in customer service between different target markets, but each customer, whether they are domestic or foreign, effects on the product. One clear achievement is that the product works better in different types of environments. Each customer has a different working environment, and many customers require a different functionality. Keho Interactive makes these required changes on the product, and then combines them into its own platform. Therefore, the product serves wider and wider group of customers.

Observis has not made major changes in customer service or marketing strategy in different markets. But as the company has learned from its own actions, and implemented them, it has become familiar with different cultures' policies, which brings benefits for the company. As a result of the changes, mistakes learned from in the past, Observis gets to meet the people, to proceed and to be part of projects. Therefore, the company is also able to build relations based on trust with its partners and end customers. Observis considers it as a general requirement to do business.

By taking cultural differences into consideration, Zaibatsu Interactive has grown its audience and improved KPI's (Key Performance Indicators) that are being measured. The more universal and easier to adapt the company's products are, the better the measured KPI's are. Zaibatsu Interactive has also made new foreign cooperation networks and created a wide network of contacts. The company knows a lot of people from different sized companies around the world, and they know Zaibatsu Interactive, even though the company is a small operator on the field. Previous literature findings (McDougall, et al.,1994) support this finding by stating that Born Global companies aim to create i.e., strategic alliances or use their business networks in turbulent markets, as a way to take care of their limited resources and that this strategy is emphasized especially at a start-up phase. However, not all scholars have found relation between strategic alliances and internationalization, which means that they can say to be case-specific (Piesala, 2016).

Results show that culture has no clear effects on customer service. Customers' needs and expectations affect more critically on customer service, and therefore, companies consider cultural differences in international business. Customers affect on products and guide the cooperation in many cases from the beginning. In B2B sector, customer service is considered more as partnership and mutual benefit is the object of every cooperation and project.

Experience brings knowledge and learning cultural characteristics is beneficial for the business. Building trust and creating networks have a major role in companies' international partnerships. However, cultural distance and national culture have an obvious impact on companies' internationalization decisions (Szkudlarek, et al., 2020). This finding can be supported by this thesis as well, as companies consider their markets to be larger than the Finnish market alone, for example. Also, they provide digital services that can be easily transferred across national borders. Many fields of business have their "*own cultures*", that according to the findings of this study, overcome the national ones. These examples may explain the fact that in this context, culture does not seem to affect on companies' international customer service.

Also, customer service as a concept is understood differently within different organizations. In some organizations customer service can be simply ensuring friendliness to customers, sending thank-you notes, or keeping customer well informed about new products. (Yankee, 2008). In other organizations, the term may refer to a broader meaning. In this study, case companies had the freedom of defining customer service as they experience it, and even though they named different features of customer service to be significant for them, it is clear that all of them have the same goal: to serve their customers (partners) the best way possible and search for competitive advantage by it. According to Darlington (2016), exceptional customer service refers to fulfilling customer's expectations and beyond, showing respect to customers and creating decent relationship with them. This statement is clearly supported by this study as well.

#### **4.5 Future Exploitations**

In the future, Company X aims to exploit the knowledge it has gained from international markets by finding out cornerstones of the target market in advance and preparing for them. For example, if the company is to expand its operations to the United States, it will arrange legal assistance in advance, to ensure that there will be no problems as the business operations take place, as the laws are different there compared to Finland and other markets Company X has operated in. The experience Company X has gained from China, for example, is particularly crucial, and the company believes that there could probably not be more challenging situations to come across. In the Russian market, the company could draw from this experience; for example, require 100% payment in advance, and build trust with customers. Meetings the

company has had, has taught founders a lot. There are differences in communication in different markets, for instance, in direct and non-direct speaking. Today, the company is well prepared for all the possible challenges in communication and is able to respond calmly without regretting the mind. Company X understands that there are, and there will be, differences in the business cultures.

Keho Interactive knows how to measure what it can and what it cannot do, and which are issues it needs help with. All employees of the company have international experience from previous companies they have worked for. The company has experienced a lot, which means that it has a certain clear touch of what it does. The company's overall goals are in the world of E-sports; to be an internationally significant operator in the productional technic of E-sport. Keho Interactive does not aim to provide games but to examine how events and broadcasts are being organized. The 10 years' goal and the most essential object of the company includes taking part in all significant E-sport tournaments, as a part of the technology used in the field. In 10 years, the company aims to take part in every significant E-sport event, even if it does not mean that the company itself takes part in those events. It may also refer to the technology and legacy the company creates. If Keho Interactive takes part in the events, the goal is met, but if not, then the founders are designing something new and enjoying, in a way, the legacy they have created.

Observis will emphasize humbleness as it enters new markets in the future. It is significant to listen to partners' wishes and make questions to them, and to go with a "*humbe attitude*" to a new market. According to Observis, the more new markets are experienced, the easier entering new markets get as similar issues often appear in different markets. As possible problems can be forecasted better, they will be less harmful, because then it is possible to know how to pass or even avoid them. It is the major benefit of international experience besides the gained network which helps any company to go to new markets. Additionally, it is vital to share the information based on international experience with the entire personnel of the company.

In the future, Observis aims to grow aggressively. Within 3 years Observis aims to increase the revenue: in 5 years the company will have revenue of nearly 10 M€ and in 10 years the aim is 100 M€. The goal must be high in order for the company to make it even until the middle of the aim. Also, Observis aims to grow its markets, to go to new markets and grow the market share of already existing markets. The strategic object is to be such a significant operator that the company is invited to competitive bidding. The object is to achieve a certain status in the

market, for the company not to miss any bidding. Additionally, Observis aims to grow its personnel and have personnel of about 50 employees in 5 years. All the objects can be achieved at once: if the company is able to meet the goal of financial growth, the whole business grows.

Zaibatsu Interactive does not have a specific strategy for how the company could exploit the gained international experience and knowhow in the future in the possible new markets they operate in, but the company will exploit the current references and introduce their knowhow in a similar way it has done so far. It will require technical adaptation, the company will run into new platforms etc., and for instance, some of the games of the company may be played by gamers via television, not via smartphone, as they are now. The company will also continue visiting conferences. Zaibatsu Interactive is a company that interests people around the world and it will not attend the conferences as a beginner. The company has learned so far, that the “*key to happiness*” is: the more there are international partners and the bigger they are, the better. It is a benefit for Zaibatsu Interactive that it can operate with many business partners.

In 3 years, Zaibatsu Interactive aims to grow the business and be one of the top 10 companies in the gaming industry in Finland. The goal is to grow the business by the company’s own work with partner networks. The company aims to grow its partner networks and the traditional revenue of subcontracting, but within 3 years it is also a requirement for the company to find a partner that can publish Zaibatsu Interactive’s game that will gain success. The company believes that even one successful game could enable this goal. Additionally, possible takeover of the company has been taken into consideration.

In summary, companies aim to emphasize their gained knowledge and all things learned from international projects. Existing networks ease entering new markets and risks can be better forecasted or even avoided due to previously made mistakes. Additionally, as startups, companies aim to growth: increase revenue, market share, number of international markets and personnel. Half of the case companies also see takeover as a possibility in the future and are prepared for it.

#### **4.6 Covid-19: Effects on International Business**

As the research was conducted in 2020, at the time of Covid-19 situation, it was justified to include possible implications of the exceptional situation in the study. What is significant for



the research is that all other sections concern the time before Covid-19 and at the time of interviews it was generally expected that the situation will pass at some point. Also, it was impossible to forecast how the exceptional situation will influence i.e., on finances in the future. As most of the interviews were conducted in summer 2020, many issues related to Covid-19 may have changed at the time of the publication of the master's thesis.

Today, Company X has an on-going project in Germany for which Covid-19 has caused tightening in the money taps and therefore delayed the project. On the other hand, Company X considers the time of Covid-19 to be *“a good time to show up”*, that is, if potential customers remember the company when there is not much competition; then in the future, when the situation eases, new deals are likely agreed. The company has received a lot of contacts of possible cooperation, which could take place after the Covid-19 situation. In Finland, the company has grown continuously despite the Covid-19 situation and the company has insisted to strive to appear even in bad times. In the future, social media activity of the company should be still further increased.

Covid-19 has clearly affected the business of Keho Interactive. Projects in Finland have paused and in the international project it has been difficult to operate because the company cannot be there in the foreign country where events take place. Initializations of systems have turned out to be painful. As the company should be able to figure out for example problems related to the technology environment, it is challenging to do it remotely because then many phases are hypothesized. Customers know their own systems, but they do not know the systems of Keho Interactive, which has made projects challenging for them.

For Observis, Covid-19 has decelerated sales. It has delayed on-going deliveries and therefore had a major impact on business. Consequently, it has delayed monetary transactions which has caused problems for the business. On the contrary, in some markets, projects have precipitated. As there is a global pandemic situation, and Observis' deep knowledge is related to damaging substances, i.e., chemical and biological materials, the global situation with pandemic has pushed projects forward slightly. On the general view, there are more delays in Observis' business due to Covid-19 and it affects the cash flow. Projects have not been cancelled entirely, but they have not been going forward as expected.

Covid-19 has not affected the business of Zaibatsu Interactive at all. During the first weeks of lockdown, it decelerated projects and changed working arrangements of the personnel, but it has not harmed the business. Certain decision-making processes with customers have decelerated. It is a challenging global situation, but the company has been prepared: With a partner in Israel and their exceptional situations daily have forced Zaibatsu Interactive to understand that changes and exceptions in the world may any time decelerate business operations.

## 5 DISCUSSION

This chapter of this thesis summarizes the findings of the study, as it highlights the most relevant results. Then, it also indicates the theoretical contributions and links the findings to previous literature. Research questions are being answered in the clearest possible way.

### 5.1 Summary

The case companies have both similarities and differences compared to each other. All of these companies are Finnish start-up companies, aiming to growth via internationalization. They are small-sized and relatively young firms, that have internationalized at an early stage as the company is founded. Some of the case companies have been international from inception, while some have had more systematic internationalization processes. The companies are all mainly focused on B2B markets, but some of them still serve B2C customers and one of them serves additionally public authorities of different countries. Furthermore, the case companies are all operating in the field of digitalization and at the service sector, but their actual fields of business are completely different.

**As companies internationalize, how does the culture of the target market affect on the change of the needs in customer service?**

There are no significant changes in customer service or needs related to it, as culture between domestic and international business is considered. Customer projects are individually meaningful, and the companies aim to serve every customer based on customer's preferences and expectations, despite the culture of the customer's country. However, cultural differences are recognized and expected, and case companies adapt their customer service in their

customers' needs in all their target markets. Cultural differences refer more to administrative issues, such as different policies with monetary transactions or different laws. Fields of business have their own cultures which may conceal cultural characteristics of target countries. Companies emphasize equality and partnership in business and customer service in B2B companies refers more to partnership than actual customer service. Cultural differences are taken into consideration and companies aim to familiarity with a target market's culture before entering the market. Also, understanding the culture of the target country is seen as a crucial part of every project and partnership.

Products differ in different markets or are tailor-made for each customer and do not depend on the country of the customer. Communication and communicational issues have a major role. Language of partnership and companies' products is taken into consideration and the customer (or partner) leads the cooperation, i.e., chooses the language or if direct speaking is used or not. Also, perception of time is depending on the customer, but it is critical for the vendor to stick on the agreed schedule. Companies consider different projects as learning experiences and as possibilities to gain knowledge of international business.

### **Which factors affect on companies' decision to internationalize?**

Decision to internationalize and internationalization process are affected by company's field of business, nature of products or services and international experience (previous and present). Field of business, in some cases, is almost automatically international and therefore affects the decision to internationalize and the internationalization process. Nature of products affects on these issues as well, in this study they are services, as all of the case companies operate at the service sector. Yet, it plays a crucial role whether the company provides games, digital solutions, or something else. Lastly, international experience, previous and present, affects on companies' decision to internationalize and internationalization process. All case companies have either previous international network contacts, that they have gained as they have worked for a different company for instance, or they have at least attended international events that are crucial for i.e., companies at the gaming industry. These findings related to international experience are in line with previous literature findings, as for instance Rialp, et all. (2005) and Knight, et all. (2004), B2B companies are likely to begin internationalizing at early stages in the development. Additionally, Nummela, et all. (2010), international experience affects on companies' decision to internationalize and their internationalization processes; whether a

company decides to internationalize overall and whether it chooses to follow a born-global or other internationalization strategy. This study supports previous literature findings but also provides additional, new information.

### **What significant changes companies have made in customer service and marketing as they target their services to international customers?**

As answered and explained more or less already, there are no significant changes in customer service related to culture between domestic and international business. Companies emphasize the individuality of each customer (partner) and project and aim to serve their customers the best way possible. There are meaningful features in all case companies values of customer service, but they are not strongly related to the culture of the host country. Cultural differences are recognized and expected, and case companies adapt their customer service in their customers' needs in all their target markets. Equality, partnership, and quality of customer service have a major role in international business, despite the culture of the host country.

Also, organizational culture may affect on companies' customer service and internationalization. For instance, a company's inspiration and will to internationalize could be a feature of organizational culture, as organizational patterns of behaviour are communication tools, i.e. interaction between people, or decision-making processes, that are easy for outsiders to point out as well (Cooke & Rousseau, 1981, p. 22-23). The concept of culture has a crucial role in enhancing organizational performance and solving internal conflicts within an organization. (Schein, 2010, p. 9-10). Internationalization and growth can be included in companies' performance, which is why Schein's statement is crucial for this study as well. However, this is not the main topic of this research, so more research on organizational culture and especially this certain topic is required in the future.

### **What have been the consequences of these changes?**

There are no significant changes in customer service, related to the host country's culture specifically, but changes in customer service are more related to the experience of international business. For instance, gaining international network contacts is one of the benefit companies' may receive as they gain more experience and make changes in customer service as they observe something that requires change. Customers affect on products and guide the

cooperation in many cases from the beginning. In B2B sector, customer service is considered more as partnership and mutual benefit is the object of every cooperation and project. Experience brings knowledge and learning cultural characteristics is beneficial for the business. Building trust and creating networks have a major role in companies' international partnerships. Customers' needs and expectations affect more critically on customer service, compared to the national culture of the host country, and therefore, companies consider cultural differences in international business. Customers affect on products and guide the cooperation in many cases from the beginning.

## **5.2 Theoretical Contributions**

There is a clear gap in studying the relationship between B2B companies' internationalization and customer service related to the culture of the host country, as exact literature explaining it does not exist. Especially small, Finnish start-up B2B companies, aiming to aggressive growth, that have internationalized fast and operate in the service sector have not yet studied. This research aims to fulfil this gap and to begin a significant research topic. Additionally, this study aims to offer new insights towards this research area and to improve understanding on the ways and reasons for small Finnish start-up companies' decisions to internationalize, internationalization processes, international customer service and the host country's culture effects on it.

### **5.2.1 Internationalization**

The contributions of this study were identified within the early theories of internationalization, such as Uppsala model, and the more modern International New Venture Theory. Also earlier literature findings on international experience affecting companies' decision to internationalization and internationalization processes were emphasized. Several different angles are used in the study and due to this, the study is rather broad. The internationalization of certain case companies, that are considered Born Globals, are explained by INV theory as they are companies that from inception, "*seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries*". (Oviatt & McDougall, 1994.) Previous literature findings of McDougall (1989) also show that Born Global companies often operate in industries of strong international competition, and according to Bell (1995),

Born Global companies mainly operate in industries of high technology, which apply well for the Born Global case companies of these study as well. Also, Oviatt & McDougall (1994) state that a successful Born Global company should have global vision from inception, internationally experienced managers, strong international networks, pre-emptive technology, unique intangible asset, product or service closely related to extension, and the company should be strongly coordinated worldwide. Major of these features can be applied to the Born Global case companies of this study.

Other case companies that have had different internationalization paths, have features from early internationalization theories. However, these companies have not followed a certain internationalization path based on existing literature, but features of early stages of internationalization, such as entering markets with small psychic distance to Finnish culture, is seen in their internationalization paths. A curious finding is also that some fields of business, such as gaming industry, the culture of the field is stronger than the national culture of a certain market. Even though the case companies' internationalization processes differ among each other, all of them have internationalized relatively soon after founding the company. According to Rialp, et al. (2005) and Knight, et al. (2004), B2B companies are likely to begin internationalizing at early stages in the development. Madsen & Servais (1997) explain, that a driver for internationalizing early is the small demand of the home market, even in bigger countries, and as the case companies of this study are Finnish SME's, and Finland as a market is relatively small, early internationalization of these companies can be explained by this. Also, Knight et al. (2004) and Fan & Phan (2007) have recognized the same findings: the company's decision to internationalize is affected by the size of the home market, as well as a company's production capacity.

Additionally, all case companies have international experience: previous or current. According to Roberts & Muralidharan (2020), SMEs in the service sector must examine the potential of the market before deciding to enter it and they should understand the institutions of the host market, both formal and informal, and the market structure, such as its size and the nature of the value chain. Besides, internationalizing SMEs also have to understand how customers make decisions and on which level these decisions are made. This finding is supported by this study as well, as all case companies either attend international events, such as fairs, and / or apply knowledge from previous international experience in other companies. All case companies take cultural differences into account and aim to serve customers of all markets in the best way

possible, which also refers to understanding their customers and how they make decisions. Also, Madsen & Servais (1997) emphasize the role of founders in companies' internationalization, including previous international experience and in this study all founders of the case companies are experienced in international operations. According to Nummela, et al. (2010), international experience affects on companies' decision to internationalize and their internationalization processes; whether a company decides to internationalize overall and whether it chooses to follow a born-global or other internationalization strategy, which is fully supported by results of this study as well. What is still important to acknowledge, is that early internationalization does not necessarily bring success for all companies (Fan & Phan, 2007), and despite the motivation and belief of these companies' founders, all of them were realistic about this aspect.

To summarize the findings of this study in internationalization, I would like to conclude the main factors affecting on companies' decision to internationalize and internationalization processes:

- Field of business
- Nature of products or services
- International experience (previous and present)

### 5.2.2 Customer Service

Culture was observed in this study in relation to not only internationalization, but to customer service as well. Different literature findings on customer service were used to justify findings of this study. Yet, there is a very limited amount of literature related to cultural effects on customer service. Dunning & Lundan (2008) and Peng (2003) argue that internationalizing companies should adjust to contrasting institutional arrangements in their operations. The quality of customer service is highly appreciated among case companies and the same characteristics of it are equally present in every target market they operate in. However, all of the case companies take cultural differences into consideration. For some case companies, products are not so directly related to the country of the customer, but more of tailor-made products individually for each customer. On the other hand, some companies have target products for different markets.

According to Gröönroos (2020), marketers should promise such things to their customers that can be kept and certainly keep these promises, to be able to fulfil customers' expectations that are based on the made promises. This does not, however apply to the service sector companies because their "products" are intangible, and instead of one contact point with their customers, service companies have two: marketing and production (Rathmell, 1974, p 7). The same finding can be adjusted to this study, as things such as on-time schedule, keeping the budget, aiming to understand the requirement of the end-user, partnership, mutual success with the partner (customer), communication and managing the relationship are highly emphasized among case companies.

The results of this study, for instance what is meaningful in customer service, show the same point as the findings of Barry, et al. (2008) and Gröönroos (2020): Companies highlight characteristics such as partnership, mutual success and communication (taking care of the relationship) in their customer service. According to Barry, et al. (2008), customers trust in supplier's credibility and largess, and the sentimental side of allegiance of the supplier, which is why companies should aim to high quality of their services and to the high-quality customer service. Gröönroos (2020) states that customer experience processes must be handled in a customer-focused way: customer should be satisfied and engaged with the company in a way they will choose the company in the future as well. Also, according to Gröönroos (1984), service companies' customers' perceptions are affected by both the outcome and the process.

Jadczaková (2013) states that culture influences business operations of B2B firms as well as personality influences consumer behaviour in B2C markets; therefore, culture of the host country has an effect on forming a B2B relationship with international customers. By taking this into consideration, companies can better understand the needs of business segments and to provide service that better meets those needs. This study has the same finding, as all case companies take cultural issues into consideration, and familiarity and understanding the target culture beforehand is emphasized. Also, companies consider the quality of service to be significant. Findings of this study are in line with Darlington's (2016): exceptional customer service refers to fulfilling customer's expectations and beyond, showing respect to customers and creating decent relationship with them.



Even though culture does not seem to have a significant impact on how companies serve their customers, cultural differences do exist and have an impact on international operations. The research results show that customer service in B2B companies refers more to partnership than actual customer service. In partnerships, communication and communicational issues have a major role. Language of partnership and companies' products is taken into consideration and the customer (or partner) leads the cooperation. Also, perception of time is depending on the customer, but it is critical for the vendor to stick on the agreed schedule. Cultural differences refer more to administrative issues, such as different policies with monetary transactions or different laws. This can also be what Rothaermel et. al. (2006) suggests, as they state that cultural distance is a limitation of internationalization for online-based companies. As case companies do not make significant changes on their customer service as they target their services to international customers, it may be due to the fact that they are culturally near with these markets they operate in. Also, companies do acknowledge the individuality and importance of each customer, and therefore follow the statement of Matthyssens & Vandenbempt (2008), who state that global customers require the same levels of service and quality in as the customers in the company's home market. According to Harris and Wheeler (2005), global networks have an increasing importance in B2B markets, which is also seen in the results of this study.

Results show that culture has no clear effects on customer service. Customers' needs and expectations affect more critically on customer service, and therefore, companies consider cultural differences in international business. Customers affect on products and guide the cooperation in many cases from the beginning. In B2B sector, customer service is considered more as partnership and mutual benefit is the object of every cooperation and project. Experience brings knowledge and learning cultural characteristics is beneficial for the business. Building trust and creating networks have a major role in companies' international partnerships.

According to Szkudlarek, et all (2020), cultural distance and national culture have an obvious impact on companies' internationalization decisions. This finding is in line with this study's findings as well, according to for instance the fact that case companies consider their markets to be larger than the Finnish market only, and digital services can be more easily transferred across national borders. According to the findings of this study, some strong cultures of different fields of business overcome the national ones. These examples may explain the

finding of culture not having a major impact on companies' customer service, even though cultural issues and customer service do not have a clear relation in the literature.

## **6 CONCLUSIONS**

The last chapter of this thesis discusses the managerial implications and presents the limitations of the study and suggestions for future research. The research problem is being explained to clarify the main points of this thesis and to offer suggestions for both future managers and future research.

The purpose of this study was to explore how the host country's national culture affects on internationalization and customer service in the context of B2B SMEs in the digital service sector. The topic is relevant to study further as it is not researched enough how culture affects on SME's operations. Even though internationalization, customer service and culture are quite widely researched individually, there is not enough studies combining them or researching topics in this exact context. How the host country's national culture affects on SMEs internationalization and customer service is an unclear issue in today's literature. Data used in this research consists of six interviews of four SMEs: managers/CEOs of Finnish start-up companies in the service sector and B2B markets. Out of this data a multiple-case study was conducted, which enabled to evaluate whether industry related issues have an impact on internationalization. However, further evidence is still required. Concepts of internationalization, such as Early Internationalization theories and INV theory, as well as literature findings of international experience, service sector and B2B market were selected to form a theoretical framework of this research. Another theoretical framework was formed of cultural issues, emphasizing the host country's national culture and customer service in relation to it, but also taking organizational culture into consideration. Results of this study were analyzed through earlier literature findings. Moreover, the aim of this research was to answer following research questions:

1. As companies internationalize, how does the culture of the target market affect on the change of the needs in customer service?
2. Which factors affect on companies' decision to internationalize?

3. What significant changes companies have made in customer service and marketing as they target their services to international customers?
4. What have been the consequences of these changes?

The contributions of this thesis were recognized within the rivalling theories of Uppsala model and INV theory, as well as earlier literature findings of international experience. This research is multifaced as it has different aspects: The internationalization from inception of born global case companies is supported by INV theory (Oviatt & McDougall, 1994), but the other case companies, that have had different kind of internationalization paths, do not follow exactly earlier internationalization theories, such as Uppsala Model (Johanson & Vahlne, 1977), even though they have characteristics from them. Also, these case companies have features from INV theory, even though they are not international from inception. This can be possibly explained by the fact that internationalization theories consider mainly larger companies; case companies of this study are small Finnish companies that have internationalized fast after establishment and seek aggressive growth. Yet, I would argue that these internationalization theories are still relevant in this study as the results show that these companies do have features of these theories, even though these case companies are also B2B companies at the service sector.

There are no exact earlier findings on how host countries' national culture affect on companies internationalization and customer service. Results of this study show that culture does not strongly affect on companies' internationalization and customer service, but still, cultural differences are taken into consideration and not ignored. Some industries have their own cultures that overshadow national cultures. To conclude the findings, it is clear that no individual theory can fully explain the cultural implications of internationalization and customer service of the case firms in this study and the theories must be more and less combined to clarify the findings.

## **6.1 Managerial Implications**

The research enables especially managers of other startup companies in the service sector and in the field of digitalization, to gain knowledge of and learn from the results, as the research is extremely practically oriented with real-life companies. Also, managers can determine their

operations according to the results of the study. Managers of other fields of businesses are also welcomed to learn from the results but specifically managers of B2B start-up companies in the field of digitalization may find the results useful. It is critical to note by managers that cultural differences exist and taking them into consideration is beneficial for international companies. I suggest that managers get familiar with the culture of the target markets, even if the company follows the “*born global*” path of internationalization and prepare themselves for cultural differences which may occur in communication, for example. Managers should also have a clear vision of the values of the company, to be able to transmit the qualified customer service and build partnerships based on trust and mutual respect.

Additionally, wide networks have a critical impact on international operations. Companies in the field of digitalization benefit from decent reputation and projects that go as mutually agreed with the partner, as digitalization enables networking and operations anywhere in the world. It is also significant for companies to show up at i.e., fairs or on social media, even in the exceptional times, to be able to ensure the continuity of networking and new projects. Managers should recognize cultural differences and be able to prepare for them, even if they are only administrative. Customer service should have high-quality and equality, it should be applied to each customer differently, based on their needs. This could bring companies competitive advantage even in the fields of strong rivalry.

## **6.2 Limitations and Future Research**

The major limitation of the study is the relatively small scope with only 4 case companies from Finland. An obvious limitation is that the companies are not from the exact same industry, even though they all are Finnish start-up companies operating in B2B sector and in the field of digitalization. As companies are viewed more closely, it can be seen that their fields of business are very different and it may limit the generalizability of the results.

First, their internationalization paths and decisions to internationalize differ. Two of them are born global companies and two have had different ways and reasons to internationalize. Second, case companies’ products are totally different, even though they are digital. Differences in the nature of products influence on who the companies’ customers are and how is everything operated. Third, even though all of the case companies operate in B2B sector, some of them operate additionally in other sectors, B2C or in the sector of public authorities.

However, companies were selected adequately, and the aim was for them not to be straight competitors with each other and I believe this limitation did not critically affect on research results. For future research, my suggestion is to research more similar companies with larger scope. Additionally, as case companies are from relatively small country, Finland, it should be remembered that it may also have an effect on the results. It may also help the study to be more precise as companies from one culture are easier to compare with each other.

I would also suggest for future research to consider more closely a certain culture of a company's target market. As case companies of this research were very different with each other, they also operated in different markets. Differences in different markets were pointed out, but in this research it was not possible to closely delve into one or two cultures and their characteristics. If the case companies were older firms with more international experience, I believe it to have an effect on the research results.

Moreover, the research results are based on interviews which represent opinions and statements of single persons', mostly CEOs and managers. In two cases, I was able to interview two persons from the same company, but in two cases the results are based on one person's vision. Also, all companies were Finnish start-up companies, which may bring certain characteristics in the results, especially considering cultural issues. It could be also added to limitations that the research was conducted with limited time and interviews were held in Finnish and then translated to English. I still believe these cases to be adequate enough to provide reliable answers to research questions in this qualitative multiple case study. In the future, I believe it would be beneficial to research the topic with quantitative methods.

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## **APPENDICES**

### **Appendix I. Interview Questions**

#### *Introduction*

1. Could you please introduce yourself and the company?
2. Is the company operating in B2B sector fully?

#### *Internationalization*

3. What kind of an internationalization process did the company have? Was it well prepared or did the company internationalize more coincidentally?
4. How do you select the target markets, and which are the company's main target markets at the moment?
5. What kind of previous experience of internationalization do you have in the company?

#### *Customer Service*

6. What in customer service is important and meaningful for the company?

#### *Customer Service and Internationalization*

7. What have you done differently in marketing and customer service in Finland vs in the foreign markets or between different international markets?
8. How will you exploit your knowledge and information of international business as you expand the business in new markets?

#### *Culture*

9. How does the company take into consideration the culture of the target country in international business?
10. Have you made some changes in your products or services, as you have targeted them to foreign markets, compared to Finland?

#### *Extra Information*

11. What are the objects of the company in the future? Let's say within 3, 5 or 10 years.
12. How has the current situation of the world, Covid-19, affected your customer contacts and business?

13. Would you like to add something?