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The Internationalization of Micro- and Small Enterprises in South Ostrobothnia

Project: Matkailu Kansainvälisille Portaille

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Thesis abstract

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This Bachelor's thesis was commissioned by Etelä-Pohjanmaan Matkailu in Seinäjoki. The goal was to discover challenges that could complicate or prevent South Ostrobothnian enterprises in the field of accommodation and activity services from internationalizing. The theoretical part of the thesis deals with internationalization, the tourism business in Finland and in South Ostrobothnia, definitions, and the organizations supporting enterprises.

The theoretical part is followed by an empirical study. The research method used was qualitative, and the data was collected using semi-structured interviews among 12 entrepreneurs in the field of accommodation and activity services in South Ostrobothnia. With semi-structured interviews, personal opinions and thoughts about internationalization could be obtained.

The analysis of the interviews reveals that there is a lot of interest in internationalization in South Ostrobothnia. The challenges are mostly the lack of cooperation with other companies and regions, uncertainty about one's language skills, and the lack of the adequate packaging of services. Various other factors were also mentioned, and one rising theme was the trust in the younger generation of entrepreneurs. Older tour service providers rely on younger entrepreneurs' ability to handle internationalization better, right from the beginning. Therefore, some entrepreneurs do not consider internationalisation efforts topical for their own companies.

Keywords: Internationalization, micro-enterprise, small enterprise, South Ostrobothnia, travelling

SEINÄJOEN AMMATTIKORKEAKOULU /
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Opinnäytetyön toimeksiantaja oli Etelä-Pohjanmaan Matkailu Seinäjoella. Tavoitteena oli selvittää haasteita ja tekijöitä, jotka estävät tai vaikeuttavat majoitus- ja ohjelmapalveluiden tarjoajien kansainvälistymistä. Työn alkuosassa esitellään teoriapohjaa Suomen ja Etelä-Pohjanmaan kansainvälistymisestä, matkailuyrittäjyydestä, käsitteistä ja tukea antavista yrityksistä.

Loppuosassa esitellään empiirinen tutkimus, joka toteutettiin teemahaastatteluina kahdelletoista eteläpohjalaiselle majoitus- ja ohjelmapalveluyrittäjälle. Teemahaastattelun avulla haastateltavilta saatiin henkilökohtaisia mielipiteitä ja ajatuksia kansainvälistymisestä.

Haastatteluista selvisi, että Etelä-Pohjanmaalla on mielenkiintoa ja halua kansainvälistyä. Haasteita ja esteitä ovat muun muassa yhteistyön vähäisyys muiden yritysten ja alueiden kanssa, omaan kielitaitoon liittyvä epäröinti sekä palveluiden järkevän paketoinnin puuttuminen. Lisäksi lukuisia muita tekijöitä mainittiin, ja yksi nou-seva teema oli yrittäjien luottamus nuorempaan yrittäjäsukupolveen. Kansainvälis-tymisessä vanhemmat ja pitkään alalla olleet yrittäjät uskovat ja luottavat nuorem-pien matkailijayrittäjien innostukseen ja ammattitaitoon. Siten osa yrittäjistä ei koe kansainvälistymistoimia enää omassa yrityksessään niin ajankohtaisiksi.

Asiasanat: kansainvälisyys, mikro-yritys, pienyritys, Etelä-Pohjanmaa, matkailu

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Terms and Abbreviations

DMC	Destination Management Company, like Etelä-Pohjanmaan Matkailu.
Micro-enterprise	A small business employing fewer than 10 people and has started with a small amount of capital.
Small enterprise	privately owned corporations, partnerships, or sole proprietorships that have fewer employees and/or less annual revenue than a regular-sized business or corporation.

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1 INTRODUCTION

Tourism in South Ostrobothnia is a growing business and interest towards internationalization grows as getting from one place to another is easier thanks to developing infrastructure and growth of cultural knowledge.

What are the challenges that prevent South Ostrobothnian companies from internationalizing? Like other areas of Finland, also South Ostrobothnia has not exceeded its full potential in internationalization, because some companies do not want to, can not, or are too afraid to enter the foreign markets. With this thesis, the author seeks to find solutions on how to help and encourage South Ostrobothnian companies to become international.

The author interviews 12 micro-enterprises and small businesses operating in the field of accommodation and activity services. The interviews are held in March 2018 by the researcher and the interview guide can be found in the Appendix 1.

1.1 Content

The research question of this thesis is: What are the challenges that prevent South Ostrobothnian companies from internationalizing? Chapter 1 handles the tourism in Finland and goes through the most recent numbers concerning international travellers. The target group that Finnish tourism businesses are concentrating on according to Visit Finland, is introduced in Chapter 1.3.

Chapter 2 explains the objectives and definitions of the study in this thesis, in order to open up the research problem thoroughly. The author will also introduce the qualitative method used in order to implement the study and define the topic and the target group profoundly.

Chapter 3 focuses on the main employer of this thesis, Etelä-Pohjanmaan Matkailu Oy (South Ostrobothnia Tourist Service), and its operations in South Ostrobothnia including the project, Matkailu Kansainvälisille Portaille. On the fourth Chapter, the micro- and small enterprises are defined and explained together with the description

of accommodation and activity service providers. Furthermore, the concept of Unique Selling Proposition (USP) is clarified and the author discusses, which USPs there are.

In Chapter 5, the researcher will go through internationalization, including its motives, challenges, obstacles and opportunities. Information about the new Package Travel Directive is explained in Chapter 5.1.3. The importance of internationalization, SWOT-analysis and cultural differences are handled at the end of Chapter 5. The sixth Chapter tells about the support organizations that are actively enhancing internationalization. It includes organizational operation on national and at regional levels.

Chapter 7 introduces the implementation of the empirical part and Chapter 8 addresses the implementation of the interviews and their analysis. What the researcher found out during the interviews, is then explained and analysed and final conclusions can be found in Chapter 9. Chapter 10 is the Conclusion, which handles the research questions' answers, research ethics, reliability & validity, limitations and future development suggestions.

Chapter 11 is the Bibliography of all the sources used in this thesis. Last pages include the Appendices. Appendix 1 is the Interview guide used in the empirical part. Appendix 2 is a bigger picture of Picture 3 in chapter 5.1 Internationalization Process.

1.2 Internationalization of micro- and small enterprises in South Ostrobothnia

The topic is named 'Internationalization of micro- and small enterprises in South Ostrobothnia.' The topic was given to the researcher by Etelä-Pohjanmaan Matkailu in Seinäjoki, implementing a project called Matkailu Kansainvälisille Portaille. As it says in the topic, the area is South Ostrobothnia and the target is micro- and small enterprises. To be more specific, the target is going to be micro- and small enterprises in the field of accommodation and activity service in South Ostrobothnia. The

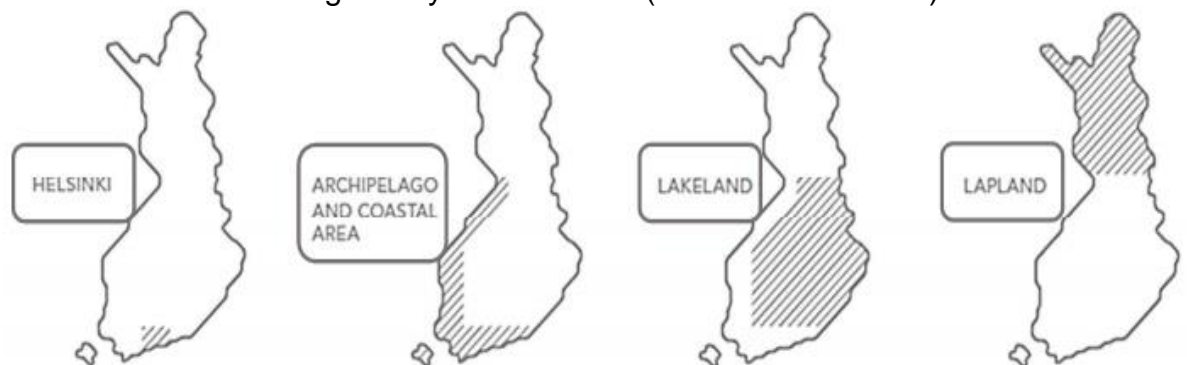
majority of the companies that are interviewed, took part in a Visit Finland Academy's internationalization training called "KV-matkailun perusteet" that took place on two dates, in February and in March 2018.

1.3 Tourism in Finland During the Past Years

Statistics Finland (Concepts: travelling, [20 February 2018]) defines travelling as an action, where people go outside their home range and dwell there for a period of time, but not over 12 months. The reasons vary from vacations to a business trip to some other reasons. In addition, Oxford Dictionaries [28 March 2018] defines tourism as "-- the commercial organization and operation of holidays and visits to places of interest."

The National Tourism Office of Finland is called Visit Finland. It creates an aggregation of travelling in Finland every year and in April 2018, the statistics of 2017 were published (Visit Finland, Matkailuvuosi 2017). Visit Finland divides the country into four travel areas: Helsinki, Archipelago and Coastal Area, Lakeland and Lapland. South Ostrobothnia is basically part of the Archipelago and Coastal area, but spreads partly to the Lakeland region.

Picture 1. Finland's Regions by Visit Finland. (Matkailuvuosi 2017).

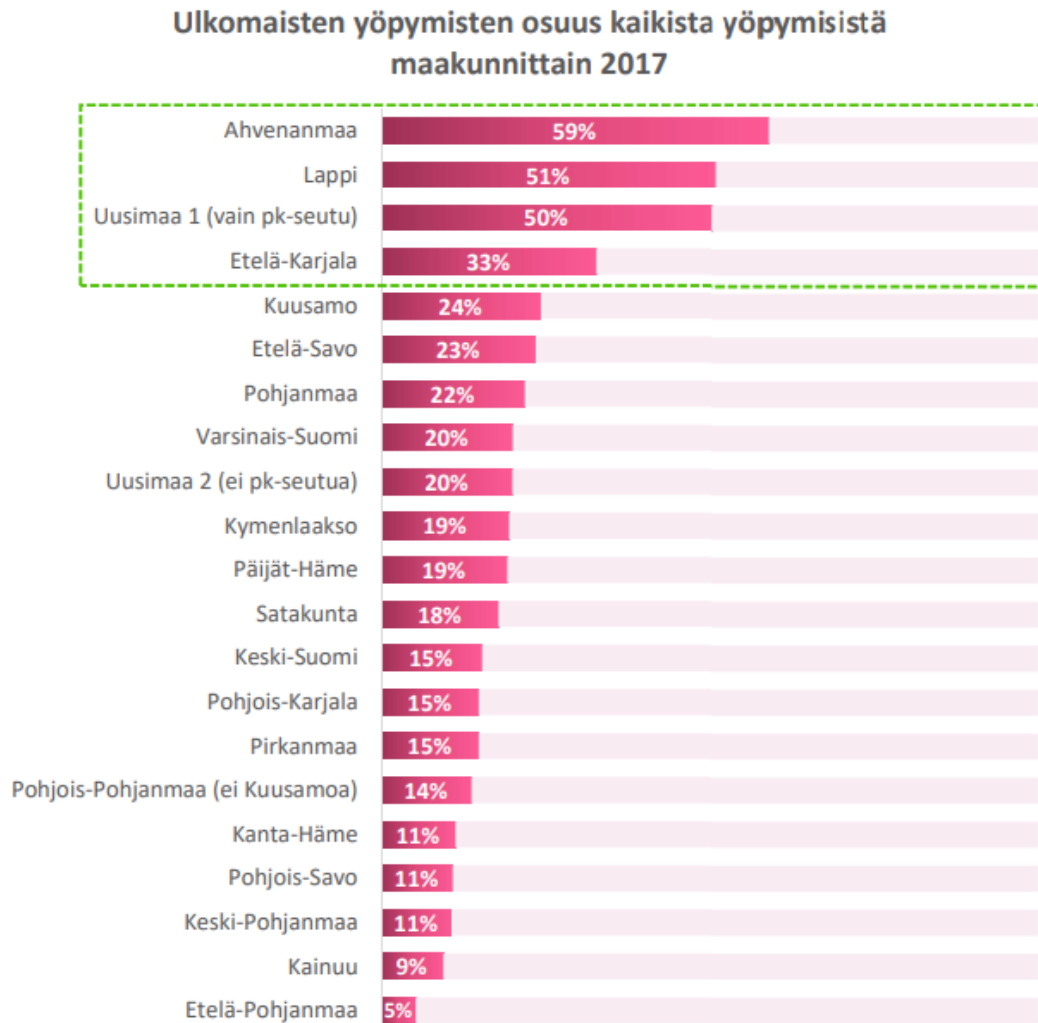


In Lakeland- area, 2/3 of the registered foreign tourists in 2017 were travelling on their leisure time and in Archipelago the number was somewhat over 50 percent. According to Kortessluoma (VF Academy training), 69 percent of international travellers in South Ostrobothnia are there for business.

Visit Finland's yearly tourism report (Matkailuvuosi 2017) shows that in 2017, the number of foreign travellers in South Ostrobothnia was 34 600, which is a decrease of -16.1 percent from the year 2016. However, the statistics can vary quite a lot when comparing such short time spans, as one year apart. Overall in South Ostrobothnia, the tourism business has developed and the number of foreign travellers has increased when looking the years 2012–2016. According to Visit Finland's travel report (Matkailuvuosi 2016) the number of foreign over-night tourists in South Ostrobothnia has increased 13 percent in winter season and 7 percent in summer season in the years 2012–2016.

Altogether, about 5 percent of all travellers are international in South Ostrobothnia (Matkailuvuosi 2017). According to Korttesluoma and Jyllilä (2015, 1) globalization has a significant role in the tourism business and, in order to succeed, keeping up with it is more a requirement than a recommendation. A successful internationalization requires, not only patience and perseverance, but also the ability to react to changes fast.

Picture 2. The share of international over-night stays in the regions of Finland. South Ostrobothnia with 5 percent. (Visit Finland, Matkailuvuosi 2017).



The number all travellers in South Ostrobothnia has increased 22 percent in the years 2001-2014 (Statistics Service Rudolf), the percent of international travellers has stayed stationary (Korttesluoma & Jyllilä 2015, 9). Yet again, from 2016 the number of international travellers in relation to all travellers in South Ostrobothnia increased, and since 2012, according to Visit Finland's travel report (Matkailuvuosi 2016), there has been an increase from 3.9 percent to 6 percent. The latest information of the Statistical Service Rudolf shows that in 2017, the number of all over-night stays in South Ostrobothnia was 664 841 of which 34 622 (5.2 %) were international travellers. The table below shows the yearly nights spent and then separately the number of domestic and foreign travellers in South Ostrobothnia in years 2008–2017.

Table 1. Nights spent in South Ostrobothnia in the years 2008–2017 (Statistics Service Rudolf).

Yearly nights spent and arrivals by country of residence by Region, Country, Data and Year

	Nights spent									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
RE South Ostrobothnia										
Total	649,168	595,492	606,186	690,094	674,157	691,278	662,610	670,916	692,862	664,841
Domestic	622,854	572,609	584,714	658,947	645,637	660,505	636,647	642,323	651,620	630,219
Foreign	26,314	22,883	21,472	31,147	28,520	30,773	25,963	28,593	41,242	34,622

1.4 Target Group

The target group that Finnish tourism businesses should be concentrating on is “modern humanists” (Saari, Oksanen & Ruokamo 2014, 14–15). Visit Finland describes the target group for Finnish tourism to be travellers who are open and curious and who have already been everywhere and seen the metropolitan cities. Now they are interested in the unique and exotic Finland. They are usually highly educated and financially viable (loc. cit). They want to experience a new culture, new people and a genuine way of living. Later on, this segmentation has been developed further and late in 2017 (Visit Finland segmentation study 2017, [9 March 2018]) six new target groups were published and they are listed below:

- Nature Wonder Hunters
- Nature Explorers
- Activity Enthusiasts
- Comfort Seekers
- City Breakers and
- Authentic Lifestyle Seekers.

When a company wants to become international, measures that are too rapid, can produce more damage than results (Vessels 2012). Saari et al. (2014, 9) indicates that development and investing to the services are crucial actions and it might take a lot of time. The company must concentrate on marketing communication, distribution channels and the staff. Usually, the results will not start to appear but after three years (2014, 5). A well-planned strategy will help an enterprise to reach the desired

process of internationalization and develop competitive advantage in global markets. Depending on the degree of internationalization and the business, according to Strategy Train (Miksi muodostaa kansainvälistymisstrategia? [8 March 2018]), the enterprise can receive the following advantages by developing an internationalization strategy:

1. Entrance to new market areas and receiving new customers
2. More capital as a result of entering new market area
3. Developing the core competence (technology, know-how)
4. Network expansion that can lead to the exchange of knowledge and co-operation

2 RESEARCH OBJECTIVES AND DEFINITIONS

The objective of this study is to ascertain the attitudes towards internationalization in South Ostrobothnia. The goal is to find out, are there challenges or obstacles, for when South Ostrobothnian micro- and small enterprises want to enter the foreign markets. 12 micro- and small enterprises in the accommodation and activity service industry in South Ostrobothnia were interviewed in March 2018. The goal was to hear their experiences of their process of becoming international. In addition, in some cases, why have they not found the internationalization necessary. Additionally, the researcher wanted to gather some tips for companies that are planning to enter the foreign markets.

The research question is: What are the challenges that prevent South Ostrobothnian companies from internationalizing? The next sub-questions help to specify the research question, so that the common thread is preserved also in the interview guide. The interview guide can be found in Appendix 1.

- What are the pros and cons of internationalization in South Ostrobothnia?
- Are the challenges internal or external?

The first sub-question seeks to arouse conversation about the benefits and occurring negative aspects in internationalization. How do the respondents see the pros and cons internationalization? The aim is to bring out factors that can be utilized later on. For example, if the respondents feel like they do not get enough support from other organizations, the information will be brought to awareness in Etelä-Pohjanmaan Matkailu.

The second sub-question is formed to find out, where the possible problems originate. Are the factors that are slowing the internationalization mostly coming from inside the enterprise, for example, because the staff cannot speak English? Or, are they external factors, like the weather or for instance big cultural differences.

2.1 Research Method: Qualitative Approach

In this thesis, the data collection method is qualitative research and the data is gathered with semi-structured, in-depth interviews with micro- and small enterprise representatives. According to Surbhi (2016), characteristic for qualitative research is to rely on spoken or written information, not numeric data, like in quantitative research. According to researchers (Saunders, Lewis & Thornhill, 2009, 323; Vilkkä & Airiksinen 2001, 63–64), a qualitative study is a way to discover feelings and opinions of the respondents in order to develop an initial understanding. When looking at the mind-set of people in South Ostrobothnia towards internationalization, semi-structured in-depth interviews are the best way to get an in-depth understanding of the opinions of the respondents.

Semi-structured interviews are a qualitative method of research, which combines pre-determined questions and open answers (Semi-structured Interview, [29 Apr. 18]). It was chosen as the data collection method because open-ended questions work better when the researcher wants to study opinions and thoughts (McCammon, [27 Apr. 2018]). All the respondents will answer the same question, but additional information can be asked to clarify the original question or to get more understanding about how the respondents feel (Näpärä 2017). According to Saunders et al. (2009, 320–321), semi-structured interviews make it possible to discuss more about some matters and even drop out some questions, if, for that respondent, it is redundant. Keller and Conradin (2017) states that the advantages of semi-structured interviews are that the researcher can ask follow-up questions and the respondent can ask for clarifications, if one does not understand the question. Interviewing people on sight motivates the respondent to give more objective answers. Furthermore, the body language of the interviewee can tell more about the subject and tell if the person is actually interested in it or not.

According to Steber (2017), In-depth interviews are “a qualitative data collection method that involves direct, one-on-one engagement with individual participants. In-depth interviews can take place face-to-face, or in some cases over the phone.” As an in-depth interview, the same questions are asked from all the respondents in the same order. According to Filiberto (2013), during the interview, the researcher cre-

ates “an account” of each respondent’s answers. They can then be examined further. The Interview Guide (Appendix 1) is formed by starting with easier questions (Filiberto 2013) that prepares and relaxes the respondent. As the interview goes further, the questions will get more specific.

Some disadvantages of the semi-structured in-depth interview could be an in-experienced interviewer. According to Whorton (2016), a good interviewer is friendly, good listener and trustworthy. Furthermore, the companies that the researcher is going to interview, will not want to speak English. This makes the transcribing of the interviews more challenging. They also take a lot of time (Keller & Conradin 2017) and with a dead line in May 2018, it does not give the researcher a lot of time to interview and process the conversations. The idea is to record all the interviews, so that it is possible to go back to the conversation and repeat the matters discussed. Interviews can only be taped, if the respondent agrees to it (Filiberto 2013). One of the problems could be with the recorder if some technical difficulties are faced. Furthermore, Keller and Conradin (2017) note that the interviews must be planned very well, or otherwise the questions might be too leading, which can distort the results. Every interview should end up unique and this leads to versatile and plentiful results (Whorton 2016).

The respondents are chosen amongst micro- and small enterprises in South Ostrobothnia operating in accommodation or activity services. The connecting factor among them is the region, the operation and the connections to Arja Kortesuoma, who is the project manager in the project ‘Matkailu Kansainvälisille Portaille’. Some of the respondents took part in a Visit Finland Academy training in the spring 2018 or in earlier years. Some respondents, who did not participate in any of the trainings, are contacts received from Kortesuoma. A request to take part in the interviews was originally sent to 15 enterprises from which 12 agreed to attend.

The interviews are held during March 2018 and in some cases, if it is easier for the representatives of the company, the interview is done via telephone. The main language of this study is English, but in case of problems with the usage of the English language, the interview can also be held in Finnish as the answering can be easier for the interviewees.

For these interviews, an interview guide was created. It has 14 core questions that awaken conversation. According to Saaranen-Kauppinen & Puusniekka (2006) the interviews will be conversation-like and the idea is more to discuss about the theme (internationalization), than to strictly follow the questions in order. The interview guide is attached in Appendix 1. The questions include the basic information about the companies and the current level of internationalization. There are also questions about their opinion on internationalization, is it hard, what obstacles could there be and why they think, some companies do not become international. These interviews then give the study points of view that can then be analysed and the answer to the research problems can be given. After analysing the questions, the results are summarized and some future development suggestions are given.

3 ETELÄ-POHJANMAAN MATKAILU OY

Etelä-Pohjanmaan Matkailu aka. South Ostrobothnia Tourist Service, is the commissioner of the project “Matkailu Kansainvälisille Portaille”. South Ostrobothnia Tourist Service Ltd. is a sales and marketing organization and a regional travelling organization owned by eight South Ostrobothnian municipalities and towns. The company was registered in 1995 in accordance with the Regional State Administrative Agencies’ Register of Package Travel Agencies, which makes it possible to work as a mediator and provider of travelling packages and other services (Register of package travel agencies 2018). The actions are resolved by the Board of Directors which consists of representatives of the stakeholders and entrepreneurs operating in tourism business. (South Ostrobothnia Tourist Service Ltd., [8 February 2018]).

In South Ostrobothnia, the SO Tourist Service Ltd. has the role of a DMC-office (Destination Management Company). Remus (2007) defines DMC-office as an intermediate between the tour operators and service providers, which looks for service providers that offer trustworthy and good quality services. Also, according to LUC Matkailu [8 March 2018], productization and gathering services into attractive package deals, are included in their expertise. DMC-offices often conclude active sales and marketing actions on their target markets.

In order to develop the livelihood and businesses in the region, SO Tourist Service Ltd. implements various kinds of product development and projects, including the project “Matkailu Kansainvälisille Portaille”. Part of their business is to gather various statistics and research information and be a part of the wider Visit Pohjanmaa Organization.

3.1 Project: Matkailu Kansainvälisille Portaille

South Ostrobothnia Tourist Service’s project, Matkailu Kansainvälisille Portaille, seeks to advance internationalization in South Ostrobothnia region. The project is running from the first of October 2016 to the 31st of October 2018. The mission of

the project is to inform tourism companies and service providers, in South Ostrobothnia region (17 municipalities), about the practices, operating models, preconditions, operation guidelines and criteria of internationalization. The aim is to activate companies and operators to carry out the Steps according to the strategy. The strategy includes actions that help the progress of internationalization in companies, regional tourism cooperation, and co-marketing. (Matkailu kansainvälisille portaille – project's 2nd progress report 2017, [8 February 2018]).

According to Kortesuoma (Matkailu kansainvälisille portaille –project's 1st progress report 2016–2017, [8 February 2018]), the aim of this project is to increase the preparedness and know-how to internationalize, and the expertise to attract more foreign travellers to the region. Basically, the project studies internationalization, reports and plans, and organizes briefing conferences, workshops and meetings. Furthermore, the project is a channel which directs the updated information about internationalization to the travelling entrepreneurs, developers and stakeholders in South Ostrobothnia region. The project is trying to advance and activate the tourism businesses to cooperate and enhance their internationalization.

The project is funded by the European Agricultural Fund. ELY Centre [21 February 2018] describes the goal of this fund to be the sustainable growth, development of livelihood, and improvement in quality of life. The benefits of this program are targeted to farmers, and to businesses and inhabitants in rural areas.

This thesis will be a part of the project. Finding out the mind-set of entrepreneurs in South Ostrobothnia, will give the project workers new points of view and tools for their seminars and workshops.

4 MICRO- AND SMALL ENTERPRISES IN ACCOMMODATION AND ACTIVITY SERVICES

The focus of this thesis is accommodation and activity services in the area of South Ostrobothnia. The enterprises, who are starting to expand their business abroad, are usually small companies. That is why the focus group of this thesis is micro- and small enterprises. When thinking about South Ostrobothnia, the majority of the area is countryside. This is why service providing, especially outside Seinäjoki, in South Ostrobothnia can be considered a part of rural tourism.

Hemmi (2005, 193) defines rural tourism as business and entrepreneurship in rural areas, which is based on the natural conditions and recourses such as nature, landscape culture and small-scale businesses. Correspondingly, Edelheim and Ilola (2017, 83) add that rural tourism is described as tourism business outside agglomerations and tourist centres. Many rural tourism enterprises have started their business as a part-time business and moved later into a full-time rural tourism enterprise. Sometimes hand in hand with rural tourism go the developing operations of countryside such as local food production, nature oriented activity services (Edelheim & Ilola 2017, 83; Hemmi 2005, 193). The centre for the Promotion of Imports from Developing countries (Ministry of Foreign Affairs, [17 March 2018]) defines rural tourism's aim to "include and benefit rural communities, while preserving their environmental and cultural assets. It brings rural areas economic development by creating additional income and employment. Tourism development can also improve the social wellbeing in rural areas. For instance, by stimulating improvements in infrastructure, sanitary and electricity networks."

In this chapter, the researcher goes through the definitions of micro- and small enterprises, which are the focus group of this study. Furthermore, the terms accommodation service and activity services are defined and explained further.

4.1 Definition of the services provided

Micro-enterprises have the turnover or balance sheet of under 2 million a year and less than 10 employees. 93.3 percent of all businesses in Finland are micro-enterprises with less than 10 employees (Yrittäjät: Yrittäjyys Suomessa 2018). 5.5 percent of all businesses in Finland are small enterprises that have the turnover or balance sheet of under 10 million a year and less than 50 employees. An enterprise fills these both definitions, if less than 25 percent of their shares are owned by companies, which are larger than medium sized enterprises. (Statistics Finland).

4.1.1 Accommodation Services

Statistics Finland (Concepts, [20 February 2018]) defines tourist accommodation as accommodation spaces of any kind, which are regularly (or occasionally) available for tourists. Tourist accommodation can be free of charge or cost something. Micro- and small enterprises in the field of tourist accommodation services usually include guest houses, motels, hostels and cottage and caravan spot rentals etc. The enterprises that took part in this thesis include small hotels, rural travel accommodation, such as cottages, accommodation combined with activities such as saunas or horseback riding.

The South Ostrobothnia tourism strategy (2013) states that the immediate income from tourism in 2008 was 330 Million euro and 17 percent of this income (56.1 million €) came from accommodation and catering services. (Matkailustrategia vuosille 2013–2017, 19).

In both, accommodation and activity services in rural tourism, the nature plays a big role. Hemmi (2005, 207–208) states that attractive cultural and natural sceneries and the old buildings build added value to the services. Edelheim and Ilola (2017) write that when an accommodation service provides in addition to the room, beautiful and authentic surroundings, it might even be a crucial factor for the foreign tourists, as they have travelled to Finland to see the calm and untouched nature and unbroken wilderness.

4.1.2 Activity Services

Tukes information service (Ohjelmapalvelut, [12 February 2018]) describes activity services as adventures, experiences, sports and activities, done in different environments such as, outside, inside or in a city or terrain, in the air, water or on roads. Activity services are also provided together with other services. According to Edelheim and Ilola (2017, 164), activity services include various destinations, such as amusement parks, skiing centres, museums and nature parks.

TEM industry report (Jänkälä 2016, 16) tells, that in activity services, only 21 percent of sports and recreational services and 28 percent of cultural services are part of travelling business. Most of these services are serving local population. In English the more common term for activity services is Programme Services, but to clarify the meaning to be service that provides different forms of activities for customers, the term Activity Services was considered more suitable by the author.

As a result to the increase of customers, TEM situation report (Turtia 2018, 2) indicates that the importance of activity services increases. Furthermore, packing the services becomes more valuable in the eyes of the customer. Urbanization means people moving to the big centres of growth, like bigger cities. Due to urbanization, travellers are looking more for nature-, wellness- and activity services (2018, 2) to get away from the busy metropolis and into the quiet countryside.

The activity services for tourists are usually provided by different operators. The classical activity service operators include e.g. travel operators and tourism offices (Edelheim & Ilola 2017, 164), as well as hotels and restaurants. The supply of activity products has become more and more multifaceted, and the standards of the customers increase continuously. This means that also activity service providers need to specialize more. World Tourism Organization divides activity services into five categories (Jänkälä 2016, 16): water- and beach activities, winter activities, activities in the nature, social life and competitions. In Finland (op. loc.), activity services are usually divided to hobby- or recreational activities, culture or art events and competitions.

According to Verhelä and Lackman (2003, 5), activity services are a strongly growing tourism sector both in Finland and abroad. The basic travelling services such as transportation, accommodation and catering services are not enough for a modern traveller. Another factor that a tourist adds to their trip are activities. Travellers want to experience excitement, learn about the culture and enjoy the nature, experience memorable things and have stories to tell. According to South Ostrobothnia tourism strategy (Kortesluoma 2013, 3) the immediate income from tourism in 2008 was 330 Million euro and 4 percent (13.2 Million €) of this income came from activity services.

Verhelä and Lackman (2003, 9) indicate that the fundamental idea behind activity services is the customer. What does the customer need that the activity provider has? The activity should make the customer want to attend and pay for the activity and fill his or her need. These needs are the base for the planning of the activity.

In order to internationalize, the first thing that an activity service provider needs, is an English-speaking instructor or instructions at least written in English (Verhelä & Lackman 2003, 225). It also helps the marketing if there is already information about the activity in English on the website of the enterprise or e.g. Facebook page. Otherwise, the threshold for a foreigner, to attend the activity is usually too big. Therefore, pictures are a good way to describe the activity to a person who does not know Finnish.

4.2 Unique Selling Proposition (USP)

USP is a way for some companies to make the marketing easier. In his article, Juslén (2012) writes that without a USP, many businesses waste a lot of time and money by investing into poorly implemented marketing. Creating a Unique Selling Point is a tool that helps the business to clear and specify the idea of their product or service (Optimizely, [18 April 2018]). "It (USP) defines your point of differentiation and explains why you're the right choice to help a customer solve their problems." (Forbes Agency Council, [18 April 2018]).

According to Juslén (2012), the idea of a USP is to offer something on the markets, that no one else has. By bringing up the uniqueness of the service or product, it sets

apart from the others and is more appealing to the customers. With all the other competitors just a couple 'clicks' away, it is very important to have a working USP. Juslén writes that when the product or service has a clear Unique Selling Proposition, creating advertisement is easy, it attracts customers and the money invested to marketing will not go to waste.

According to Optimizely [18 April 2018] and Juslén (2012), the Unique Selling Propositions could be for instance:

- good quality
- cheaper (or higher) price
- functionality
- after sales services
- a feature that the product has (or does not have)
- accessibility

When creating a USP for a service or product, the following five questions can help (Optimizely):

- What are the values of the business?
- What is the mission of the business?
- Who is the business for? What do they want?
- Which problems does the product or service solve?
- What is the most important benefit that the product or service has?

5 INTERNATIONALIZATION

Ahokangas and Pihkala (2002, 7) define being international as an ability for a business to function in different environments that is not confined to individual state conditions or characteristics. On the other hand, they define internationalization as a process where one develops its capability to operate in different national and cultural environments. From the point of view of operations (2002, 24) internationalization means the way that the business serves their international customers.

In a previous study, conducted by the Kansainvälistymisen Askelmerkit Etelä-Pohjanmaalla -project (Kortesluoma & Jyllilä 2015, 11–15), 28 travel, accommodation or activity service businesses told that under the half of the answerers (43%) had information in English on their websites and only a few had information in other languages. There were some businesses that told, they cannot serve in English at all. The half of the answerers did not have any marketing operations directed to the foreign markets and only 70 percent would be interested in conducting international operations in the next three years.

The relative number of foreign overnight travellers has stayed around 5 percent of all travellers in South Ostrobothnia, which equals 30 000 nights (Kortesluoma & Jyllilä 2015, 9). The different nationalities visiting South Ostrobothnia are mostly from Russia, Sweden, Estonia and Germany. Due to worker rushes or for example singular events, one should be careful (*loc. cit.*), when observing statistics from 1–2 years, they can sometimes give a wrong picture of the development of tourism. For example, the berry pickers, who came to Finland in 2011–2013 create a strong peak in the statistics in the summer season and therefore distort the graphics.

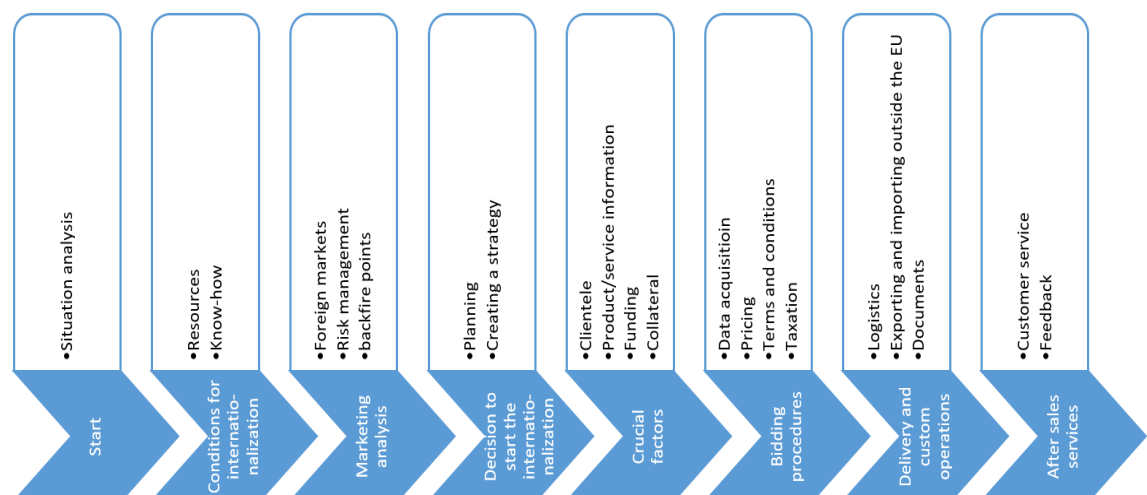
In this chapter, the different aspects of internationalization are addressed. First the process of internationalization is explained through, handling also the motives, challenges and the new Package Travel Directive that comes into force in the summer 2018. Then the importance of internationalization and the benefits are stated. After that, the SWOT analysis will consider different ways to think about internationalization today and in the future. Lastly, the author goes through some possible cultural differences using Hofstede's dimensions.

5.1 The Internationalization Process

According to Yrittäjät (Hallitusti edeten 2014, [18 April 2018]), the key to successful internationalization is the controlled progression of the operations. In Picture 4, there is a simplified course of actions and a bigger picture can be found in Appendix 2.

Going through Picture 4. First, it would be good to examine the starting situation. It is important to acknowledge the reasons and the need for internationalization. After that, the business should check their resources and know-how and think, if it is enough. A marketing analysis is good to do in the beginning to examine the foreign markets, risks and “backfire points” (the obvious places, where the business could have problems). Then comes the decision of starting internationalization and the planning. Creating a strategy is a good way to proceed. The crucial factors, like the funding and collateral, are checked beforehand. It is also good to think about the bidding procedures. What information should there be about the service or product, what information is there about the customers, what kind of pricing should there be and does the taxation affect the business? For businesses exporting or importing products, it is also important to check the delivery and custom operations, but they are not that essential for accommodation and activity service providers in Finland. The last part, after sales services, is extremely important in order to guarantee the quality of the product or service through feedback. It is the best way to find out, if the customers are content or not and get improvement suggestions. (Hallitusti edeten, 2014)

Picture 3. The internationalization process. (Hallitusti edeten, 2014).



As the tourism business grows in Finland, it is also important to be aware of the processes that are faced when internationalizing. Borg, Kivi and Partti (2002, 198) states that in every country, the aim is to look good and attractive as a travelling destination to other countries. Finland aims to create attractions of a different kind for different types of people. There is something for families, people interested in art and culture, or looking for the beautiful nature. Finland is seen as a country for experienced travellers who have seen the world. Finland is a land of more of a small-scale and individual tourism (Saari et al. 2014, 14). The seasons with big groups and rushes are rarer and only located in Lapland and the southern Finland (Borg et al. 2002, 198).

5.1.1 Motives

Utilizing energy resources, the series production of cars and the development of means of transport have made it possible for people to travel and move further than ever before (Borg et al. 2002, 41).

According to the Assistant Professor of Copenhagen Business School, Marcus Moller Larsen (Motives for Internationalization, [18 April 2018]), there are different motives that drive companies to be multinational. Every business expanding abroad faces Liabilities of Foreignness, which are additional costs experienced by firms operating abroad and are something that the local businesses do not have. For example, costs related to the lack of knowledge of the environment or the difficulty of managing a firm that is located further away to another country. Even with these costs, he argues that businesses are motivated to internationalize in order to get more profit and cheaper labour force. When going abroad, Moller [19 April 2018] says that the firm is usually looking for better markets. Abroad, the market size is convenient, the purchasing power is better and the location is closer to the supplier. These factors compensate for the Liabilities of Foreignness and motivate businesses to internationalize.

Motivation factors for internationalization can, according to Karhu (2002, 18), be “imutekijöitä”, meaning suction factors or “painetekijöitä”, meaning pressuring factors. Suction factors are desirable opportunities that come with internationalizing.

Suction factors can be for example the opportunities provided by the size of the foreign market, the opportunity to strengthen the competitive advantage and the developed foreign contacts. On the contrary, pressuring factors can be for example the small size of the domestic markets, low demand and the internationalization of competitors (loc. cit.).

As an accommodation or activity service provider in South Ostrobothnia, the motives to go international could, therefore, be the possible additional profit that comes with new customers. This is because the increase in international customers, means the increase of customers all together, which brings more business and money.

5.1.2 Challenges and Obstacles

Kananen, Hämäläinen and Malinen (2008) researched the challenges of internationalization in Central Finland in 2008 (Also included in the interview guide in Appendix 1). They interviewed or handed out a survey for 74 enterprises and got the following results. For the newer enterprises, the biggest challenge was the networking with foreign contacts. For older companies it was the competition in the target market, and the lack of resources. Here it should be noted that the respondents were working in all kinds of fields of business. In this thesis, the respondents will be working in the field of accommodation and activity services.

Internationalization in a global context includes multiple difficulties that service providers must face when internationalizing. The difficulties appear mainly because of two reasons: the lack of market information and the country's protectionism that restricts the internationalization of service providers. (Karhu 2002, 125).

Karhu (2002, 125) suggests that the lack of available market information is mainly an issue in the service markets, because the service market is so wide and every service provider has something unique or different that sets them apart. This leads to presenting the service information very superficially and inaccurately.

In South Ostrobothnia, the supply of accommodation and action services is wide, but has some connecting characteristics. Usually, they include the nature, health/well-being, animals or a specific activity (e.g. laser tag, climbing, etc.).

According to Jorma Penttinen (What is protectionism, [28 March 2018]), protectionism means protecting the country's own producers from foreign competition with tariffs and other barriers. Protectionism does not really concern this thesis, because Finland is a part of the European Union and we have “- the freedom to provide or receive services in an EU country other than the one where the company or consumer is established (Article 56 TFEU)” (Internal Market, Industry, Entrepreneurship and SMEs: Single market for services [28 March 2018]. Penttinen (loc. cit.) states that these kind of regulations make it easier for EU citizens to travel to Finland and use these accommodation and activity services, the protectionism is targeted more to the agriculture and national defence.

Borg et al. (2002, 201–202) suggest that the nature and environment today is modified more for the use of humans, but in travelling, it must fill up the expectations of an authentic nature in the eyes of a traveller. The degradation of nature caused by tourism and other factors is not only bad for the environment overall (Edelheim and Ilola (2017, 61), but also very damaging for the tourism business. When the quality of the nature and environment diminishes, the satisfaction level of the experience declines. Dissatisfied travellers do not return to a destination which they once stated as an unpleasant place (2002, 201–202). This, however, is an advantage in Finland, where the nature has continued to stay untouched and unspoiled. For a tourist looking for clean and fresh nature destination, South Ostrobothnia has a great competitive advantage as a travelling destination.

5.1.3 Package Travel Directive

In rural tourism, there are some guidelines that everyone must follow. According to Solla (Pakettimatka päivitetään 2015), the package tour regulations have not been updated in 25 years. This means that the regulations are not following the digitalization that has been going on for all this time. The value of street-level tourism shops with officials giving personal service is decreasing. These days, almost all the flights, accommodations and activities are booked online, via internet. According to Edelheim and Ilola (2017, 178), digitalization has made it possible for even the smallest business to success in the international markets.

The Parliament of the European Union confirmed the new package travel directive in 2015 and it comes into force in 2018. The task of the directive is to increase the consumer protection in EU countries (Directive (EU) 2015/2302 of the European Parliament and of the Council). A travel package or linked travel arrangements are formed when accommodation is combined with one or more other services, for instance with a quad bike safari and they are all booked at once. The package is formed when the services are gathered and then paid all at once or e.g. during 24 hours in the same online booking system with the buyer's contact information in the system during the whole process. The organization, person or business charging for this package is then responsible for the mistakes of all these services.

Solla (Pakettimatka päivitetään 2015) argues that one of the new aspects of this package travel directive concerning accommodation and activity service providers in South Ostrobothnia, is the new compensation law. It states that from now on, the customer can seek compensation for "the loss of vacation / travel enjoyment". For example, if the accommodation does not live up to the expectations or a tour or hike is cancelled last minute, the customer must first notify the service provider of dissatisfaction and then they have the right to seek compensation up to three years after the vacation.

5.1.4 Opportunities

The tourism business lives strongly with the development of the national economy. The development of the national economy is positive, Europe attracts tourists from around the world and tourists are now looking for northern exoticism, which can be seen as an increase in the number of tourists. According to the Executive Vice President of Business Finland, Paavo Virkkunen and the CEO of Scandic Hotels Oy, Aki Käyhkö (Ylen Aamu-tv 27 Feb 2018) in 2017, the number of foreign tourists in Finland rose to over 6.5 million, which is the all-time record (+ 14 %). It is probably because of the 100th anniversary of Finland.

One of the reasons, why Lapland and Helsinki attract more tourists is that the infrastructure and transportation connections have made it easy to arrive at these places.

In South Ostrobothnia, there is the Vaasa airport, which could increase the connections to the Ostrobothnia, just like the Tampere airport, but mainly the means of transportation anywhere between Lapland and Helsinki must be a train or a car. The lack of connections and digitalization restrict the information and hide some of the possibilities that Finland has to offer. People want to travel independently and the best way to let them get to know all the possibilities, Finland has to offer, is to digitalize the attractions and bring smaller places to the awareness of tourists.

Virkkunen (Ylen Aamu-tv, [27 February 2018]) states that the northern and arctic luxury that Finland has, is something that we Finns do not always realize. We run to the warmth of southern holiday destinations to enjoy the sun and heat. But the supply of sunny beach holiday destinations is already crowded. We should remember, that around the world, there are people, who want to run away from the sun to a cooler, fresher atmosphere. This is something that Finnish tourism businesses should market as an advantage and as the luxury that not many people in the world have. Different cultures and countries define it in very different ways and Finland wants those tourists who appreciate cold, snow, four seasons and silence.

5.2 Importance of Internationalization

Internationalization is a national benefit. The CEO of the Centre for International Mobility (CIMO), Samu Seitsalo states in CIMO's yearly publication (2015, 3–8) that Finnish businesses are in a transformation. Jobs are not as industrial or routine-like than before and some of these kinds of jobs are disappearing from Finland. At the same time, new job opportunities are emerging and the know-how of employees, and the demand for it, is increasing. The aging of the population means that Finnish businesses cannot survive alone anymore.

It is stated in CIMO's annual publication [9 March 2018] that Finnish economy is dependent of the global markets. Still, the economic growth has started declining and our international competitiveness is not as strong as it should be. It is essential to develop models that can harness the international know-how we have, and will have in the future. The international know-how, the Finnish students have accumulated with studies and working abroad, is not recognized in Finland as much as it

should be. This kind of know-how that the younger generations have learned by living in other countries and by interacting with foreigners, should be harnessed to use as well as in other European countries, where international experiences are highly appreciated.

In Taloussanomien article "Rupla temppuilee Venäjän matkailijoille" [28 February 2018] it is said that the changes in oil prices affect through the currency to Russian consumer price inflation, real purchasing power and the wage development. Consequently, the decline in the ruble price indirectly affects Finnish companies, which are dependent on Russian tourism in Finland. According to Paavo Virkkunen from Visit Finland (Visit Finland: Suomessa vieraili 7,4 miljoonaa matkailijaa vuonna 2015), the tourism in Finland is at a transition at the moment, where the number of Russian travellers decreases and, by the same token, the number of tourists coming from other countries increases. Finnish tour operators must increasingly invest in European and Asian travellers. In 2015, most of the travellers arriving to Finland were from Russia, Sweden, Germany, China, Japan and Great Britain.

5.3 SWOT Analysis of Micro- and Small Enterprises Becoming International

Table 2 shows the SWOT analysis of Finnish micro- and small enterprises in the field of accommodation and activity services becoming international. According to Vuorinen (2014, 88), the SWOT analysis is a method created in the USA in the 1960s. The four letters come from words Strengths, Weaknesses, Opportunities and Threats. This method is used in creating, learning and finding the problems in a strategy. It is a useful and simple tool for analysing the operations of a business.

Vuorinen (2014, 88–95) writes that the SWOT analysis creates a figure with four dimensions in a shape of a square. On the left side there are the positive aspects, strengths and opportunities, on the right side, the negative aspects, weaknesses and threats. The upper part describes the external factors and the lower boxes show the internal matters. The idea is to create a clear big picture of the situation to help the strategic decision making. According to Karhu (2002, 14), it is always good to develop a SWOT analysis for example before the decision to internationalize and before choosing the mode of operations.

The SWOT analysis should help to answer four following questions:

- How to take advantage of the strengths and improve these factors?
- How to remove, attenuate or evade the weaknesses?
- How to make sure, are the opportunities exploited?
- How can the threats be removed, attenuated or turned into possibilities?

This SWOT analysis is not made for an individual company, but it is for analysing the internationalization of small businesses in South Ostrobothnia in general. The SWOT analysis got help and ideas from a SWOT analysis (Lapin luotsi, [9 March 2018]) formed for Lapland region's SMEs, planning all the way to the year 2025.

Table 2. SWOT analysis about internationalization in South Ostrobothnia.

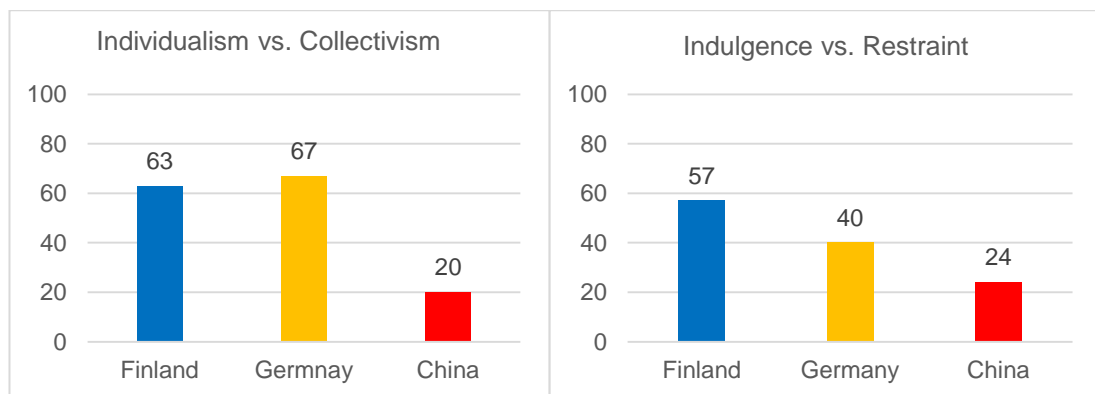
<p><u>Strengths</u></p> <ul style="list-style-type: none"> - - Language skills - Strong entrepreneurship mentality - Cooperation with other companies and organizations - History and culture (how to tell tourists?) - Unique places and business ideas - Enthusiasm to develop tourism business - Nature, landscape - Development projects by the support organizations - Short distances, good infrastructure - Social Media and world wide web - Events - Safety 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> - Language skills - Afraid of change - Not enough capital - Lack of know-how and useful contacts - Strong variations in the supply of services between municipalities - Lack of infrastructure if one does not own a car - Lack of services outside centres of growth - Weak situation of agriculture - Modesty towards own business
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> - Growth of labour demand through economic growth - the development of accessibility and infrastructure - Developing the brand of South Ostrobothnia - Developing social media and smart device usage - The cooperation of schools, universities, research institutes, businesses and the public sector in R&D and innovation activities - Support of public organizations - Younger generations are more interested in internationalization 	<p><u>Threats</u></p> <ul style="list-style-type: none"> - Lack of support - Target market and competition - Urbanization → inhabitants move to bigger cities, rural areas depopulate and businesses die, so no tourism - The active development of other destinations in Finland (Helsinki, Lakeland, Lapland), can South Ostrobothnia keep up? - The abatement of airports - Being an entrepreneur does not attract younger generations

5.4 Cultural differences - Hofstede

Travellers around the world have the basic needs and customs that are easily met regardless of where the service provider is from. These basic needs are for example need for accommodation, food and something to do. However, as an accommodation or activity service provider, it is good to acknowledge the possible cultural differences that can be faced when serving customers from other cultures. An example is Hofstede's (Hofstede Insights [19 April 2018]) theory of the six cultural dimensions and particularly 'Individualism' and 'Indulgence'.

In Figure 1, the chosen countries are Finland, Germany and China. Germany was chosen, because Germany and Sweden are the countries, from which the most tourists come to South Ostrobothnia (Chapter 8.1.2, Picture 4) and Germany represents the culture in Central Europe better than Sweden. China was chosen, because the tourism flow from Asia is growing, and it is a good country for comparing cultures and to highlight the differences. Finland was chosen, because it is the destination country, where the tourists are wanted to come.

Figure 1. Hofstede's cultural dimensions: Individualism and Indulgence



Compared to China, Finland and Germany are fairly individualistic countries according to Hofstede Insight [19 April 2018]. From this can be concluded that when Finnish service providers have customers from Asia, it should be noted at some level, that they might be more collectivistic than Finnish or German customers. Individualistic cultures have the idea that everyone takes care of themselves. In Collectivistic countries, such as China, they think themselves more as "we" than "I". It is expected that they are looked after by the group they are in.

Finland scores highest in Indulgence, which means, according to Hofstede Insight [19 April 2018], “the extent to which people try to control their desires and impulses” and it comes from the way they were raised as a child. Indulgent cultures can act more impulsively, spend money and be more positive. Germany scores 40, meaning that the culture is more restrained and China even more with a score of 24. More restrained cultures might be more negative and they might not value free time as much as indulgent countries.

Hofstede’s dimensions, like many other culture theories are just guidelines and strengthen stereotypes. According to Cateora, Gilly and Graham (2009, 116–117) the most important thing that a service provider must know, is cultural sensitivity. When one has found out about other cultures and has a picture of the stereotypes of the culture, it is easier to understand their behaviour. But there is a thin line between being culturally aware and judging people according to stereotypes.

6 PUBLIC SUPPORT ORGANIZATIONS

For an enterprise to succeed and enhance their internationalization, it is more than recommended to get help and advice from other organizations, businesses and operators in the business area.

The operating environment of tourism is comprised of not only travelling service and accommodation providers, but also from a wide range of different operatives and stakeholders. The travelling industry engages directly and indirectly with all kinds of different industries. For example, in South Ostrobothnia, the retail trade covers the biggest share of the direct income (Kortesluoma 2013, 25). In addition to the private enterprises in the travelling industry, there are also multiple development, marketing and funding organizations and parties.

According to the Rural Survey 2017 (Maaseutukatsaus 2017, [28 March 2018]) over one third (1.6 million people) of Finnish population lived in rural areas in 2015. By means of a business structure, the countryside can be divided into the Countryside of industrial heritage and Traditional countryside, based on company density and industrial companies' technological level and regeneration capacity, as well as the relationship between industrial enterprises and the labour supply (Maaseutukatsaus 2017). Hemmi (2005, 186–188) states that typical for traditional countryside is the tenuous of industrial tradition and prevalence of primary production. Finland's rural policies are strongly guided by the EU's policies, but the regional unions, such as Etelä-Pohjanmaan Liitto, and the municipalities have the main responsibility to develop the countryside of the area.

In order to develop the success and growth of tourism, both public and private investments are needed. The investments and operations of the public sector require the more efficient allocation of the resources and the operations should be directed intensely towards the development of business activities. The next chapters are going to describe some of the supporting organizations in South Ostrobothnia.

6.1 Visit Finland / Visit Pohjanmaa

Finpro Oy is a Finnish limited liability company owned entirely by the state of Finland. Finpro's main goal is to support the export of Finnish products and services. In Visit Finland's website (Kansainvälistyminen ja tuotekehitys, [28 March 2018]) Visit Finland is a department of Finpro and its role is to be a nationwide tourism expert and an active operator in promoting tourism from abroad to Finland. Visit Finland gathers information in order to develop the marketing of tourism and Finnish products and services. They also uphold companies to export their products and services abroad.

Visit Finland lists its three core functions in their website (Visit Finland: Ydintehtävät, [28 March 2018]): The first one is 'Developing the image of Finland as a tourist destination around the world', second is 'Gathering and analysing marketing information for the use of travelling business' and the third one is 'Advancing good quality product development and productization'. Visit Finland has no offices abroad. The marketing operations are either bought from the export centres of Finpro or from Visit Finland's own marketing representatives. Especially the development of Finland as a brand is done with cooperation with representatives of the Ministry of Foreign Affairs. In Finland, the focus of the operations is in the marketing of Finland as a brand, since the productization and products development has become more and more the responsibility of the businesses themselves. The companies that develop business operations are in a bigger role in this kind of development than Visit Finland (*loc. cit.*). The operations are funded mostly by the government's budget and they employ ca. 30 people.

According to their website [28 March 2018], Visit Pohjanmaa gathers all the major regional organizations into a larger whole, including Visit Vaasa, Etelä-Pohjanmaan Matkailu (and Lakeudelle campaign), Visit Seinäjoki, Visit Kristiinankaupunki, Pietarsaaren Seutu and Visit Kokkola.

6.2 Into Seinäjoki

Into Seinäjoki is a development company. They develop Seinäjoki as a tempting and competitive business environment for companies. Into Seinäjoki Oy provides

services, which enhance growth and development such as business premises, industry sites, polishing business ideas and renewing services of business operations. They are involved e.g. in the development of Seinäjoki center and the railway station area. Into Seinäjoki organizes clinics, workshops and seminars for entrepreneurs. These events involve everything from experiences lecturers to public events that gather people of Seinäjoki to share their ideas. (Into Seinäjoki, web publication).

6.3 National Authorities and Tour Operators

These public organizations are supporting the travelling industry throughout Finland. The Ministry of Employment and the Economy (TEM) is responsible nationwide for the emphasis on tourism policy, the general development of tourism and coordination of tourism support measures (Ministry of Economic Affairs and Employment, [20 February 2018]). The Ministry of Agriculture and Forestry (MMM) develops and promotes rural, village and nature tourism based on small entrepreneurship and networked cooperation (Ministry of Agriculture and Forestry, [12 March 2018]). The Ministry of Education and Culture (OKM) is involved in the development of tourism, including education and research, and the development of cultural and sports tourism (The Ministry of Education and Culture, [25 February 2018]). The Finnish Tourism Promotion Center (MEK) is responsible for the operational activities of national tourism development, especially the international marketing of Finnish tourism (MEK: Finnish Tourism Promotion Center, video, [20 February 2018]). The Rural Policy Cooperation Group (YTR) is a body set up by the Government to promote the well-being of the countryside (Maaseutupolitiikka, [28 March 2018]). The Association of Finnish Tourist Organizations in Finland (SUOMA ry) is a joint body of regional tourism organizations and tourist offices with the green info-shield. Its idea is to function as a lobbying organization to the state tourism management and the central organizations (SUOMA, [20 February 2018]).

6.4 Regional Authorities and Tour Operators

Regional Business, Transport and Environment Centres (ELY-keskus) provide tourism companies with a variety of services, such as business development, finance, counselling, consulting and meeting services. ELY-centres also handle issues related to zoning, traffic, routing and other tourism infrastructure construction (ELY-keskus [20 February 2018]). Together with ELY-centres functions also Tekes (the Centre of Technology and Innovation), which has developing programs and funding also for the tourism business. The funding is directed to development and processing innovations aiming to create new businesses (Yrittäjät, [28 March 2018]).

In every county there is a region union, which follows the development law and aims to enhance the businesses in the region. According to Etelä-Pohjanmaan Liitto's web site [23 March 2018] these regional unions include regional-level strategic development of tourism, in co-operation with other key tour operators in the province. In south Ostrobothnia, this union is called Etelä-Pohjanmaan Liitto, with 17-member municipalities. Their core idea is to adjust and implement cooperation across the inhabitants, municipalities and the entire province.

Kortesluoma (2013, 30-31) states that the closest cooperation partner for tourism enterprises in their area are the regional organizations. In South Ostrobothnia it would be either South Ostrobothnia Tourist Service Ltd. or Visit Pohjanmaa. The regional organizations handle the regional marketing, provide travel information and promote the interests of the businesses of the region. The boundaries of the regional organizations should be set according to the nature of cooperative needs and the operations of the tourism entrepreneurs, so that there is no duplication and, on the other hand, all areas of tourism importance belong to one of the regional organizations.

Etelä-Pohjanmaan Kauppakamari aka. The Chamber of Commerce in South Ostrobothnia states in their website that they improve the operating conditions of the business community and promote the growth of its members and the development of competitiveness in South Ostrobothnia [28 March 2018]. Issues relating to the tourism industry and the interests of tourism are discussed in the Trade and Services Committee.

7 EMPIRICAL STUDY

In this chapter, the implementation of the study is presented. Data gathering and research approach includes the plan how the information is collected from the focus group.

7.1 Data Gathering and Research Approach

The data is gathered with 12 in-depth interviews with micro- and small enterprises in the field of accommodation and activity services in South Ostrobothnia from the 12th of March to the 21st of March 2018. The enterprises are first contacted face-to-face, via e-mail or via phone and the time for the interview is set. The interview can be held via phone, if the face-to-face interview is too difficult to carry out.

The sample group for the interviews was selected among the micro- and small enterprises in the field of accommodation and activity services in South Ostrobothnia. During the data gathering process, the researcher took part in trainings, organized by Visit Finland Akatemia, called KV-valmennus, tuotekehityksen perusteet [14 February 2018]. Also, multiple enterprises, which did not take part in the trainings in the spring 2018 were asked for the interview and the contact information came from the Visit Finland Academy coach, Arja kortesluoma.

Visit Finland Academy trainings are meant for enterprises that want to become international. There are three levels: Ready, Steady and Go. When reaching the Go-level requirements, the enterprise can be said to be on a good path to internationalization. The trainings that the researcher took part, were on the Ready-level and the enterprises from South Ostrobothnia, who took part in them, were the desired focus group that would be sufficient for the interviews, because they are just on the first steps towards becoming international. These enterprises offer accommodation in Guest houses, B&Bs and cottages and the accommodation usually includes also an opportunity to go to a smoke or traditional sauna. The activity services include e.g. hiking, wellness services, quad bike safaris and handicrafts.

The idea is to ask the same questions from all the respondents, however keeping in mind, are they either accommodation, or activity service providers and how far are they with internationalization already. The questions are directed to find out the internationalization motives and obstacles of each enterprise.

The study approach is qualitative study. The questions are formed beforehand and tested by the researcher among her student colleges and then modified again if needed. The questions must also be approved by the employer of this thesis. The question form can be found in Appendix 1. (Filiberto, PPT presentation).

8 ANALYSIS OF THE STUDY

Fifteen enterprises were asked to take part in the interviews. The semi-structured in-depth interviews were held from the 12th of March to the 21st of March 2018 and together there were 12 interviews. The respondents are accommodation and activity service providers from the South Ostrobothnia area. In this chapter, all the answers opened one question at a time. The respondents were told that the enterprises or singular answers would not be presented in this thesis and the analysis will only include an aggregation of all the answers and the interviews will stay anonymous. The interview guide that was followed in the same order in every interview, can be found in Appendix 1.

8.1 Basic Information about the Enterprises

The first question was the name of the enterprise, but as the respondents are kept anonymous, the data is not included in this thesis.

The number of personnel of the enterprises varied from 1 to 11 people with an average of 3.8 people. 40 percent of the respondents were private entrepreneurs with no employees. 50 percent hires help during summers or special events or they receive help from their family members from time to time, this creates the number 1,5 for the enterprise E. Figure 2 represents the number of staff at the time of the active season. The enterprises are indicated with the letters from A to L.

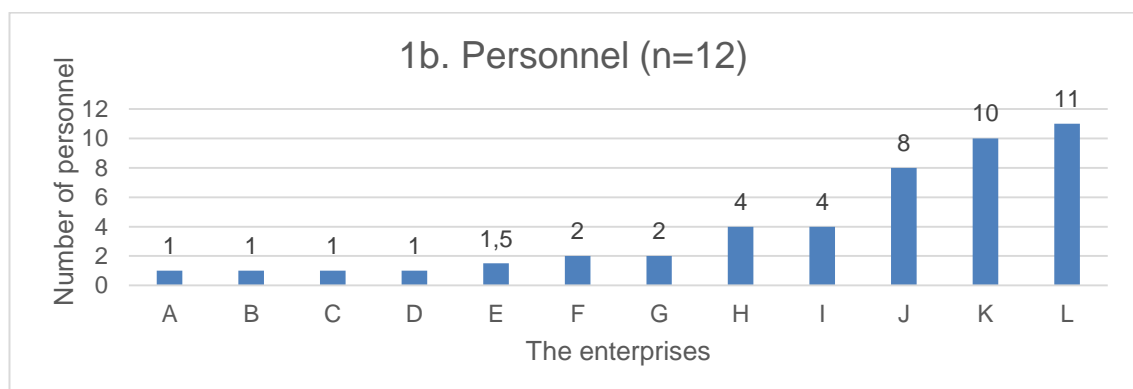


Figure 2. Number of personnel of the enterprises interviewed.

Question 1c in Figure 3, asks an estimation of the respondents' turnover. The turnover of 66 percent of the enterprises was under 100 000 euro per year, 42 percent had the turnover between 100 000 euro and 200 000 euro. 8 percent (1 enterprise) had 200 000 euro – 300 000 euro.

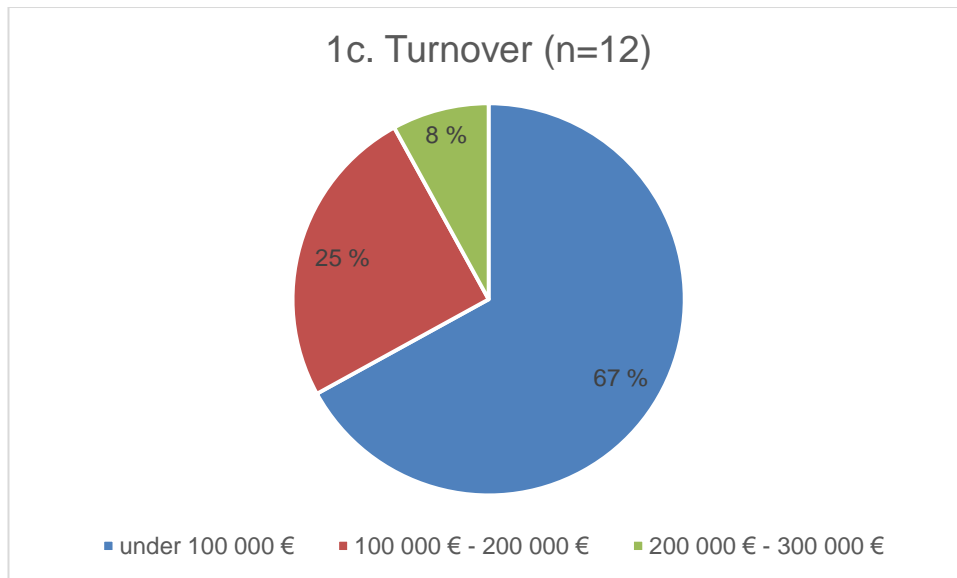


Figure 3. Turnover of the enterprises interviewed.

The next question was about the number of customers in one year. This question caused confusion with some of the answerers, since some of the enterprises count the nights spent and not the number of customers. In Figure 4, the enterprises are indicated with the letters A – K. Thus, the number of customers could be very low, but conversely, they spent longer time periods in the same location. There were, in addition, one enterprise that could not determine neither the number of customers nor the number of nights spent.

In the figure below is the aggregation of all the answers. It should also be noted that four of the enterprises only offered accommodation or activity services as a secondary occupation, and some of the enterprises are founded very recently. Some enterprises had multiple locations in Finland or they had different services including both accommodation and activity services. This explains the greater numbers in Figure 4. The blue bars indicate the number of customers and red bars the nights spent. All the bars in Figure 4 are individual answers from the respondents and one enterprise did not give any estimation, so no data could be shown in the Figure and the number of the respondents is 11.

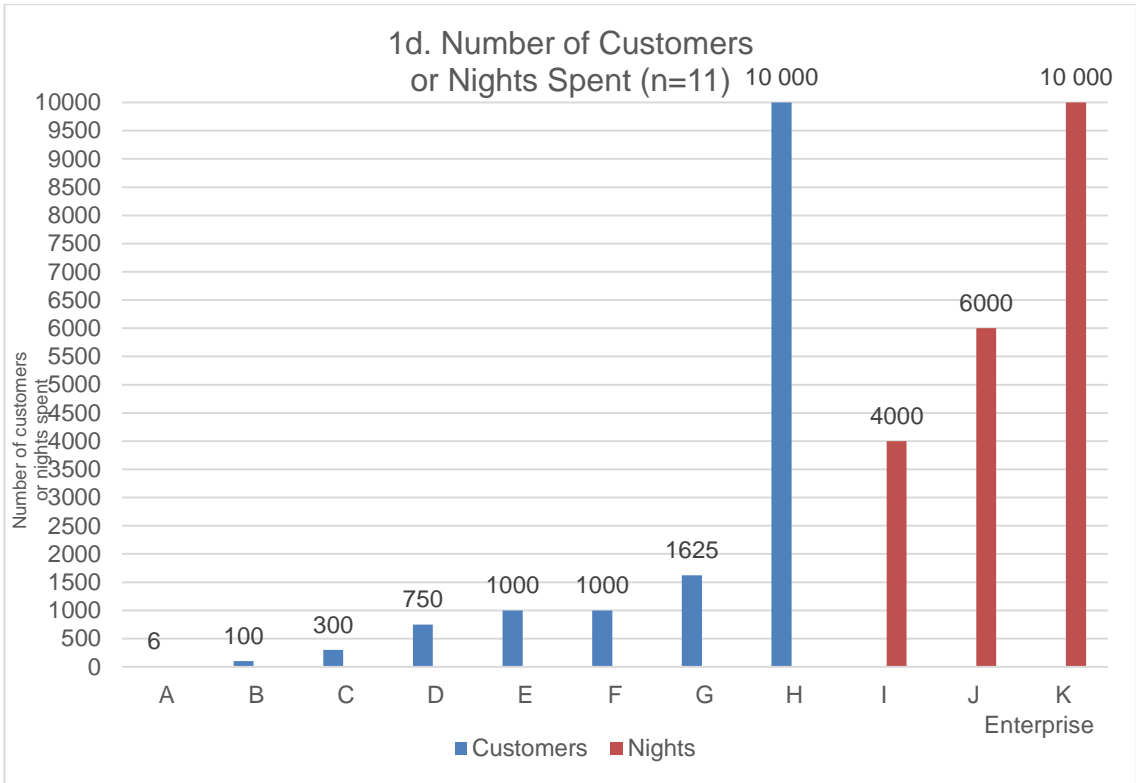


Figure 4. The number of customers or nights spent.

The final basic question about the enterprise was about the most popular season. Many of the interviewees mentioned the importance of school holidays and other holiday seasons. In addition, some of the accommodation services had consistently customers around the year, especially on weekends. There is seen true will to expand business to a year-round operation, but the lack of customers in the winter season makes it challenging. Nonetheless, for some businesses the winter is the most popular season. Figure 5 shows the most popular seasons for the enterprises.

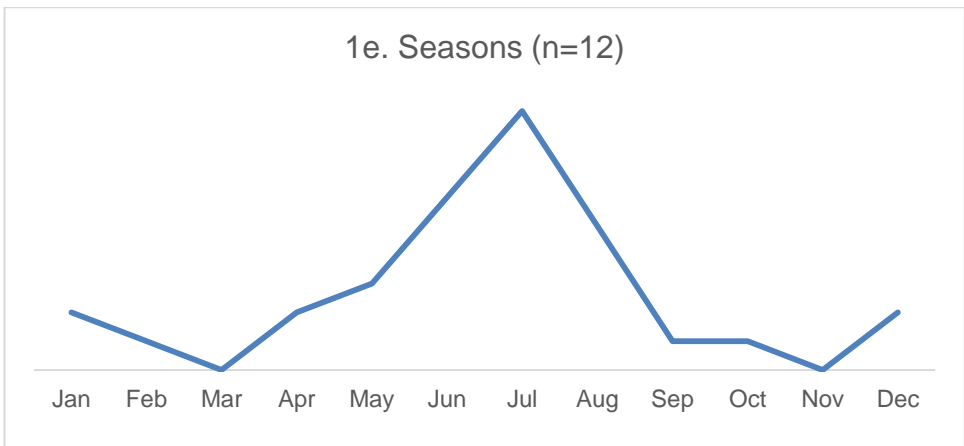


Figure 5. Popular Seasons.

8.1.1 Foreign Customers

Question 2 is “Do you have an estimation of the percent of foreign customers at the moment?” In Figure 6, the enterprises are indicated with the letters A – L. As it can be seen from Figure 6 below, seven out of twelve enterprises estimated their percent of foreign customers to be under 10 percent and the answers varied from one to seven percent. Some of the enterprises did say that the percent is increasing slowly. The seasonal amounts vary a lot. In winter time, for example with the enterprises, which offered accommodation services, the percent of foreigners increases, since they are able to accommodate groups of foreign workers.

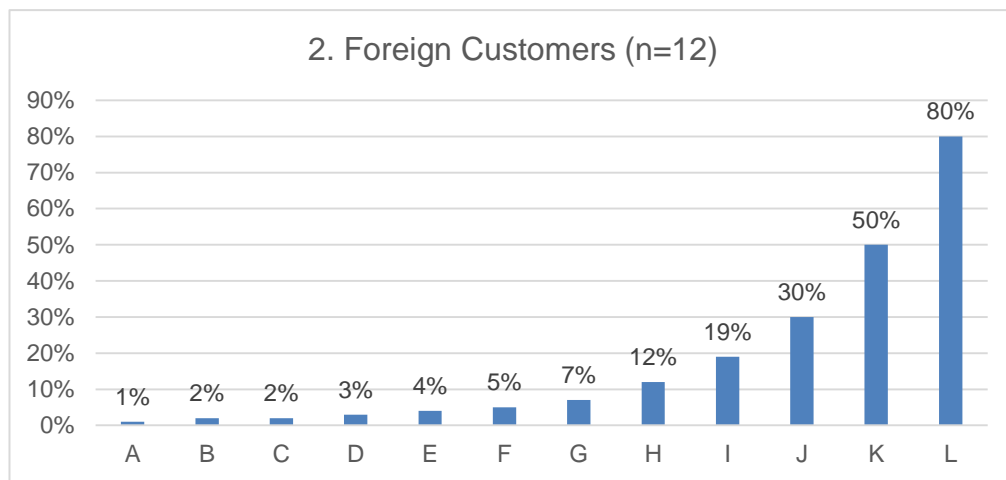


Figure 6. Foreign Customers (%).

8.1.2 Nationalities

Question 3 was “From which countries do your foreign customers come from?” In Picture 4 below, the red dots represent the countries of origin and one dot indicates one mentioning of the country. The main focus was in Central Europe and Germany. Countries close to Finland such as Estonia, Russia and Sweden were also mentioned multiple times. In addition to the Picture 4 of the map of Europe, some foreign customers came from Eastern Europe, China, South Korea, Australia and the United States of America.

Picture 4. Question 3. The nationalities of foreign customers.



8.1.3 The Purpose of Travelling

The fourth question is “What is the purpose of your foreign customers to visit Finland?” Most of the entrepreneurs have a very clear idea of why their customers are there. The most common answer was that the customers were working in the area, or there is a group of students on a study trip. Almost as popular is the self-guided travelling and of those customers, some are stopping on their way across Finland or e.g. the Northern Countries. The events in Figure 7 are happenings like family get-togethers or festivals.



Figure 7. Purpose of Travelling.

8.1.4 Language Skills

The Question 5 is about the language skills of the personnel working in the enterprises. As it can be seen in Figure 8, all the enterprises stated that they are able to provide their services in English. Seven out of twelve businesses had Swedish language skills, four businesses had German skills and there were also one who spoke Russian one who had Spanish skills.

In some cases, the staff changes every summer, like for example in accommodation destinations, which are closed during winter. It was mentioned that nowadays there is a basic requirement for summer workers to know how to speak at least English and all other languages are seen as an advantage. Some enterprises also resort to external interpreting assistance whenever it is possible and needed.

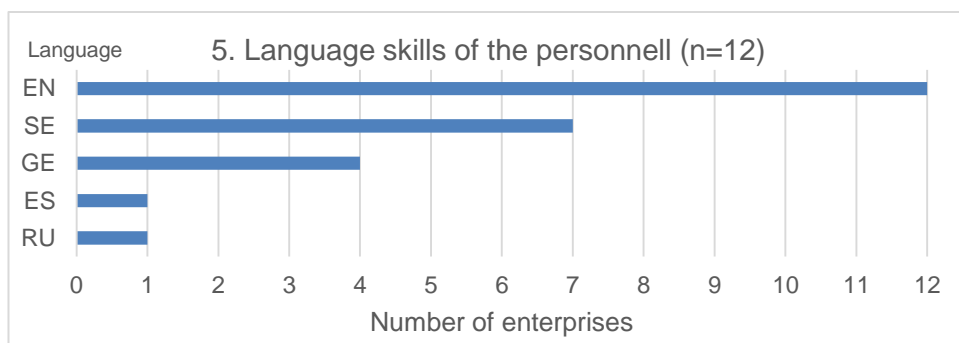


Figure 8. Language skills of the personnel of the respondents.

8.2 Future Concerning Internationalization

8.2.1 Internationalization in the Future

In Question 6 “Are you planning to take on actions towards internationalization?” the idea was to find out the degree of the present internationalization and the will to develop it further. Six out of twelve entrepreneurs mentioned updating their websites and have more content in other languages, like English, Swedish, Russian, German and Chinese. The majority (58 %) mentioned either updating their website or adding new channels, such as Booking.com, Airbnb.com, Visit Finland’s My Stay or TripAdvisor. Four respondents mentioned, that internationalization is a priority for them at the moment.

With some of the enterprises, the internationalization is mainly just a thought in the “back of their heads”. There must be a lot of research done and courses to partake in order to do it right. All the answerers said that they have planned internationalization in the close future. For some enterprises it was clear that they do not want to compete of the customers of the entire South Ostrobothnia. They just want to reach out to the ones that are already knowingly coming to their town. The interest to increase the amount of foreign customers is tempting but a phrase that came up more than once was “It does not matter where the customers come from (are they Finnish or not), the most important thing is that they come.”

In order to internationalize, the next actions came up:

- Increasing marketing actions and actively updating websites
- Participating in trainings and other events, with a lecturer/coach
- Participating in cooperation projects, which gather multiple enterprises together in order to achieve better results together
- Creating new services or gathering the old ones into a vendible package
- Finding out about the opportunities, and different means to internationalize. Creating a plan, a budget and a time-span. (Getting a funding.)

8.2.2 Investing in Internationalization Actions

The seventh question was somewhat challenging for some of the respondents. “How much money can you / would you be willing to invest in internationalization?” The Interview guide, attached in Appendix 1, shows the options in euros. The Lowest is under 500 euro and highest over 10 000 euro. Two enterprises could not give any estimation. The reasons were that they did not have any big internationalization plans just yet and that depending on the act, the sum of money can vary heavily. Third reason was that the internationalization activities at the moment, like doing research or updating their own websites, do not require financial input. Majority of the answerers mentioned that if the actions seem beneficial, the financial input naturally grows. Figure 9 indicates the financial input that the ten enterprises estimated, they will invest in internationalization actions.

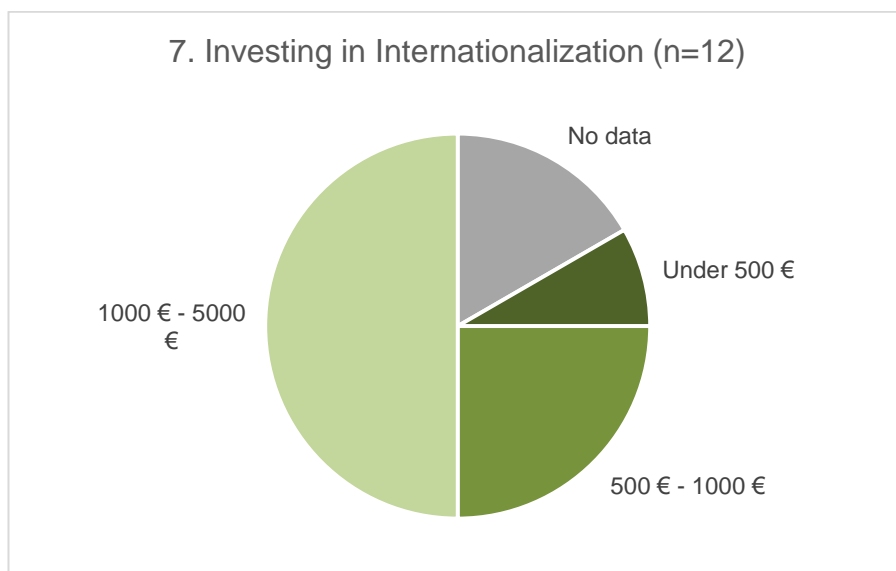


Figure 9. Investing in internationalization actions.

8.2.3 Implementing Marketing Actions Abroad

Question 8 had three parts and they were all directed to the vision that from South Ostrobothnia there would be a campaign or targeted marketing actions implemented to a specific area abroad.

The first part seeks to find out, which countries or areas the interviewed enterprises would be interested in. It is important to acknowledge that many of the enterprises emphasized the fact that it is not so much about, where they want to go, because they would be willing to enter those market everyone else wants to enter too. The target areas that the respondents named are shown in Figure 10.

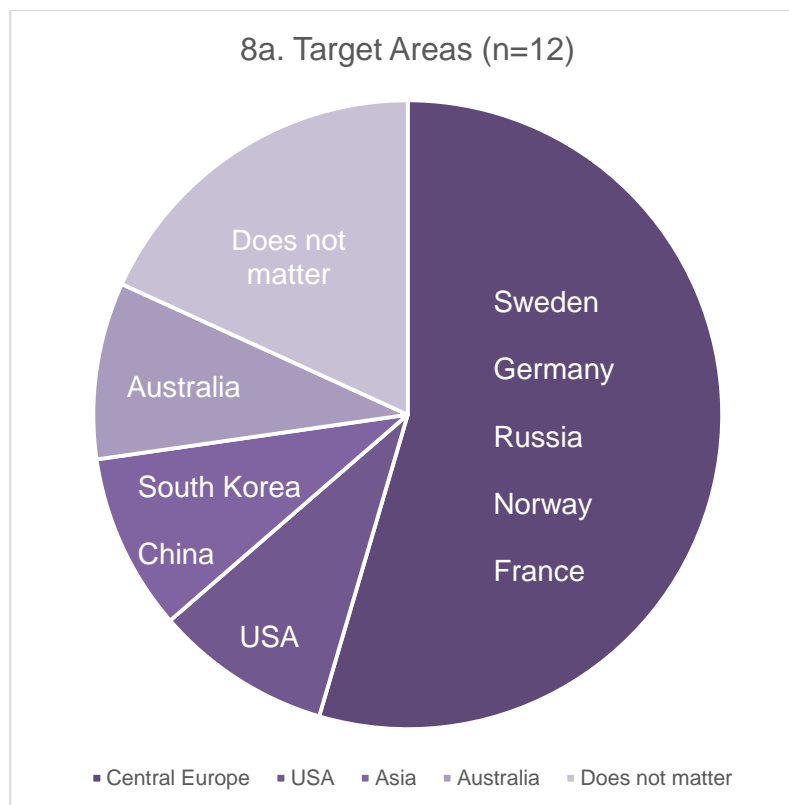


Figure 10. Target areas.

The second part of Question 8 asked, how long the enterprises would be ready to participate in the campaign or targeted marketing actions, if the operations are done in the target area of their interest. Figure 11 indicates the time span that the enterprises named. Some of the enterprises mentioned that they could be involved from three to five years, but could not afford to invest money throughout the entire time. Seven out of twelve entrepreneurs were ready to be involved in the project from

three to five years. Three of the enterprises chose the option from three to five years, but stated that they can be involved longer, if the project looks promising and continues longer.

Three out of twelve enterprises were ready to participate from one to three years. One answerer chose the option from 6 months to a year and one from none to six months. The reasons for not wanting to engage longer included financial boundaries, personal life situations and the early stages of internationalization.

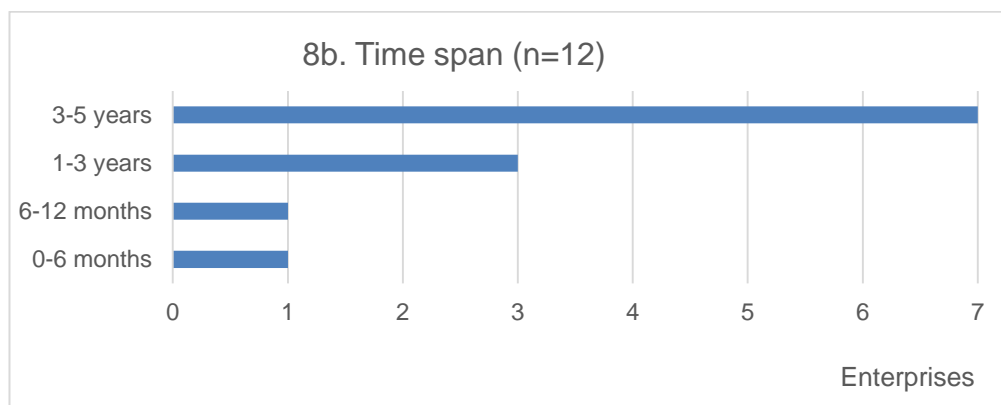


Figure 11. Time span of participation.

The third part of Question 8 was about the financial contribution that the businesses would be ready to invest in a campaign or in targeted marketing actions. 50 percent of the businesses were unable to give any estimation of the amount of money they would be willing to contribute. However, eleven out of twelve answerers pointed out that if the campaign or project is good, with a clear vision and a plan for where the money will be spent, they would be willing to contribute a sum of money. There must be a clear vision, of how the spending would pay itself back. Right now, in 2018, there are so many different cooperation, internationalization and development projects going on in South Ostrobothnia and some of them are just a waste of money and time. Enterprises are getting more and more suspicious.

The estimated sums of money started from less than 500 euro all the way to 5000 euro. The average sum of the six answers is approximately 1700 euro. It was, however, emphasized that businesses are happy to invest a lot of money into something that they believe in.

8.3 Business Operations

8.3.1 Distribution Channels

Question 9 handled the distribution channels of the respondents. Investopedia [3 April 2018] defines distribution channels to be companies or middlemen which can even form a chain, through which the products or services travel from the producer to the end-customer. These intermediaries can include the internet, retailers, wholesalers and distributors. The respondents of this thesis were all small-scale service providers, so the list of distribution channels includes mainly channels on the internet. Figure 12 demonstrates the popularity of some channels. Here it is good to acknowledge that 50 percent of the answered enterprises offered accommodation service, 25 percent activity services and 25 percent who offered both accommodation and activities. The blue scale indicates the distribution channels the enterprises are currently using and the red scale illustrates the channels some of the enterprises are planning to take in use in the future. From the bar diagram in Figure 12, it can be seen that all the interviewed enterprises have working web pages. The biggest channel of marketing is done through Facebook and Booking.com.

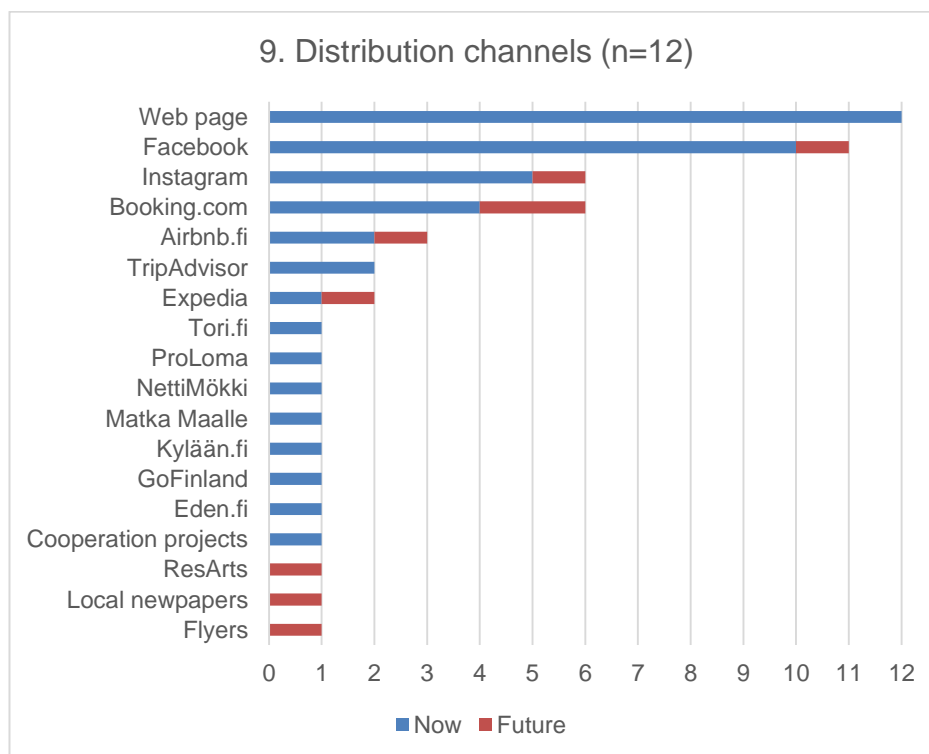


Figure 12. Distribution channels.

8.3.2 Languages

Question 10 has two parts. The first one in Figure 13, was to clarify, in which languages the enterprises had information on their web pages at the time of the interviews and actively the web pages in other languages than Finnish are updated. Two out of twelve enterprises did not have any information in other languages than Finnish in March 2018 at the time of the interviews. However, both of these enterprises indicated that they are actively working towards getting content in foreign languages. In addition, almost all of the answerers impressed that they are planning to update and improve their information in other languages by adding information in new languages or inserting new content in the existing pages. 7 enterprises (58 %) told that they are actively updating the web pages in other languages. 5 enterprises either felt that there is nothing to update, or it costs.

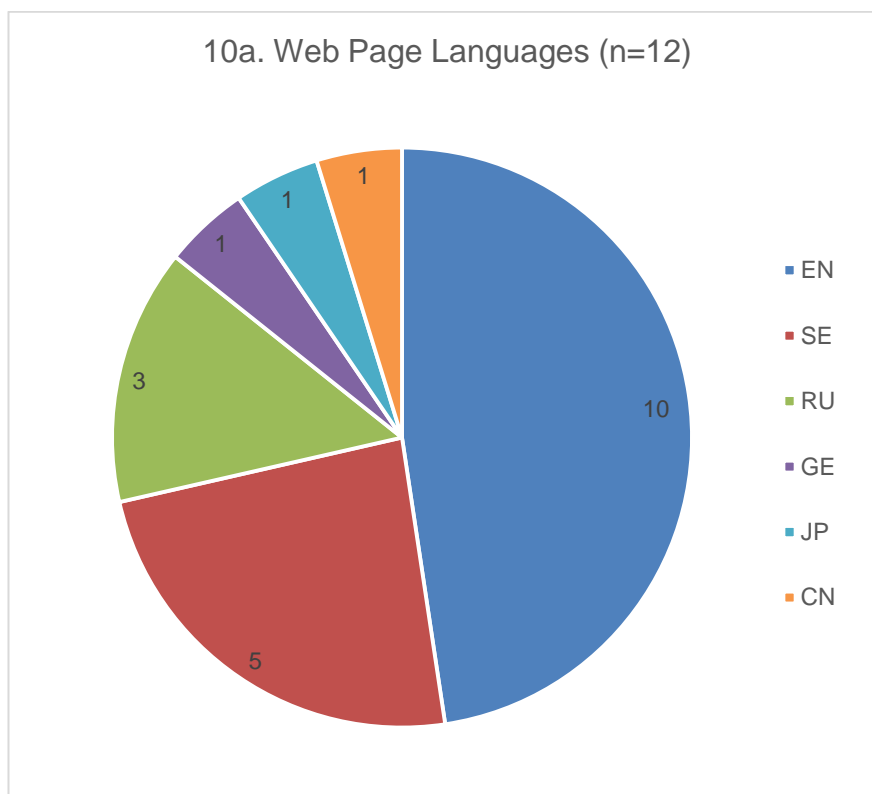


Figure 13. Web page languages.

The second part of Question 10 was about other sources, where a customer could find information about the enterprise in other languages than Finnish. During the interviews, there were multiple places, where a customer could find information

about the enterprises. In Figure 14 there are nine bars named after the most popular or known web pages. The biggest number is in the bar “Others” which included twelve sources that were named only once during the interviews. Almost all the interviewed enterprises can be found in the web page of Etelä-Pohjanmaan Matkailu. EPM web sites that are in English will lead to lists of accommodation services, activity options etc. These lists are the same shown also in Finnish and they only include the contact information of the enterprise and a link to the web site. So basically, there is no additional information about the enterprises in other languages than Finnish.

Booking.com was also popular among the accommodation service providers. An advantage, Booking.com has, is that the prices are also shown in multiple Meta search engines. Hotel meta search engines are web pages that gather information from multiple web pages and show them all at once (Technology Explained, [7 April 2018]). For example Momondo, Google Hotel Finder, Hotels.com and TripAdvisor.

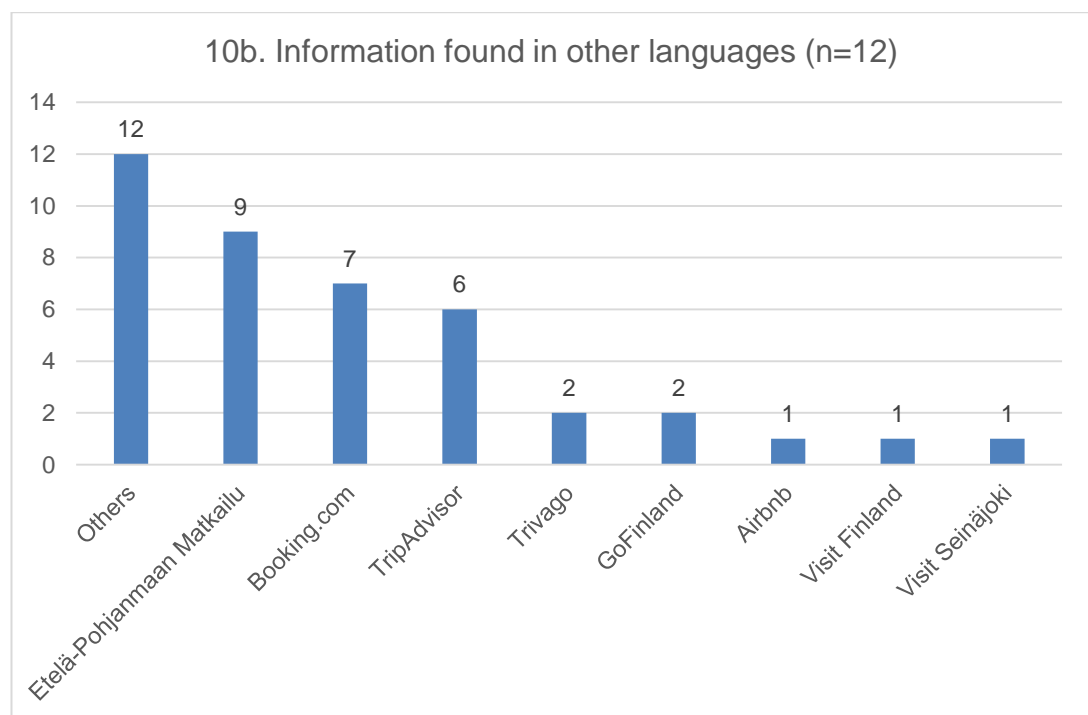


Figure 14. Information about the enterprises found in other languages in other sources.

8.3.3 Challenges

Question 11 has two parts. In the first part the interviewees were asked to name challenges and obstacles that might come in the way of internationalization. There were multiple challenges named, but five things were mentioned more than once. In Figure 15 there are all the factors that were mentioned more than once by different companies. The Package Travel Directive caused worry with two of the enterprises. The biggest challenge with the directive is only the fact that no one knows much about it yet and the lack of information causes insecurity. Financial resources are understandably a challenge for micro- and small enterprises. Some of the interviewed enterprises did not even operate in the tourism business full time, but just offered e.g. accommodation services as a side line.

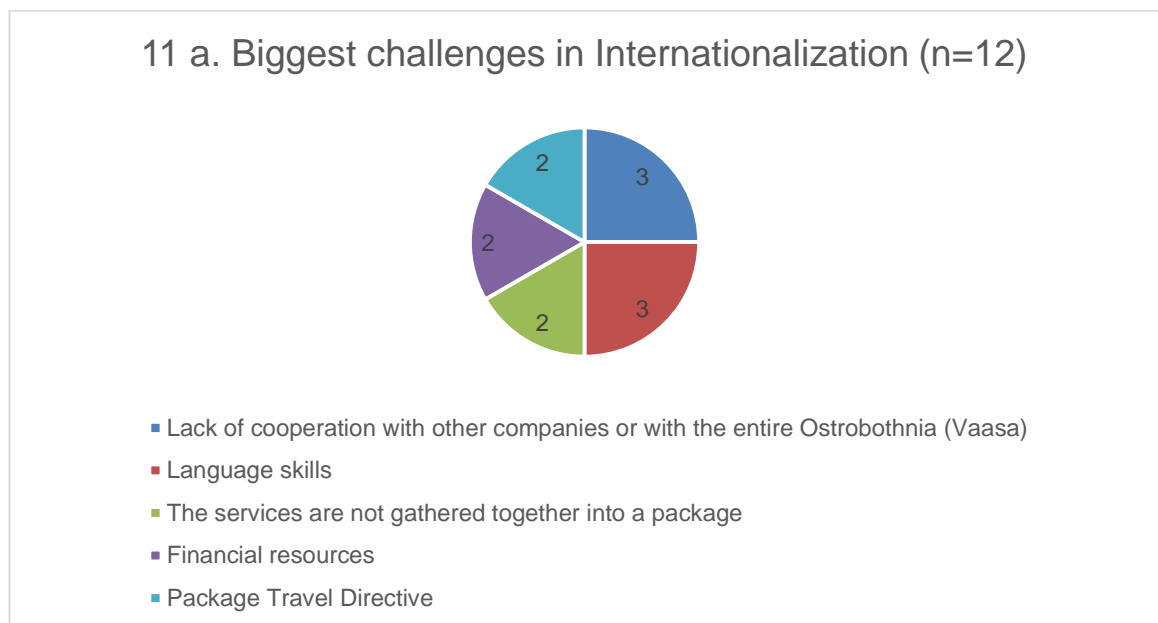


Figure 15. Challenges of internationalization.

Packing the services was also mentioned by two interviewees. They did, however, have different point of views towards the packing. It was said that because of incomplete packing of services, they are not as tempting as they could be. Another point of view was the marketing the product. Even if a company has a USP, it is a whole different thing to market it to foreigners, than to Finnish people, because the knowledge of Finnish history, cultural background and dialects is usually non-existent. When talking about South Ostrobothnian micro- and small businesses in the

fields of accommodation and activity services, the UPSs are usually related to culture, history or nature (Visit Finland training 7.3.18). Trying to create a package of services to foreigners and then name it so that it sounds tempting to tourists is more a job for professionals.

The lack of language skills was named as a challenge of internationalization three times. It was not that the interviewees could not speak English. It was more the insecurity towards the quality of their skills. There were comments that they can serve customers in English with basic vocabulary, but not much else. The speaking itself is not the problem, but when thinking about internationalization, the problem might be more with the written content of the web pages, for instance, than with the actual customer service.

The lack of cooperation was considered a challenge in South Ostrobothnia. Three interviewees mentioned it when they were asked to think about challenges. Enterprises wished for good cooperation partners with whom they could create service packages that would appear more versatile and appealing to the potential customers. Another point was that if the cooperation is done only inside South Ostrobothnia, excluding the archipelago areas, the internationalization will fall short. The Vaasa area, Kristiinankaupunki and Kaskinen are unique and appealing places, which are easy for the tourists to find and choose as a destination. The idea would be that with active cooperation with the towns in the archipelago, the possibility to attract the tourists to visit other areas nearby (Kurikka, Seinäjoki, Ähtäri etc.) will increase. South Ostrobothnia will get more attention from the tourists when it is marketed actively by the towns in Archipelago. Cooperation projects also help smaller enterprises with the financial aspects. When all the businesses invest money, the financial input of one enterprise does not grow to be too big. Not having cooperation partners is a challenge in internationalization, because without any, the amount of work grows to be too much for one enterprise.

Other factors that were mentioned were insufficient infrastructure (no airport), the tourism businesses operate in a micro scale and are really small and that there is no perseverance in internationalization this leads to not even reaching the domestic customers, let alone foreign tourists. Some businesses felt that starting internationalization is difficult, because they do not know what to do or where to start. There

are multiple projects going on constantly, but many of them are too short lasting and will not lead anywhere. The projects first get entrepreneurs to invest their time and money, but in the long run they end up losing both, because there were not enough results that would have increased their sales. The smaller enterprises have cooperation, but they need one or two bigger organizations to join to get the best results.

Cultural differences between Finnish entrepreneurs and foreign customers were also seen as a challenge. The point behind this is that when addressing with foreign customers, many things are taken for granted, but it might not be clear for people from other cultures. As an example, when sitting in the sauna, some foreigners do not realize to throw water on the stove, which makes the experience less enjoyable and damages the stove. It is an obvious manner that Finnish people do not even realize to mention it in the instructions.

The second part of Question 11 included a theory by Kananen, Hämäläinen and Malinen (2008). The survey conducted ten years ago handled the internationalization of SMEs in Central Finland. The following elements rose to be the biggest factors that stand in the way of internationalizing. Elements are not in order of importance:

1. current markets are already big enough
2. the enterprise does not have enough capital
3. the language skills of staff
4. the lack of foreign contacts
5. not enough information about the target market
6. too many middle hands in the sales channels
7. the competition in the target markets



Figure 16. Challenges of internationalization (Kananen et al. 2008).

The interviewees were introduced to the factors that had risen from the survey of 2008 in Central Finland. They then had the opportunity to choose all those factors that they thought, would stand in the way of internationalization, in their opinion. 50 percent of the answerers, in Figure 16, felt that their current markets were already big enough, so there is not a desperate need to internationalize. There was a comment that focusing on getting more domestic customers would bring the needed increase in clientele. "It does not really matter where the customers come from, as long as they come."

The financial situation of the enterprises was a concern of five out of twelve enterprises. Language skills were seen as a problem among three enterprises. Lack of foreign contacts was seen as a challenge by three enterprises. One interviewee said that cooperating with foreign tour operators would need more workmanship and experience in the field. The businesses are still in such small scale. There was also a comment that they are service providers in Finland and doing all the marketing in the internet, so the need of for foreign contacts is not relevant these days.

Not having enough information about the target market was seen as a challenge by six enterprises. Those, who did not see it as a challenge mentioned that almost all information can be found in the internet and the lack of information is just a matter of one's own input.

Two of the interviewed enterprises saw too many middle hands of sales channels as a challenge (Figure 16). Also here it was stated by an answerer that did not think

it was a challenge that the middle hands are more problematic with other products than accommodation and activity services. Most of the interviewed service providers did direct marketing and sales or had just one middle hand (e.g. Booking.com).

The competition in the target market was seen as a challenge by four enterprises. With the target market, the interviewer meant an area abroad, from where the traveller would could come to South Ostrobothnia. It was said that just inside Finland there are so many interesting places to visit, let alone when considering the entire Europe, or the world, so it is a challenge to get the tourists here. All in all, the trust in the uniqueness of South Ostrobothnia was, however, strong and the interviewed enterprises are confident of what the area has and what themselves have to offer.

8.4 Discussion about Internationalization

8.4.1 Mindset

Question 12 seeks to find out the entrepreneurs' thoughts about the overall mindset in South Ostrobothnia towards internationalization. The interviewer wanted not only to hear the attitude of the entrepreneurs themselves, but also find out, what they thought of other South Ostrobothnian people and entrepreneurs.

The attitudes towards internationalization varied between the entrepreneurs. One theme that rises from most of the answers is the differences between the attitudes of different generations. Four out of twelve interviewees clearly stated that now, when there are still a great number of entrepreneurs from the older generations (50 – 70 years), the mindset is still somewhat negative and reserved towards internationalization. Partly because the language skills are usually very limited and the businesses have been running so long that it is hard to find motivation to start changing things at such a late time. From ten of the entrepreneurs, the author got the understanding that people are interested and get more motivated as the years go by. The internationalization is developing in South Ostrobothnia all the time and will continue to grow in the future. Foreign tourists are showing more interest towards Finland and the entrepreneurs know that. Internationalization is seen as a big and

important step for the growth of tourism business in Finland and people are depending on the younger entrepreneurs who have the interest, skills and knowledge to enter the foreign markets right.

There were also other points that emerged from the interviews. Some think that the business is still too small and there is still much to do in the domestic tourism markets. South Ostrobothnian businesses seem to be afraid, uncertain, diffident and modest when it comes to internationalization and what the businesses have to offer to foreign travellers. It is hard for the people in South Ostrobothnia area to see that the things Finnish people find normal, can be something new, exciting and luxurious to someone from another culture. The uncertainty of for instance, the weather effects to entrepreneurs' investment decisions. As an example, a vehicle rental business in Ähtäri has thought about starting a new line of business, by getting snow mobiles and offering safaris to foreign tourists. The plans will not be carried out because they are afraid, the winters will get worse because of the global warming and there will not be snow.

One of the interviewees describes the actions of South Ostrobothnian businesses in the following way: If an enterprise has a business idea and they are too uncertain to implement it, they might wait until someone else tries it first. They wait and see whether the other company succeeds or not and just then, if the other company succeeds, they proceed to implement their plans. Therefore, they try to avoid the risk and often, this kind of behaviour might lead to good business operations to be left on hold and the businesses do not develop as much and as fast as they could.

Whether the businesses in South Ostrobothnia are in favour of or against internationalization, it is seen as an improving factor that usually leads to positive outcomes. The challenge is in the "doing". People are afraid of failure.

8.4.2 Experiences

In Question 13, the entrepreneurs had the opportunity to share their own experiences of internationalization. Below are listed an aggregation of the answers. These statements are not direct quotes from the entrepreneurs, but interpretations of the answers done by the author.

Table 3. Question 13, Advices about internationalization gathered from the respondents during the interviews.

Dos	Don'ts
<ul style="list-style-type: none"> – Be ready to invest a lot of time and money – Get to know your target market – Learn languages, especially English – Come up with an USP – Cooperate with other companies and learn from them – Take part in trainings, projects and seminars for help and peer support – Take a travel fare aggregator website* in use – Embrace the Finnish food culture and give the customers an opportunity to try local food – Customize your services and take cultural differences into consideration – Be flexible with schedules, rules and principles – Learn to be proud, positive – Spread positivity and encourage others to internationalize. – Just go for it! 	<ul style="list-style-type: none"> – Do not be embarrassed of your language skills – Do not feel like you have to survive alone, ask for help – Do not be afraid of taking some risks – Do not give up too easily – Do not intimidate others – Do not feel like your service is not enough, usually grand gestures are not needed to keep your customer content – If you fail with a customer, do not punish the next customer with negativity – Foreign customers do not vary from domestic customers much, so do not avoid them

*A travel fair aggregator (Crislip 2017, [11 April 2918]) collects multiple websites together and offers the customer a wide outlook on the area's supply (e.g. Booking.com).

Other comments:

- The more service providers there are, the more selection the customers have and customers increase the livelihood of the area.
- Something you might think, is modest and boring, can be great and luxurious for a person from another culture.
- There should be one operator taking care of the marketing actions of internationalization for the entire South Ostrobothnia. This way there would also be a chance for a real funding and something concrete could be done.

8.4.3 Help Required

In Question 14, the researcher asked, what kind of help the entrepreneurs feel that they could need and from whom or which organization would they want the help to come from.

The twelve interviewed enterprises named several aspects that they needed help with. Most of the factors handled advice in the concrete actions of internationalization. Factors, like how to market in the internet, social media and other Media, and what is the most logical way to enter the foreign markets. There is a need for customized advises for a specific company and how they should proceed. There were requests for help with connections, as who to contact depending on the subject of the problem. Financial support and appreciation were mentioned as factors that some of the entrepreneurs wished from their home town. Insight and experiences of other entrepreneurs are appreciated. To summarize, there is a need for a support person/organization, who could be reached easily and who could then tell what the enterprise could do.

The help and advice are wished to come from tourism industry, marketing and IT-professionals. In addition the help could come from cooperation projects, towns, regional organizations and courses like Visit Finland Academy's trainings. Tourism

seminars are a good source of information. There should not be too many attendees, because the mood should stay relaxed and in a smaller group it is easier to be interactive and ask for advice.

Many of the interviewees admitted that there would be help and support available, but it is not utilized as well as it could be. Others tell that even if there is, it is not brought to their knowledge and support should be offered more. There are enterprises in need of different kinds of advisory and various operators, who could help, but the enterprise in need of help and the right advisors do not meet. The supporting organization should be independent and impartial. Their agenda should be in helping entrepreneurs without endeavouring their own benefits. In other words, they should not sell services, but the main task would be the consulting or advisory.

9 RESULTS FROM THE INTERVIEWS

In this chapter, conclusions are made from the interview answers from Chapter 8. The interviews were held in March 2018 and the 12 respondents were South Ostrobothnian micro- and small enterprises in the field of accommodation and activity services. The goal of the interviews was to find out the factors, that prevent service providers from internationalizing and what could there be done about it. The interview guide is in Appendix 1.

9.1 Internationalization in South Ostrobothnia

Entrepreneurs in South Ostrobothnia want to internationalize. The idea of getting more customers and in that way, more profit, is naturally tempting. As seen in Chapter 8.2, the respondents are all either planning or executing actions towards being more international. They have the language skills (Chapter 8.3.2) and the needed interest, but the problem comes with the practical actions. There might not be enough time or money, and when one has both, they do not know how to start (Chapters 8.2.2 & 8.3.3).

A lot of hope is put to the new generation of entrepreneurs, who have grown up in a world filled with languages, cultures and travelling (Chapter 8.4.1). This might be, in a way, also a preventing factor, because the entrepreneurs might feel like they do not have to internationalize. They have been in the business longer, or are “old enough” to just focus on the current, domestic markets as long as they are doing business.

Rising factor as a challenge of internationalization is the cooperation (Chapters 8.2.1, 8.2.3 and 8.3.3). The interviewed companies were mostly all participating in one or more cooperation projects at the moment. South Ostrobothnian will not likely internationalize alone, but they would do it together with other enterprises. This way, they could get peer support, advices and help from the other companies and the project manager(s).

10 CONCLUSION

The objective of this thesis was to find out the factors, which prevent or make it difficult for small businesses in South Ostrobothnia, to internationalize. The additional questions were, what are the pros and cons of internationalization in South Ostrobothnia, and are the challenges internal or external. These questions seek to find information that can help South Ostrobothnia Tourist Service to develop their services for entrepreneurs.

The method of data collection was qualitative approach conducted as twelve interviews. The respondents were micro-enterprises in the field of accommodation and activity services. The method was chosen in order to get different points of view from the respondents and to get their opinions on how to help entrepreneurs in South Ostrobothnia.

10.1 Advantages and disadvantages of internationalization in South Ostrobothnia

An advantage for internationalization in South Ostrobothnia could be the possibility to grow in international tourism. Like shown in Picture 2 (p. 6), only 5 percent of all tourists in South Ostrobothnia area are international travellers. It equals to 34 600 nights spent in the area (Table 1). This can be reflected to the respondents' answers, where with seven out of twelve respondents the percent of foreign travellers was 1-7 percent out of all their customers (Figure 6). Therefore, it can be said, that there is a lot of space for growth in the international travelling in South Ostrobothnia area.

Another advantage is the nature. Like mentioned before in Chapter 5.1.2, the special thing about Finland is the beautiful, untouched nature. Getting more international customers means increase in profit (Chapter 5.1.1). Getting more profit, means growth in business that can lead to hiring more people, which then leads to growth in labour demand (SWOT, Table 2).

A disadvantage of internationalization according to this thesis would be doing it wrong. In order to internationalize, the business should know what they are doing

and take their time, proceed calmly in stages (Chapter 5.1). The worst-case scenario would be that the business starts internationalizing too fast, enters the foreign markets without, for instance, material translated in English. Entering the markets unprepared can be a waste of money and time without gaining any actual benefits from the operations.

10.2 Internal and external challenges

The challenges of internationalization according to the interviews of Chapter 8 and previous information of the thesis, include both internal and external challenges. According to KPMG (Risks in business 2013, [20 Apr 2018]), internal challenges are factors that the business itself can change and improve with their own action. External factors cannot be influenced as much and are usually dependent on the environment, politics or other bigger factors.

Internal Challenges

- Location, because the enterprises are between the archipelago and the Lakeland, which are both very attractive places.
- Price range can be too high for foreign travellers
- Language skills
- The lack of basic knowledge on, how to become international
- Not enough capital or no interest to invest money on internationalization
- The services should be promoted more by the enterprise and by support organizations
- Having all-year-round business is difficult, summer months are more attractive
- Lack of cooperation
- Services are not packed

External Challenges

- Reputation and visibility. Finland is somewhat known around the world, but South Ostrobothnia and the smaller villages there, are not

- Directives and rules cause insecurity
- Competition in the target markets
- Effects of currency changes like the Russian ruble
- Entrepreneurs in the field of accommodation and activity services are of the older generation. The field need younger entrepreneurs with fresh ideas.
- Weather and the lack of snow

The challenges are mostly internal and dependable on the entrepreneurs and their lack of knowledge of what they could do in order to internationalize.

10.3 Research Ethics

In-depth interviews were used as the data collecting technique. The research ethics (Saunders et al. 2009, 193) were followed as well as possible. The enterprises were asked to participate beforehand and they had time to think about agreeing and the possibility to refuse. The interviewer asked all the respondents before the interview started, to get their consent on recording the interviews. No respondents were recorded against their own will. The respondent had the right to not answer a question if they felt like it. The thesis handles the factors that make internationalization challenging and the author was interest in getting a good outlook of the opinions of South Ostrobothnian entrepreneurs. All the respondents are held anonymous in the thesis and no specific information about any of the businesses was revealed during the writing and analysing of the thesis.

10.4 Reliability and validity

Reliability refers to consistency, punctuality and accuracy of the thesis (Saunders et al. 2009, 600). It is the ability to give accurate results and determine random measurement errors (researcher, indicator, respondents, data handling). The more random errors there are, the weaker the reliability.

Validity means the accuracy of the study results, the extent to which the conclusions drawn correspond to the reality, the ability of an indicators to measure the very factor that is to be measured and the affecting systematic measurement errors (Saunders et al. 2009, 143 & 157).

The reliability of this thesis is ensured, because, the results of the study are stable. If there were to be a similar study conducted in South Ostrobothnia, the results would be rather comparable. The study method being an interview, it undermines the reliability, because respondents do not have the same answers every time. However, the focus point that occurs from the aggregation of the interviews, would be similar if repeated. In addition, all the respondents were asked the same questions, which gives all the questions in Appendix 1, from 10 to 12 answers.

Validity of the thesis is harder to estimate, because the study method is interviews. Only the first questions (Appendix 1) about the businesses, can be put to numerical form and kept as a fact. The interview's idea was to awaken conversation and hear about the entrepreneurs' opinions. Only indicators that could be found, were similar answers that could be put together. However, the questions were well built and everyone was able to answer them with the knowledge they had about the business.

10.5 Limitations

The limited time meant, that the amount of interview respondents could not be a lot. However, the twelve interviews show adequate results, so it did not cause problems. Another limitation was the lack of small enterprises taking part in the empirical study. The results came from micro-enterprises only. Third limitation was the respondents and how almost all of them were located in the western South Ostrobothnia. This should not, however, reflect to the general mindset of entrepreneurs.

10.6 Assessing Own Work and Future Development

Planning of the thesis started in January 2018 and it was introduced in a Thesis seminar in February 2018. The original time table created in January 2018 held

through the writing process and the thesis is completed by the due date in April 2018. The process went smoothly. Thanks to the cooperation with Arja Kortessluoma, the interviewed enterprises were easily reached and the enterprises were devoted and willing to take part in the interviews. It was also a good opportunity for the researcher to travel around South Ostrobothnia, visiting accommodation and activity service businesses and getting to know more about the life of entrepreneurs in South Ostrobothnia.

There are some future development suggestions, the author recommends. First, South Ostrobothnia should get one operator focusing only to the internationalization operations of entrepreneurs. It should be an impartial and non-profit organization that can help entrepreneurs with practical operations. There are multiple organizations doing this already, but it should be someone's main responsibility and job.

Trainings, seminars and events about internationalization are very important and they should be continued as before. The main point with them is that they should have practical information and action suggestions, which the entrepreneurs can really use. Also, big participation fees are not recommended, since the enterprises needing help do not usually have much capital yet.

Focus should be put on not only cooperation within South Ostrobothnia, but within Finland. South Ostrobothnia should cooperate especially with the coastal cities, like Vaasa and Kristiinankaupunki in order to attract tourists.

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APPENDICES

APPENDIX 1. Interview guide

APPENDIX 2. Internationalization process

APPENDIX 1. Interview Guide

This interview will be a part of a thesis by Anniina Kiuru. The employer for the thesis is Etelä-Pohjanmaan Matkailu and the topic handles the internationalization of micro- and small enterprises providing accommodation and activity services in South Ostrobothnia. The thesis will be published in Theseus, which is a database containing theses from the whole of Finland. The detailed information of a specific company will not be documented in this thesis. Kiuru only collects a summary of all the interviews without mentioning specific companies.

1. The company:

- a) Name
- b) Number of personnel
- c) Estimated Turnover (€)
 - i. 0 - 100 000
 - ii. 100 001 – 200 000
 - iii. 200 001 – 300 000
 - iv. 300 001 – 500 000
 - v. 500 001 – 1000 000
 - vi. 1 000 001 – 1 500 000
 - vii. 1 500 000 – 2 000 000
 - viii. over 2000 000
- d) Number of Customers or Nights Spent
- e) Busiest Seasons

2. Do you have an estimation of the percent of foreign customers at the moment?

3. From which countries do your foreign customers come from?

➔ Russia, Sweden, Estonia, Germany, Great Britain and Asian countries are the biggest target countries

4. Are most of your foreign customers:

- i. On holiday
- ii. Here for work / on a workplace health promotion
- iii. Passing by (travelling around Finland or the Nordic countries)
- iv. There for an event (festival, family gathering, etc.)

5. Do you believe that your staff is capable at serving foreign customers in English or in other languages?

6. Are you planning on actively internationalizing in the next years?

7. How much money can you / would you be willing to invest in internationalization?

- i. less than 500 €
- ii. 500 - 1000
- iii. 1000 – 5000
- iv. 5000 – 10 000
- v. more than 10 000

8. If there were to be a campaign / targeted marketing actions in South Ostrobothnia to a marketing area abroad...
- a) What would be your priority target country?
 - b) How long would you be willing to commit to this?
 1. 0-6 months
 2. 6-12 months
 3. 1 - 3 years
 4. 3 – 5 years
 - c) How much would you invest financially to marketing?
9. Which distribution / booking channels do you use now?
 ➔ Are you planning on using other channels in the future?
10. Homepage
- a) Do you have information on your web site in other languages and how often do you update them?
 - b) Do you have information in other languages somewhere else (Google, flyers, Booking.com, DMC - office, etc.)
11. Challenges and obstacles standing on the way of internationalization
- a) Which challenges and obstacles can you name that complicate internationalization?
 - b) Can you find some obstacles that you can relate to in the listing below?

According to Kananen, Hämäläinen & Malinen (2008), who made a survey about the internationalization of SMEs in Middle Finland, the next elements rose to be the biggest factors that stand on the way of internationalizing:

 - The current markets are big enough
 - the enterprise does not have enough capital
 - the language skills of staff
 - the lack of foreign contacts
 - not enough information about the target market
 - too many middle hands in the sales channels
 - The competition in the target markets
12. How do you feel about the mind-set in South Ostrobothnia towards internationalization?
13. If you could give advices / warnings / encouragement to an enterprise providing accommodation or activity services and is going to start operating internationally, what would you tell them?
14. What kind of help / support would you wish to get to enhance your internationalization and from which organizations? (e.g. Visit Pohjanmaa, Etelä-Pohjanmaan Matkailu, etc.)

APPENDIX 2. Internationalization Process

Appendix 1. Picture 2. Internationalization process, (Hallitusti edeten kansainväli-
seen, 2014)

