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**INTERNATIONALIZATION OF SMEs IN THE KUOPIO REGION**

**Challenges of international business**

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**ABSTRACT**

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<p>The aim of this Bachelor's thesis was to examine the internationalization of small and medium size enterprises' (SMEs) in the Kuopio region. The commissioner for this thesis was the Savo region's Federation of Finnish Enterprises. This thesis was a quantitative research and it followed the general structure of thesis. The theoretical part of this thesis consisted of internationalization and international business theories in the SME environment and based on literature, two research questions were formed. Firstly, what competence deficiencies do the enterprises feel that they have and secondly, how does Kuopio region's SMEs readiness to internationalize show.</p> <p>The questionnaire was sent to 2010 enterprises and the response rate was 5.5% while the total number of respondents was 111 (n). The questionnaire was sent primarily to the entrepreneurs, but other members in the company were able to respond to the questionnaire as well. The collected research data was analysed using Excel spreadsheet and SPSS Statistics statistical software.</p> <p>This thesis provides results that international business in the Kuopio region is in its infancy and considerably more work needs to be done to make international business an essential part of SMEs operations. One possibility to increase the level of international business in the region is to pay attention to the cooperation between companies and the universities since there seems to be a gap in the cooperation. The companies need skilled workforce, but they are not aware of their existence in the region, which means that there is employment mismatch. The company size affects how the internationalization process is implemented and how the role of the financial support and expert services are seen.</p> <p>In the future, the research could focus particularly on the companies referred to as born globals in the Kuopio region and to find out why these companies are by nature willing to go abroad and how these companies do business in an international environment.</p>		
<b>Key words</b> International business, internationalization, SMEs		

**ABSTRACT**  
**CONTENTS**

<b>1 INTRODUCTION</b> .....	<b>1</b>
<b>2 THE FEDERATION OF FINNISH ENTERPRISES</b> .....	<b>3</b>
<b>3 OPERATING IN INTERNATIONAL MARKETS</b> .....	<b>6</b>
3.1 Reasons for internationalization .....	8
3.2 Modes of internationalization .....	10
3.3 Born globals and incremental internationalization .....	11
3.4 Internationalization and growth companies .....	13
3.5 Financial management in international context.....	15
3.6 Challenges in entering new markets.....	16
<b>4 INTERNATIONALIZATION FROM FINLAND'S PERSPECTIVE</b> .....	<b>18</b>
4.1 SMEs in the Kuopio region .....	22
4.2 Regional economic prospects .....	24
<b>5 RESEARCH METHODS</b> .....	<b>26</b>
5.1 Quantitative research.....	26
5.2 Research data .....	28
<b>6 RESULTS</b> .....	<b>29</b>
6.1 Background details of the enterprises .....	29
6.2 Internationalization in general.....	31
6.3 SMEs' views on the barriers of internationalization .....	35
6.4 Cross tabulation analysis.....	39
6.5 Reliability and validity.....	42
<b>7 DISCUSSION</b> .....	<b>43</b>
<b>8 CONCLUSION</b> .....	<b>46</b>
<b>REFERENCES</b> .....	<b>48</b>
<b>APPENDICES</b>	

## FIGURES

FIGURE 1. The organization for entrepreneurs (The Federation of Finnish Enterprises 2017c) .....	3
FIGURE 2. Reliability of information provided by different groups (adapted from The Federation of Finnish Enterprises 2017) .....	5
FIGURE 3. Elements of International Business (adapted from Cavusgil et al. 2014, 39) .....	6
FIGURE 4. Phases of export development (adapted from Daniels et al. 2011, 527) .....	13
FIGURE 5. Export by a field of industry (adapted from Rikama 2017, 8) .....	14
FIGURE 6. Expenses involved in export business (Vahvaselkä 2009, 296).....	15
FIGURE 7. Kuopio's jobs by industry (adapted from The City of Kuopio 2017a) .....	22
FIGURE 8. Company size .....	30
FIGURE 9. Level of education .....	30
FIGURE 10. The stage of internationalization in a company.....	31
FIGURE 11. Facts affecting the speed of internationalization .....	32
FIGURE 12. Factors affecting the choice of target country .....	33
FIGURE 13. Factors that complicate international trade from the company's point of view .....	33
FIGURE 14. Factors complicating international trade in the target market .....	34
FIGURE 15. Born global companies .....	35
FIGURE 16. SMEs' barriers to internationalization.....	36
FIGURE 17. Support for internationalization from other organizations .....	36
FIGURE 18. Funding of the international business activities .....	37
FIGURE 19. Company utilization of the services provided by the University of Eastern Finland to promote internationalization .....	38
FIGURE 20. Company utilization of the services provided by the Savonia University of Applied Sciences to promote internationalization .....	39

## TABLES

TABLE 1. Finland in figures (Statistics Finland 2016; Confederation of Finnish Industries 2017; The Federation of Finnish Enterprises 2017a) .....	18
TABLE 2. Definition of individual SME (The Federation of Finnish Enterprises 2017a; adapted from European Union 2017) .....	21
TABLE 3. The relation between respondents' education level and born global company .....	40
TABLE 4. Company size in relation to the stage of internationalization in the company .....	40
TABLE 5. Company size in relation to the financial support and expert services they get from organizations such as Finpro and Team Finland.....	41
TABLE 6. Born global companies access to finance.....	41
TABLE 7. Company size in relation to the company's board having a sufficient expertise in internationalization .....	42

## 1 INTRODUCTION

At the heart of the Finnish political discussion is currently the country's weak economic state and the intention is to improve the situation. Finland's biggest problem appears to be the weakness of competitiveness. Many of the competitors of Finland such as Germany and Estonia can produce products and services at a lower cost. International business is closely related to country's competitiveness. If we are not able to compete with other countries, our ability to do business abroad cannot be at a good level. The global business environment is in constant change and companies must take this into consideration when planning for their business operations. If the company is missing the ability to be involved in the change, it can have a devastating impact on the continuity of the business.

The current Finnish Government wants to double the amount of export business by 2020. This is an understandable aim as Finland needs to look for growth from outside its borders due to the small domestic markets. In general, the majority of Finnish companies should not sell products and services only domestically, as our population is getting older and we need revenue to maintain our welfare society. In the recent years Kuopio and North Savo regions have suffered from lower export rates more than other parts of the country.

Based on the situation presented earlier, the objective of this thesis is to examine the internationalization of small and medium size enterprises (SMEs) in the Kuopio region. The definition of SME is a company that employs fewer than 250 people. In addition, this thesis examines the key challenges that the enterprises face in internationalization. This thesis also studies how the SMEs finance internationalization, if they have the skills for international business and how they see cooperation with the local educational establishments.

Internationalization interests me personally due to my years of working experience abroad and because my bachelor of business administration studies concentrates on international business. The subject of this thesis was also an interest to the Savo region's Federation of Finnish Enterprises (later referred to as "Savo's Enterprises") who are the commissioner for this thesis. The representatives of the Federation are Arto Nykänen, who is the Managing Director of Savo's Enterprises and Kirsi Sisso-Litmanen, the Executive Director of Kuopio's Enterprises.

The aim of this thesis is to create new knowledge of the possibilities and barriers that the region's SMEs experience in internationalization. The thesis aims to provide the commissioner with concrete knowledge that they can use in developing their operations such as planning for training or networking events to its members. Barriers is one of the terms used in this thesis to describe what challenges and obstacles are related to internationalization. On a personal level, the main objective of the thesis is to improve writing skills in the sense that the text produced is fluent and the content is well argued. The thesis process also aims to develop better problem-solving and critical thinking skills, while developing the ability to create new knowledge. In doing research, the critical thinking is essential skill when selecting literature sources that are used. The thesis process can be seen similar to a project work which requires to get acquainted with the subject and the research problem, and systematically plan the entire process.

This thesis is a descriptive research that has two main research questions. Firstly, what competence deficiencies do the enterprises feel that they have and secondly, how does Kuopio region's SME readiness to internationalize show? In this thesis, the internationalization refers to enterprises export which can relate to export products or services. Today the separation to product and service export is diminishing and export tends to be more combination of the two.

Previous bachelor's thesis of the North Savo's enterprises' barriers to internationalization was conducted in 2010. In the thesis, the data was collected by using personal interviews (Aravirta & Hinkkanen 2010). They concluded in their thesis, that enterprises faced different kind and size of barriers and varied according to the enterprise. In this thesis the research data is collected by using a questionnaire that was sent by email to the region's enterprises via Savo's Enterprises. The enterprises chosen for the thesis are SMEs from the Kuopio region and they represented different fields of business. The field of business has not been limited to any specific industry, because in this thesis the focus is generally in the SMEs.

This thesis is research-orientated, and it follows the general structure of bachelor's thesis. The theoretical part of this thesis consists of internationalization and international business theories in the SME environment. The structure of the thesis includes introduction, knowledge basis, methods and material, results, discussion and conclusion. The introduction part covers the background of the research problem and the knowledge basis is conducted by reviewing literature on the topic. The research methods used are described in section five, the results are analysed and presented along with the conclusion. At the end of the thesis is the list of references used and the questionnaire.

## 2 THE FEDERATION OF FINNISH ENTERPRISES

The commissioner for this thesis is the Savo region's Federation of Finnish Enterprises. Savo region's federation is one of the 20 regional organizations that make up the national Federation of Finnish Enterprises. The federation also consists of circa 400 local associations and 64 trade associations. Figure 1 below demonstrates how the local associations, regional organizations and trade associations form a federation, that aims to impact the decision making on the national and trade level. Finnish enterprises have always felt that it is important to have a common channel for influencing the decision making. Even though the current Federation of Finnish Enterprises was only performed in 1996, it has long roots through previous enterprise federations. (The Federation of Finnish Enterprises 2017c.)

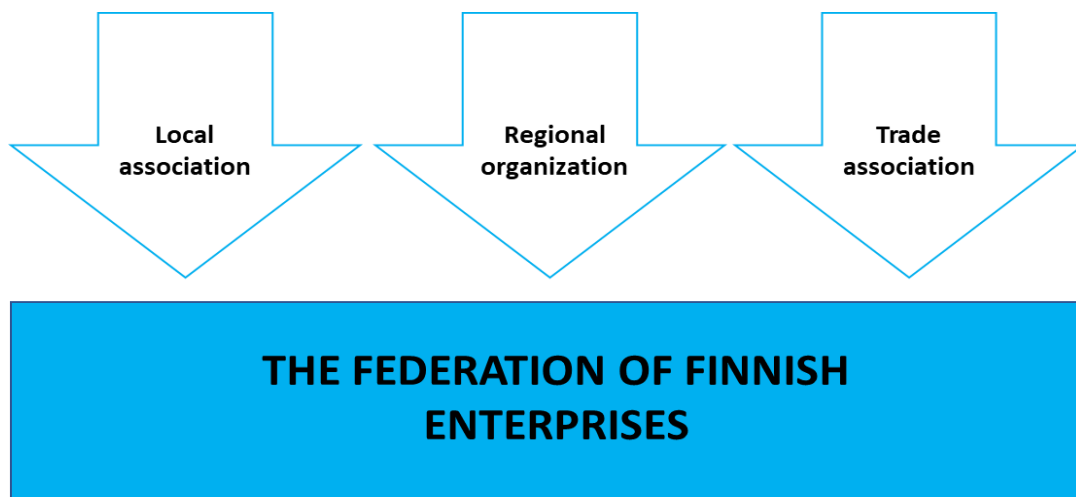


FIGURE 1. The organization for entrepreneurs (The Federation of Finnish Enterprises 2017c)

The Federation of Finnish Enterprises tasks are to improve entrepreneurs' status and the conditions for business. Their aim is to increase the number of successful enterprises and entrepreneurs in Finland, and to improve their economic and social status. Only the enterprises guarantee the vitality of municipalities and thus also the states. The entrepreneurs also have an influence in the local governments and in the current term every fifth of the authorized representative's is an entrepreneur. Over 105 000 enterprises belong to The Federation of Finnish Enterprises and it is the largest business-related federation in the country. The member enterprises employ around 650 000 people in Finland which means every fourth employee receives income from the member of the Federation. Around 60% of the employers belong to the Federation. (The Federation of Finnish Enterprises 2017b.)

There are various reasons why an entrepreneur might join The Federation of Finnish Enterprises. Members of The Federation receive for example free of charge legal advice, networking opportunities and significant discounts on insurance, fuel, accommodation and travel expenses. The yearly membership fee which is tax-deductible, is based on number of employees in the company including the entrepreneur. Around 93% of the Finnish SME's are micro size enterprises that employ fewer than 10 people. For example, an enterprise that employs 9 people pays a yearly charge of 423 euros based on 2017 prices. (The Federation of Finnish Enterprises 2017d.)

The Federation's actions are motivated by the mission, vision and values. As previously stated, The Federation aims to improve the entrepreneur's status and create better conditions for entrepreneurial activity. The vision of the Federation is to have the best conditions for entrepreneurship in Finland. To achieve the vision, the Federation aims provide unbeatable support to the entrepreneurs in a form of advice and services, encourage entrepreneurs' health and skills. Also, the success of enterprises is one of the main goals and to have enterprises view all decision making. Encouragement, reliability and power of regeneration are the basic values that guide The Federation in its actions. (The Federation of Finnish Enterprises 2017e.)

Members of the Federation of Finnish Enterprises value the information provided by The Federation. This was presented in a survey conducted in 2016, where members were asked to give a grade in a scale from one to five of reliability of information. The Federation was given a grade of 4,4 for reliability of the information they provided (FIGURE 2). The second most reliable source of information was enterprises accountancy firm. According to the survey, information provided by the educational establishments was on place six after other entrepreneurs, banks and insurance companies, and the advisory services provided by the place of domicile or town. This information will be taken into account in the research questionnaire, where enterprises will be asked if they seek advice from the local university or university of applied sciences in relation to internationalization. The results of the research will be reflected on the results presented in survey by The Federation. The main reason why members belonged to The Federation was the supervision of their interest and consultation services. (The Federation of Finnish Enterprises 2017f.)



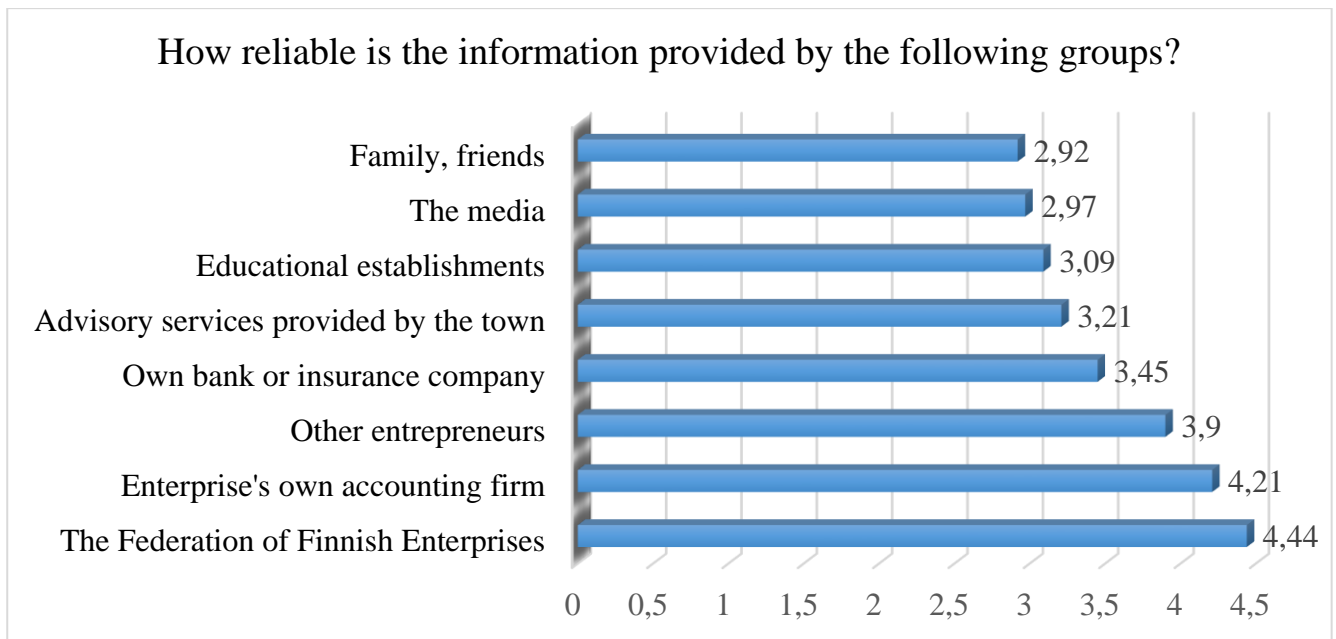


FIGURE 2. Reliability of information provided by different groups (adapted from The Federation of Finnish Enterprises 2017)

Entrepreneurs expect society to provide them an encouraging environment to do business and legislation that understands entrepreneurship. The Federation of Finnish Enterprises looks after the interest of entrepreneurs and have achieved many remarkable changes in favour of the entrepreneurs. They have improved for example the entrepreneurs' and their family members' unemployment and social security benefits, entrepreneur's status in case of falling into economic hardship has been enhanced and entrepreneurs' appreciation has been improved. (The Federation of Finnish Enterprises 2017g.)

The Savo's Enterprises (2017a, 4) consists of 25 local associations such as the Kuopio's Enterprises. In an action plan for 2017, Savo's Enterprises theme is to grow the number of members, and having content and committed members. In practise the action plan means for example providing the members with wide range of training and courses, networking possibilities, increasing the number of local benefits to the members and providing expertise advice. Savo's Enterprises (2017b) provides expertise advice for the local SMEs and entrepreneurs, which aim to improve the conditions for practising profitable business. Savo's Enterprises is the main influencer in the region's municipality and district decision making.

### 3 OPERATING IN INTERNATIONAL MARKETS

International business has a wide range of definitions depending on which type of literature is being used. Themes relating to international business have been discussed in various scientific journals, books, grey literature and business magazines. In this thesis the literature search was conducted using databases such as EBSCOhost, Google Scholar, Finna and Elsevier. The objective was to search scientific articles that are related to international business in SME context. Scientific articles were searched randomly and after reading the abstract the decision was made whether to include it in this thesis. In addition, international business-related books in Finnish and English were used to deepen the understanding of the subject.

According to Cavusgil et al. (2014, 38) international business is a performance of trade and investment activities by firms across national borders. It can be also defined as a cross-border business. International firms organize, manufacture, market, source and conduct activities that add value on an international scale. These firms need foreign customers and they interact with foreign business partners. Figure 3 illustrates the six main elements that define international business.

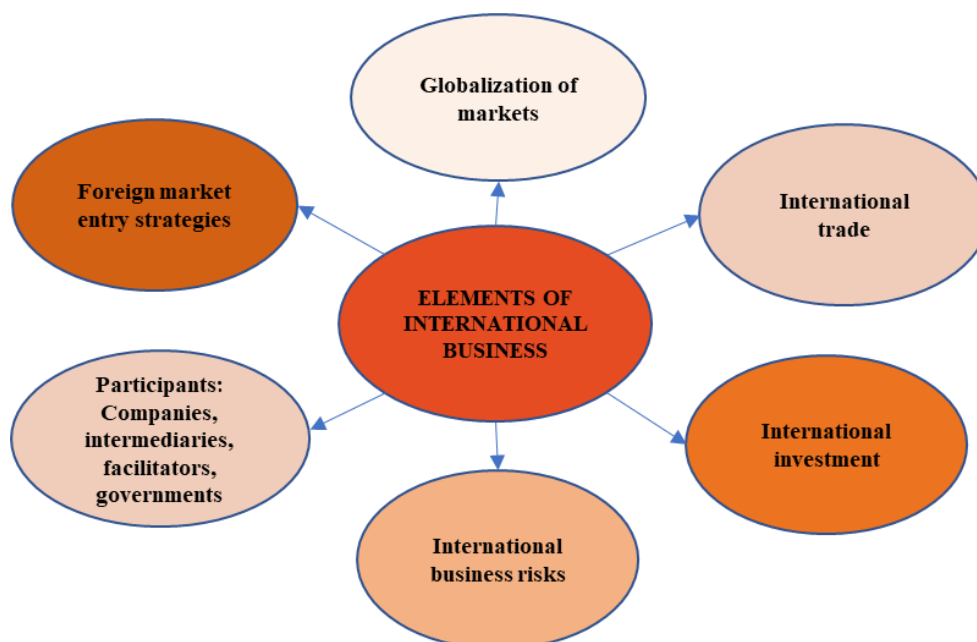


FIGURE 3. Elements of International Business (adapted from Cavusgil et al. 2014, 39)

International business is primarily performed by firms although it is noteworthy that governments, facilitators and international agencies can carry out international business activities. Markets have become more globalized where firms exchange physical and intellectual assets such as services, products, capital, technology, know-how and labour. Various business risks are related to international business compared to the domestic markets. Although firms have done international business for centuries, it has gained wider popularity over the past three decades.

Cavusgil et al. (2014, 39–40) states that international business refers primarily to international trade and investment (FIGURE 3). International trade is about exchanging products and services across borders. Companies adapt different foreign market entry strategies such as exporting and importing. Another concept of international business is international investment which refers to the transfer of assets to another country. It also refers to the acquisition of assets from a certain country. International portfolio investment is another form of international business where the ownership of foreign stocks and bonds is passive and therefore does not require active management over the assets. Foreign direct investment (FDI) is a strategy where the firm is actively present abroad through the acquisition of capital, technology, land, plant, labour and equipment.

Luostarinen and Welch (1990, 249–250) have stated that it is difficult to describe the theory of internationalization, because it has not been clearly defined. Although the term internationalization is widely used, it needs some clarification. It can be described as an outward movement in firms' international operations or a process of increasing involvement in international operations. The first step of internationalization can be for example importing essential machinery or know-how for the production process.

International cooperation between firms is another example of internationalization. There is also reverse or de-internationalization when a firm decides to withdraw from the internationalization process. Cavusgil et al. (2014, 38) describe internationalization as a company's tendency to systematically increase the international dimension of its business activities. Luostarinen and Welch (1990, 251–252) present a framework for the dimensions of internationalization. The dimensions of this framework are associated with the internationalization of a firm. The framework consists of operation methods, products or sales objects, target markets, organizational capacity, personnel capability, organizational structure and finance.

### 3.1 Reasons for internationalization

Kananen (2010b, 11–12) states that there are various reasons why SME enterprise commences export such as coincidence or it sees it as a last opportunity to continue business operations. Export is about an enterprise wanting to expand its operations to wider market area with an existing product. It can be the next logical step for the enterprise to expand business, as if the product has been successful in the domestic markets it is also likely to be successful in the foreign markets. Quite often the product needs a service alongside it or as an increasing trend, the service itself can be exported. A combination of a product and a service could be a good combination for an enterprise especially at weak economic period as for example machinery always requires service or maintenance.

In Finland, 99 per cent of the companies are SMEs which represents the same level as in the European Union. In the whole European Economic Area, around 44 per cent of the goods were accounted exports in 2010. SMEs role in the international markets is disadvantaged compared with larger organizations. SMEs suffer from lower innovative activities and they have lower levels of production. (Falk 2014, 1.) The comprehensive research conducted in the Austrian Institute of Economic Research of SMEs internationalization in the European Economic Area, shows that innovative and productive SMEs are most likely to start exporting and their export performance is also higher. However, the study concludes that SMEs' decisions to enter foreign markets depends on both internal and external factors. Companies seemed to struggle with the lack of information about the markets and sufficient competences, which are referred to as internal factors. Companies felt that external barriers entering foreign markets were competition, regulations and lack of distributions channels. (Falk 2014, 26.)

An enterprise can specialize in a niche market which is very narrow and specialized. These markets are usually too small for large organizations but big enough for SMEs. Domestic markets are quite often seen as too narrow for niche products and therefore it is essential they aim for the global markets from the start. Internet provides opportunities to internationalize as almost any product or a service can be sold online. Enterprises can also internationalize indirectly via other enterprises by acting as a subcontractor. (Kananen 2010b, 12.)

Oviatt and McDougall (2005) believe that there are three main factors influencing the speed of internationalization. These factors are the environmental issues, industry conditions and the way entrepreneurial actors think. The study suggests, that fast growth of the company is related to company's early stage of internationalization. The speed of internationalization is also affected by four main forces which are

enabling, motivating, mediating and moderating. One of the enabling forces is the technology which has made fast communication available to every country in the world. Motivation factor forces entrepreneurs to compete on the markets and mediating force is based on the entrepreneurial actor itself. The person's or groups' personal characteristics such as international business experience, and psychological attributes such as risk-taking trait, explain the entrepreneur's behaviour towards internationalization. The knowledge-intensity and entrepreneur's international network are the two types of moderating forces that have an influence on the speed of internationalization.

A product life cycle theory is a view that should be considered in company's internationalization process (Kananen 2010b; Hong & Roh 2008). Kananen (2010, 12–13) writes about product's life cycle that can last from few months to years or even a lifetime. When the product comes to an end of its lifetime there is no demand for it on the market anymore. To continue receiving revenue from the product that is nearing its end an enterprise can search new markets where to export the product. At some point the demand of the product comes to an end in the new markets as well unless the company uses resources to develop products. Product development is expensive but essential if the enterprise wants to stay in the competition. An enterprise that is looking for growth can try to boost sales in the domestic markets, internationalize, develop new products to domestic or international markets. When the enterprise decides to internationalize it needs to choose the correct target markets and operational methods.

Internationalization process can begin from a motive to conquer new markets. Choosing the target country is one of the first steps the enterprise should do. Determining the country where to expand business should take into consideration the market potential, risks relating to the country and the distance. Most of the world's buying power is concentrated in the North-America, Western Europe and Japan including its neighbouring countries. This area formed by three different continents is called triad in the global context. National income is one of the best indicators describing the market potential. However, it should be noted that the some of the currencies are artificial and therefore comparison of national income should be compared with national price levels, which give more realistic view on the standard of living. Finland's main market area has been Western Europe. (Eronen 2002, 83–84.)

According to a report by the Chamber of Commerce (2016, 7–9), Finnish companies see the greatest growth potential in the European single market and, in addition, Russia is also seen as an interesting market potential. Large organizations saw greater growth potential and on various continents. The European market area is particularly important at the beginning or early stage of a company's internation-

alization. From the individual countries, the most growth opportunities are seen in Sweden, then in Germany and thirdly in Russia. Outside of Europe, the United States and China are attractive target markets. The report states that internationalization is costly and requires human resources and time. The challenge that smaller companies experience is that they do not have enough resources to start exporting, even if the product is potential.

### **3.2 Modes of internationalization**

When a company commences its international business, it needs to determine the most suitable mode of operation. Vahvaselkä (2009, 72–73) divides operation modes to export, joint venture and direct investments. Choosing the export market entry strategy means that the company manufactures products in the home country and then exports products to a foreign market either using middleman in the home country (indirect export), using middleman abroad (direct export) or exports products itself (own export). Indirect export can be beneficial to a company that has little experience of export as the company benefits middleman's resources and experience. Using indirect export carries a minimal risk to the company but is expensive due to the fees payable to various middlemen. As a downside to indirect export, the company does not get to build relationships with the customers and is dependent on the middlemen.

With the direct export, the company delivers products directly to the target country and then uses middlemen such as an agent or retailer. Direct export requires skilful personnel and know-how of export operations. The company should know the markets as direct export carries a higher risk than indirect export. On the upside, the direct export has fewer distribution channels and costs relating to them, and more direct contact with the end users. A company choosing own export should be prepared for a high export costs. In own export, the company's knowledge of markets and customers increases, and its able to be more flexible with regards to marketing and services provided. Companies using own export could consider export co-operation with other companies in the home country. Sales through internet is regarded as own export. Internet creates possibilities to enter foreign markets without big investments. (Vahvaselkä 2009, 73.)

Kivelä (2017, 56) writes about opportunities provided by the internet which enables even for a smaller company to export and compete on global markets. For example, a country who is leading the way on digital trade is Holland. The Dutch have understood early on how the digitalisation enables them to trade in a global environment. Customers have learned how to buy from abroad and the place where the

product is purchased has lost its meaning because the product is delivered to the customer's front door. Kivelä (2017, 56) also states that companies who internationalize use technology throughout the whole supply chain.

Gabrielsson & Luostarinen (2002, 135) write that joint ventures are suitable for companies at the beginning of their internationalization process as it is flexible and does not require significant investments. Joint ventures are agreements, where a company determines to join a foreign company, to produce products or services. Two or more companies participate in the company where all parties contribute by sharing risk and bringing assets. The reasons choosing a joint venture can be related to government policies, need for skills or need for partner's assets. The key element for commencing joint venture is to have a common business objective. (Czinkota, Ronkainen, Moffett, Marinova & Marinov 2009, 234–235.) Direct investment is a long-term plan where the company wishes to establish a presence in another country. This is usually done by acquiring productive assets such as technology or factories. Direct investment strategy involves either full or partial control over the foreign enterprise. (Cavusgil et al. (2014, 40.)

Gabrielsson & Luostarinen (2002, 101) state that the reasons affecting the choice of operations are the company's strategy, size, resources and not to mention the product itself. In addition, the field of business, markets and barriers should be taken into consideration. Eronen (2002, 91) writes that a company planning for internationalization should consider, whether sales, marketing and manufacturing is wise to locate in the home country. This plays especially an important role, if the company is looking to gain considerable market share in the target country.

### **3.3 Born globals and incremental internationalization**

Gabrielsson & Kirpalani (2004) write about firms which are international from their inception and the literature calls these firms as a born global firm, which seek international markets instantly. Born global firms gain competitive advantage from the use of resources and sales in various countries. Born global firms have a vision to become rapidly global without the time-consuming period in domestic markets. These firms need certain assets such as unique technology, superior design, innovative product or service, know-how or systems of a high level of competence. It is notable that born global firms usually lack resources such as financial and managerial resources for international markets.

In another study, it is argued that born global entrepreneurs usually do not have the necessary expertise to take the company to international markets. Born global firms growth is heavily based on the networking approach and channel strategy they choose. A firm choosing to collaborate with a large multinational enterprise (MNE) has the potential to see a fast growth from the beginning. When the firm chooses to work through other channels or networks, or the Internet, they can expect to see growth at a slower pace. The reasons affecting the decision about which network approach to take, are dependent on the founder's and organisation's characteristics, innovation and the product. (Gabrielsson, Kirpalani, Dimitratos, Solberg & Zucchella 2008.)

According to Tanev (2012) a true born global firm acts to satisfy a global niche from day one. These firms start to export their products and services within a few years after their inception. Born global firms do not have large amount of resources such as financial and human resources in comparison to multinational enterprises (MNE). Although born global firms usually operate in the field of technology, they can be established in other fields as well. The managers of born global firms have a determined entrepreneurial mind-set, they take risks and innovate. The firms often offer the latest technology and their products and services are far better by design and quality than what their competitors offer. These firms leverage modern ICT to enter the markets and gain insights about the customers and they expand internationally by using intermediaries for distribution in foreign markets.

Another perspective on starting international business is a company expanding from domestic markets to a country that is geographically and socially like its own. This is referred to as incremental internationalization where the company can learn about export from familiar markets such as Finland first exports to Sweden and then moves onto more distant and dissimilar countries. Starting export from neighbouring countries gains managers' experience and knowledge of export and increases their confidence to export to wider market areas. The following figure 4 shows three identifiable phases of export development. Phase one describes the companies operating on the domestic markets and who are considering export. Phase two sees companies having some export business and the third phase companies have gained export experience and export regularly. The phase where a company might be is not tied to the size of the company but to the stage of export development and on the characteristics of company's export activity. (Daniels, Radebaugh & Sullivan 2011, 526.)



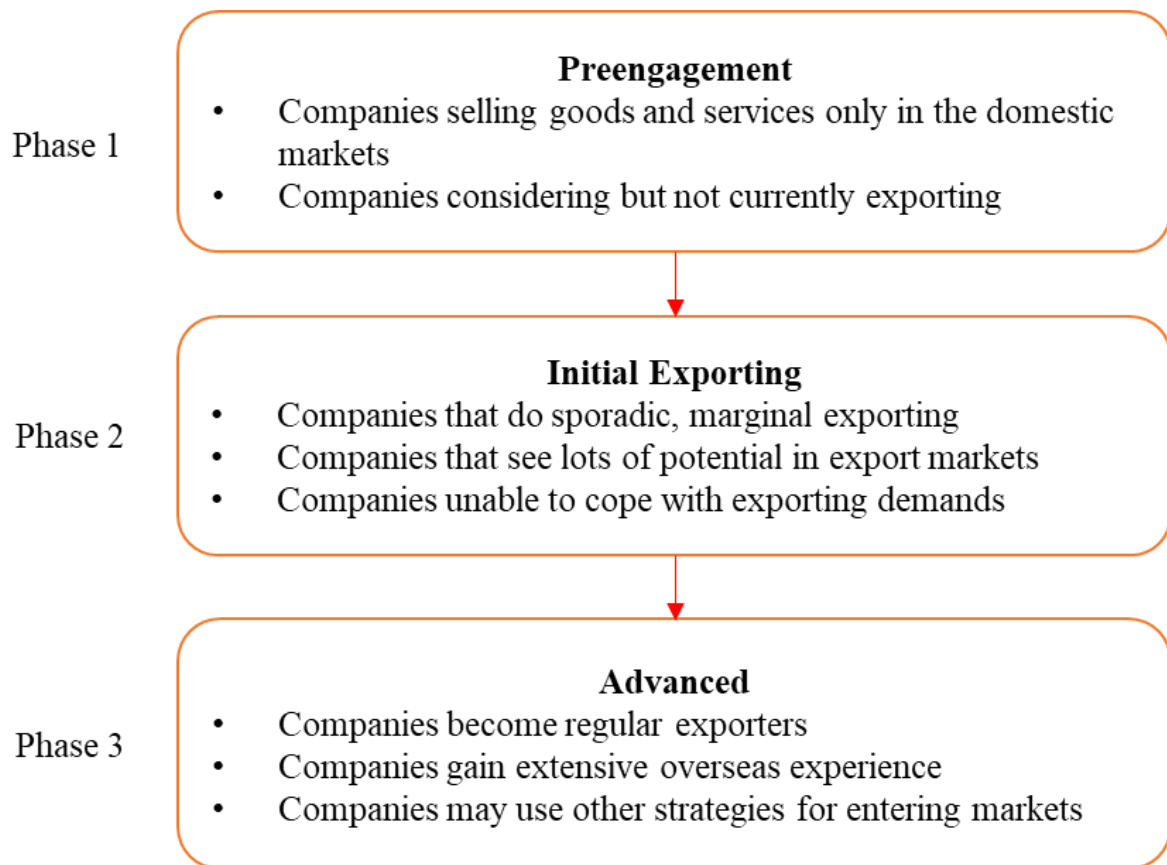


FIGURE 4. Phases of export development (adapted from Daniels et al. 2011, 527)

### 3.4 Internationalization and growth companies

Rikama (2017, 8) argues that Finnish SMEs have a high willingness to grow. Most of the growth seeking SMEs are focused on the international markets. The global market place is particularly interesting to the companies whose technology and products represent the highest edge globally, and their production is easily scalable. Rikama refers to the latest growth barometer in his report, where 12 per cent of the SMEs exported directly, when of growth companies around 33 per cent exported. From growth companies, 60 per cent were thinking of investing into internationalization in the next year. Most of the export is emphasized on industry, followed by trade and then know-how. In figure 5 below we can see how the growth companies export more than the average company in the same industry field. SMEs' export is focused on industry where the third of the companies exported. In trade and know-how industries only around 15–20% exported.

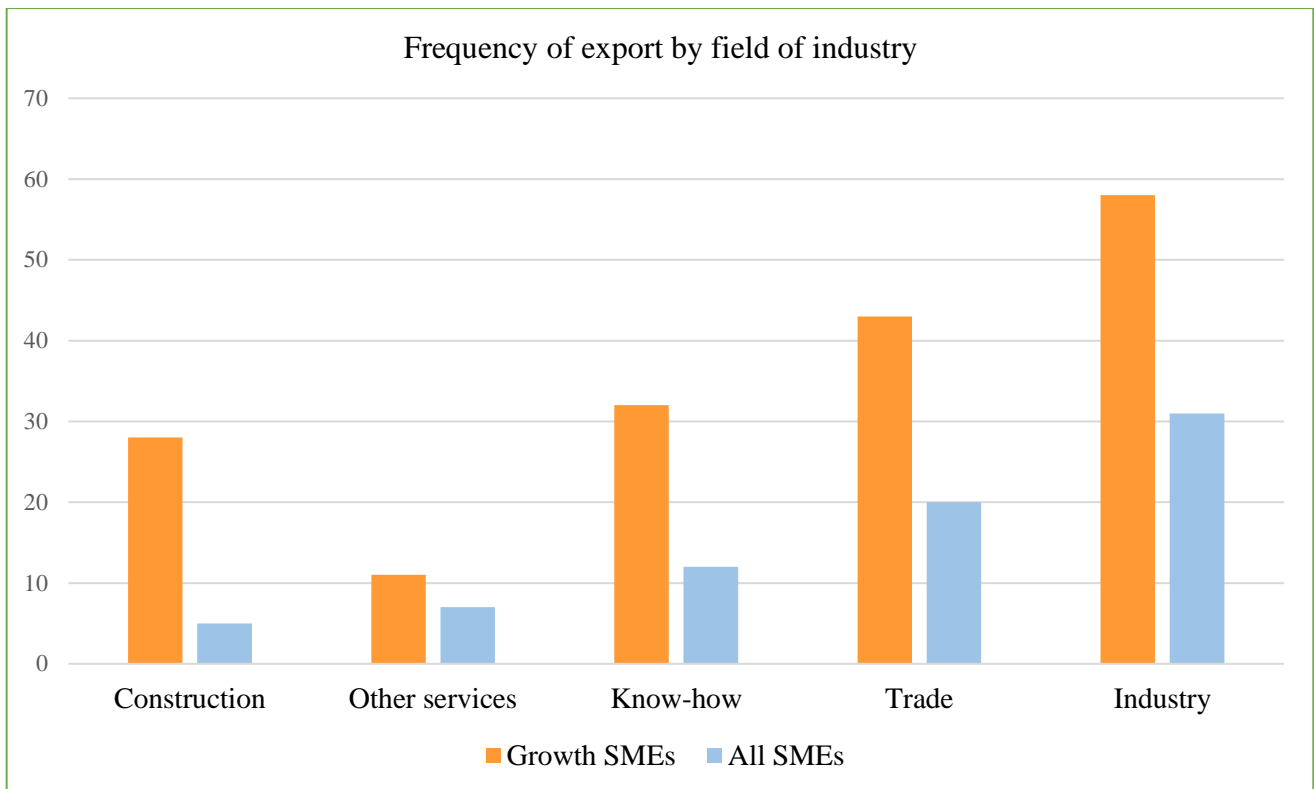


FIGURE 5. Export by a field of industry (adapted from Rikama 2017, 8)

Rikama (2017, 2) states that the willingness to grow also showed in the companies' readiness to acquire finance. Of the respondents, 26% of the SMEs were going to acquire finance in the next year while the figure for growth companies was 54%. The growth companies are usually fairly new companies which have commenced operations since year 2000. The growth companies looking for growth were willing to invest especially in the growth, development and internationalization. The companies needing finance firstly contact the banks, Tekes and Finnvera as the main financing channels. According to Finnvera's (2017b) barometer, the companies felt that the loan terms and need for own equity were the biggest challenges. In general, only every seventh company had decided to leave the development of business due to availability of finance.

Poussa (2016) argues how important it is for SMEs to grow. According to the statistics, most of the jobs in last decade have been created in SMEs. In 2001–2012 large corporations which employed over 250 people, created 7 164 new jobs. During that same time SMEs created over 100 000 jobs. Important elements for supporting companies' growth is to provide finance and strengthen know-how. The lack of know-how in SME's is one of the obstacles preventing the growth. Most of the deficiency was in leadership, sales and international business know-how. Events that aim to inspire SMEs growth are

gaining popularity in Finland and can be compared to for example the Slush event that is aimed at start-up firms.

### 3.5 Financial management in international context

Internationalization for SMEs is a big step and often requires companies to take a huge financial risk and organize finance. Vahvaselkä (2009, 295–296) writes that the company should consider the finance of export in the short term and long-term period, survey different source of finance options and make plans for the liquidity. Having accurate financial and cash flow plans in place ensures the company has sufficient finance and liquidity to support the export business. Commencing export business produces extra cost as we can see from figure 6 below. Costs can arise from modifying the product to suit the target market, marketing the product and planning for the export. Export business requires skilled personnel to be able to perform international activities such as language skills. Market research is an essential part of entering on new markets as are establishing the transportation connections and making sure production capacity can deliver promised goods. The first few business transactions usually leave very little with the company, as the money received from the transaction is used to the manufacturing, delivery expenses and granted payment times.

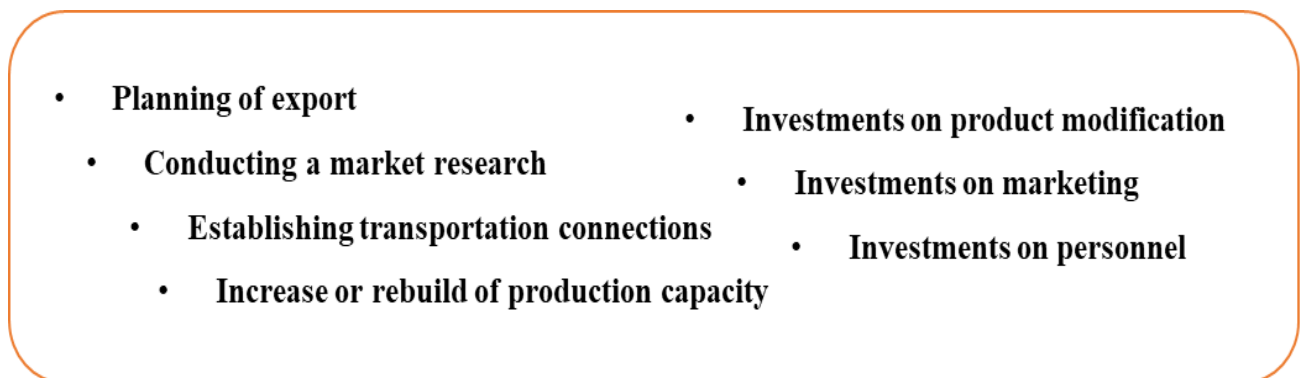


FIGURE 6. Expenses involved in export business (Vahvaselkä 2009, 296)

Manufacturing is also financed with company's own equity or liability. The exporter can get public finance for opening the foreign markets or product development. In Finland, public finance is available for example from Finnvera. A company is able to apply for a loan, domestic guarantees or export credit guarantees from Finnvera, which is owned by the State of Finland (Finnvera 2017a).

Another form of finance is to acquire foreign direct investment (FDI). With foreign direct investment, a foreign company invests into a company in Finland and gains ownership and authority within the company. FDI increases company's competitiveness, business and international business knowledge, stimulates growth, creates jobs and opportunities to increase export income. (Finpro 2017b.)

Leino (2015) states FDI is one of the most important forms of globalization today and it has grown faster than international trade or world's gross national product since the year 2000. From national economy's point of view the most important factor of FDI is to finance the entrepreneurship. According to Finpro (2016), the amount of FDI to Finland grew in 2015 which is a third consecutive year running. Most of the new companies established due to the result of investments, were in the field of business life services, health care, well-being and ICT. Sweden, USA, Great-Britain, Denmark and Germany were the most significant countries investing in Finland.

### **3.6 Challenges in entering new markets**

Gabrielsson (2002, 151–152) state that an efficient distribution channel is a critical factor for a company to be successful in its internationalization process. How does a Finnish company compete on a distant market where the customers, competitors and distribution channels are unfamiliar? Cost of distribution channels must be low for a company to retain its competitiveness. Factors affecting distribution channel strategy are the stage of internationalization process, resources, product, technology, structure of the markets, competition and other environment issues. According to Chamber of Commerce (2016), trade barriers are one of the significant obstacles to SMEs. Technical trade barriers such as testing, control and certification demands can cause administration and expenses burden SMEs. Administration of trade barriers can be too much of a work for a smaller enterprise which may mean that the company ceases its international operations. The role of different governmental authorities is important in removing trade barriers.

Networks have become increasingly important in the global business environment. The competition between companies has changed to a competition between the networks. The challenge is how to take care of the relationships of partners and networks. Export companies tie partnerships for instance with sale channels, manufacturing, product development and marketing. Partnerships especially with distribution channels are one of the key elements that enable a company to enter markets, manage customers and benefit from the distribution channels expertise. Looking after existing customers is less

expensive than recruiting new customers. Customers can be categorised to key accounts and other customers, so that resources can be directed to the 20% of the customers who generate 80% of the sales. In addition to customer and sales channel relationships, sometimes the international marketing requires political intervention. The decisions politicians and authorities make, affect the acceptance of products and enable marketing. (Gabrielsson 2002, 154–156.)

Barker & Kaynak (1992) state that some of the barriers exporters face, are in relation to the lack of knowledge on export procedures and marketing. The lack of trained export personnel and difficulties in transportation were also mentioned as the barriers. The study compared non-exporters and exporters where non-export companies stated that obstacles for starting international business were the difficulty of managing export business. However, as the company commences export business it increases the organization's managerial knowledge, improves attitudes towards export and leads to better quality control and marketing research. There is difference in the managerial attitudes and behaviour between the non-exporters and exporters. Managerial attitudes in exporters are more encouraging than in non-exporters, whose success is jeopardized by lack of experience and resources.

Companies who consider international business should take into consideration the culture, values and operating modes in a different country. To be successful in international markets the company must know enough of the target market. The company should also pay attention to the laws and political situation that could affect business. Some target markets could require the product or service to be altered to fit that country's markets. Starting up international trade requires resources such as finance and skilled personnel. With international trade, the payment times are longer, and it is uncertain whether payment will be made. The whole internationalization process takes a long time and research into the foreign trade should be comprehensive and honest. (The Federation of Finnish Enterprises 2014.)

#### 4 INTERNATIONALIZATION FROM FINLAND'S PERSPECTIVE

Finland has a small economy which is dependent on foreign trade. Two thirds of the production are from the service sector and it is predicted to rise to 70 percent by 2020. Manufacturing is on the decrease which puts a pressure to increase the export of service sector. As a welfare society, public sector has an important role of producing services which account for 18 per cent of services. Welfare societies are known to have a high tax rate. Taxes are used to pay for the public services and social care, level out income differences and pay for the government's debt. (Vahvaselkä 2009, 36–37.) In 2015 there were 5 487 308 people (Statistics Finland 2016) and 283 805 businesses (excluding agriculture, forestry and fishing industries) in Finland (TABLE 1). Most, 99,8 percent, of the businesses were small to medium size enterprises (SME). Business that employs fewer than 250 people and has a maximum turnover of 50 million euros is SME. (The Federation of Finnish Enterprises 2017a.)

TABLE 1. Finland in figures (Statistics Finland 2016; Confederation of Finnish Industries 2017; The Federation of Finnish Enterprises 2017a)

<b>Inhabitants</b>	<b>5 487 308</b>
Businesses (excluding agriculture, forestry and fishing industries)	283 805
Amount of SME's	99.8%
Export's part of GDP	37%

International trade is vital for a country like Finland, which is an open market economy. The role of international trade is significant to the economy of Finland as around 37 per cent of gross domestic product (GDP) comes from the export. The trend shows that increasing amount of the foreign trade is between businesses. (Confederation of Finnish Industries 2017a.) North Savo has suffered from low export rates more than other parts of Finland. Especially the export of dairy products has weakened the profitability of the agriculture in North Savo. The largest decline in exports has been in health technology, which has lost 40 per cent of its value in last three years. Throughout the country, the health cluster's exports have increased every year. (Regional Council of Pohjois-Savo 2017.)

Minister Sipilä's government has publicly expressed its support for Finnish companies who wish to internationalize. The Finnish government has directed public funds through Team Finland and Finpro, who help companies with the internationalization processes. Finpro aims to help Finnish SMEs in internationalization and foreign investments. Finpro is a public organization that offers growth programs for Finnish firms to enter the international markets. (Finpro 2017a). Team Finland is a network which promotes Finland and Finnish firms' success abroad. The network brings together the internationalization of enterprises, foreign investments and promotes the country brand of Finland by offering state finance and services for firms. Network-based approach uses public resources efficiently and improves the quality of services offered to businesses. (Prime Minister's Office 2016.)

The structure of Finland's export has changed the same way as the industrial production. In the 1960's forest industry's products covered three quarters of the total export but now only a fifth. Service sector export from GDP has been increasing since 2005. Travel and transport services are significant service sectors in a global scale. In Finland quarter of our export now comes from the service sector. Our service sector export is recognised from high technology know-how and technical services that require engineering skills. (Confederation of Finnish Industries 2017a.)

According to the Confederation of Finnish Industries (2017b) most of the internationalization barriers occur at the beginning of internationalization process, where as they decrease during the growth period and when the operations have stabilized. The report states that the most important reasons behind entrepreneurs wish to grow are entrepreneur's motivation, know-how, production knowledge, leadership skills, employees' motivation, research and development know-how, company's financial situation, company's location, company's operations capacity, field of operation and the state of the market. The reasons slowing down growth can be issues such as the add-on costs of employees pay, overall expenses of pay, employees dismissal legislation, restrictions affecting local agreement and shortage of skilful employees. In addition, the companies felt that taxation has an obstructive impact on the growth and, the legislation has an obstructive impact on reaching the targets.

Chamber of Commerce (2017, 3) conducted a survey which highlights that SMEs's board of directors include external members and that companies are generally quite pleased with them. Only third of the respondents felt, that their board of directors currently have enough of know-how to deal with the future challenges such as the growth expectations, internationalization and technology changes. The message from the companies is that more attention needs to be paid when developing the composition of board of directors and planning for the management change. Eronen (2002, 40–41) writes that in a global

business environment, the top management and the board should have skilled members who have deep understanding of different industries development prospects. Business know-how that is focused just on the European markets will not be enough when company starts trading globally. He also mentions the responsibility that the educational establishments have in educating people in Finland to have better than average language skills. Education should also focus on providing skills that enable us to work in a multicultural world and know-how of the international business.

Overall, the environment in Finland encourages to entrepreneurship but does not support the possibility of becoming wealthy and labels for failure. Establishing a company can be straight forward but internationalization and corporate transactions can be affected by obstacles. Foreign trade often has different demands on standards, regulations and customs which increase costs and can decrease SMEs will to internationalize. A change of ownership may also affect the growth potential of a company because, for example, inheritance taxation eats growth conditions. (Confederation of Finnish Industries 2017b.)

According to the Chamber of Commerce (2016, 7–9) report, the companies felt that the biggest obstacles in their internationalization was that they were lacking off knowledge of IPR (intellectual property rights), management of target market regulation (legislation and requirements), utilization of international sources of finance, opportunities to participate in public procurement abroad, and the discovery and management of customers. Based on the report, companies needed more support in the beginning of their internationalization process to strengthen their know-how of international operations. The strengths and competitive advantages of Finnish companies were seen to be their production and process competences. Companies thought that their weaknesses in internationalization were lack of market and networking skills.

The Finnish Government's aim is to double the SME's export by 2020. To support this aim, Finpro and Tekes will merge from the beginning of 2018 and form a new company called Business Finland. The aim of the new company is to provide all internationalization services from one place and take into consideration the whole life cycle of internationalization. Business Finland will in the future provide all services relating to the innovation financing, export, investments and promoting the travel industry. The objective of the merger is to bring more resources to the customer service in Finland and abroad. The embassy's role in enhancing export will increase and the ambassadors will have more responsibility over the management of enhancing export. The reform aims to direct more resources from Finland to abroad which follows the direction of countries who are successful in international business. (Uusi Teknologia



2017.) The amount of export credits and guarantees has already been increased from the previous amounts to support them with this aim (Finpro 2017c).

Most of the companies in Finland are small to medium size enterprises (The Federation of Finnish Enterprises 2017a). The definition of SME for example in the U.S. is an enterprise which employs less than 500 employees (U.S. International Trade Commission 2010, 19). The table below demonstrates the main determining factors of European SMEs definition which are the personnel amount and the turnover (TABLE 2). Micro size firms employ 1–9 people, small size 10–49 people and medium size enterprises 50–249 people. Turnover definitions are maximum of 2 million euros, 10 million euros and in medium size enterprise maximum of 50 million euros. According to the European Commission (2017), it is important to have the correct definition to be able to access finance and EU support programmes that are targeted to SMEs only.

TABLE 2. Definition of individual SME (The Federation of Finnish Enterprises 2017a; adapted from European Union 2017)

Company category	Personnel amount	Turnover
Micro	Less than 10	≤ € 2 m
Small	Less than 50	≤ € 10 m
Medium	50-249	≤ € 50 m

In Finland, 93.4% of the enterprises are micro enterprises, 5.5% are small enterprises and 0.9% medium size (The Federation of Finnish Enterprises 2017a). These percentages are in line with other European countries where the corresponding figures are 92.6%, 6.4% and 1% (Falk 2014, 40). In the study of European SMEs by Falk, the export participation grows with the company size. Around 3.4% of European micro sized companies exported to Europe while the equivalent figure for small size enterprise was 20.2% and medium size enterprise 44%.

#### 4.1 SMEs in the Kuopio region

Kuopio is Finland's 9th largest city. Located in the North Savo area, Kuopio is around 400 kilometres away from the capital's main harbour and flight connections. The city has around 118 000 people and 6 750 enterprises. Most of the 50 600 jobs are in the private or public service sector. Public sector provides 36% of the jobs in the Kuopio region as described on the figure 7 below. Trade, accommodation and catering services are the second largest employer in the region. On a third place is the administration and support services industry followed by the construction. The university city is a strong growth centre and its know-how focuses on welfare, health and security sectors. There are over 300 import enterprises and around 200 export enterprises in Kuopio. (The City of Kuopio 2017a.)

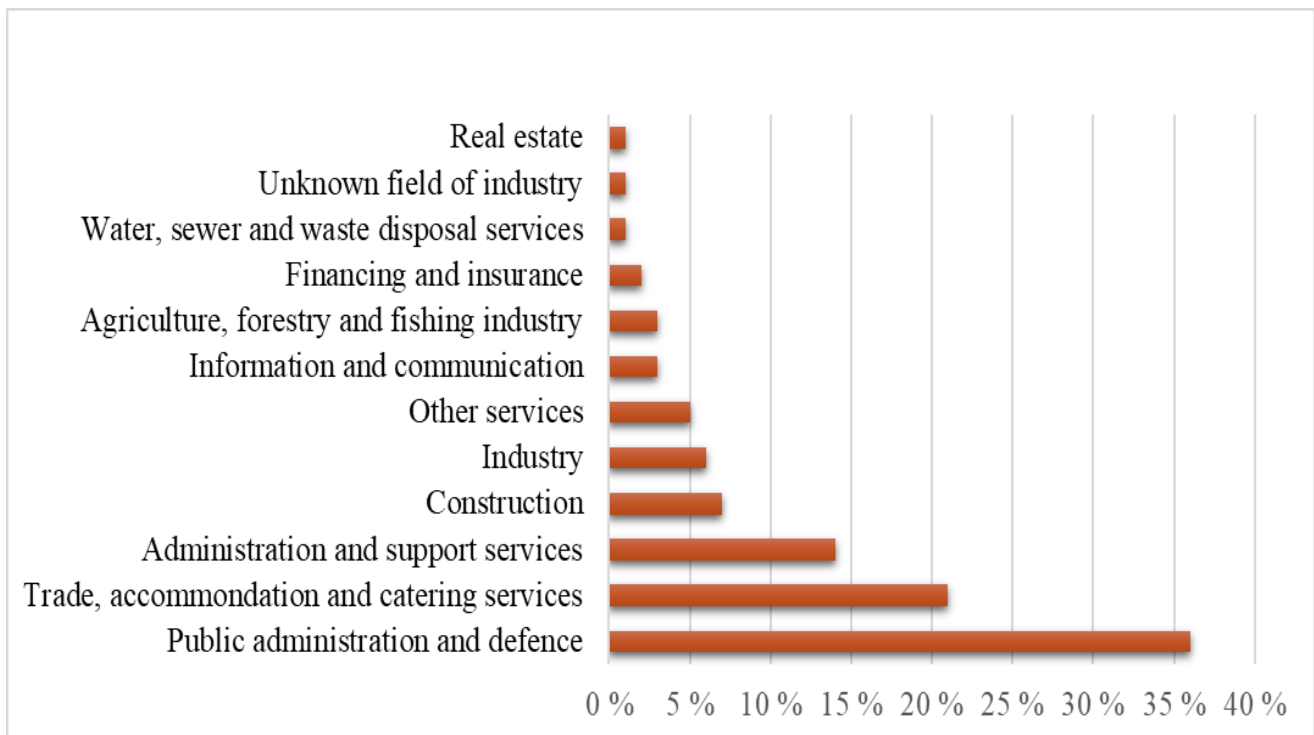


FIGURE 7. Kuopio's jobs by industry (adapted from The City of Kuopio 2017a)

There are various projects in place to develop Kuopio regions economic life. For example, the importance of internationality has been recognised in the city and the City of Kuopio's (2015) strategy for 2020 is to focus on developing internationalization. The survey conducted by the City of Kuopio recognises that Kuopio's strengths in readiness for internationalization are for example the highly skilled workforce, ability to innovate and cooperation of different associates. The use of skilled workforce and geographical location are considered as weaknesses of the internationalization. There is also

implementation plan in place which takes into consideration opportunities, needs and special characters in the Kuopio region. The action plan for 2017–2018 has been prepared with various different parties such as North Savo Centre for Economic Development, Transport and the Environment, education establishments and the local authorities.

The implementation plan has recognized five innovation centre points that have an important role in the regions companies' ability to renew themselves and from the competitiveness point of view. These five industry fields are machinery and energy technology, wood and bio working industry, groceries, health clusters and water and air. One of the focus points in the plan is to support the companies in the region in their internationalization processes by providing innovative services. Services which aim to help enterprises in their internationalization are needed as the North Savo experienced its machinery, metal and groceries industries decrease in 2015. In the same year export increased in the forest industry and other industry fields. Overall the North Savo suffered from decreased export more than the rest of the country. (Regional Council of Pohjois-Savo 2017.)

According to North Savo's Centre for Economic Development, Transport and the Environment (2016), companies that received finance from them were able to increase their revenue and export more than average SME. These companies' revenue grew an average of 18 per cent more than the SME's that did not receive finance. More jobs were created to these companies and they were jobs which require a high level of know-how. Companies should focus on thinking about where they can gain competitive edge compared with the competitors. Competitive edge could come from changing the business model to digital, increasing the functionality and use of technology.

Kuopio is a thriving city located in the middle of Finland. The city has well established education organisations that offer diverse education possibilities to Finnish and foreign students. Jauhola (2016) writes in the Federation of Finnish Enterprises blog about the use of foreign students in developing company's internationalization. Companies who had international operations had a foreign trainee or had hired a foreign degree student in the company more often than those companies who did not have any international operations. The reason companies had acquired a foreign trainee, or a student was that they were lacking export and foreign trade skills. Companies felt that foreign nationalities had brought in to the company special expertise, new perspectives, influenced on developing mode of operations and the company's working environment had become more multicultural.

Local governments have an important role for opening doors for enterprises in foreign countries. For example, a cooperation between The City of Kuopio and China's Shanghai Pudong that aims to invest not just on cultural aspects but education and collaboration of companies. The two cities have agreed to do collaboration which helps Kuopio's companies to survey local markets and find new partners through a dedicated contact in Shanghai Pudong. Educational collaboration concentrates on increasing knowledge of Chinese culture in Kuopio's schools and export Finnish education to Shanghai Pudong. (The City of Kuopio 2017b.) This collaboration is an example of how twin city activity can benefit countries. Hirvonen (2012) states that twin city collaboration stems from the 1940's when its main purpose was to help student exchange programmes and cherish cultural aspects. Twin cities are now days focused more on developing economic collaboration. Shanghai Pudong is one of the 15 twin cities that Kuopio has.

## **4.2 Regional economic prospects**

Nieminen (2017, 3) published a view of how Finland's different regions economic prospects appeared in autumn 2017. In general, all the regions saw the economy and the employment development of continuing to be buoyant. Economic growth sees the demand of workforce increasing in most sectors and at the same time the worry of getting workforce is becoming more common. Many regions expect growth to continue and these expectations are based on positive prospect on various industry fields but mainly in the export business. Nieminen (2013, 98) states that North Savo region's economy strengths are machinery and energy technology, woodworking industry and food production. These sectors represent significant export industries in the region and it is vital for the region that they succeed. It is important to invest in the operational preconditions for the exporters and looking after their competitiveness.

Kuopio region attracts people and business and its strength is the diverse economic structure. Companies desire to grow has increased especially in the upper part of the Savo and Kuopio. There are machinery and health technology clusters in the area, of which the machinery sector struggles to find skilled workforce. In many sectors the need for professional skills and demand for company-specific expertise has increased. The growing trend is that companies seek for multiply skilled personnel where narrow know-how of one field is not enough, but the person is expected also have skills on fields that closely relate to the main duties. Digitalisation is another trend that requires new know-how. (Nieminen 2017, 98–99.)

Business Kuopio (2017a) writes of upper Savo region where most of the growth seeking SMEs locate. The upper Savo region has reached the growth expectations set for the whole country. They continue to

write that the North Savo region has the least growth seeking companies compared to the rest of Finland. The wish to grow is an important element for the company as it motivates companies to develop operations, serve customers better and leads to investments. According to the article, the desire to grow starts from the entrepreneur's attitude and courage. One of the ways to support North Savo region's growth is to increase the cooperation between businesses as when one company succeeds it helps the others to succeed. Another way is to increase the cooperation between companies and educational establishments. Especially the SMEs need more support from the higher educational system. The third way to support growth is to promote investments in the region.

The Savo region has many great growth-seeking companies and the expectations are that these companies will commence international business operations at some point. Resources should be directed to create conditions which make growth and internationalization possible. Companies' internationalization is not possible just by the actions taken on the national level, but requires strong practical work on a regional level. Experts are needed to build long term relationships with the entrepreneurs. Trust between the experts and entrepreneurs is essential part of building the relationship. (Business Kuopio 2017b.)

Networking between companies is often highlighted in an internationalization context. In 2017 event called "Sawosta maailmalle" was organised in Kuopio for the second time and it gathered over 300 people from the Savo region (Kuopio Chamber 2017). The networking event was organised for professionals and to enterprises, who aimed at growing to the international markets. The main aims of the event were to create contacts, discuss internationalization with other entrepreneurs and provide practical information on export. (Sawosta maailmalle 2017.) The message from the event was that internationalization can start from something little such as a one person and his mobile phone. To succeed in the international markets, you need to have trust, develop processes, be honest, ask for help and not hide your know-how. (Kuopio Chamber 2017.)

## 5 RESEARCH METHODS

In the last couple decades, there has been a debate whether qualitative or quantitative research method is the correct one. Firstly, I will describe the qualitative research method and then quantitative method and the reasons, why I chose the latter mentioned research method. Details of how research data was collected will also be presented in this chapter.

Eriksson and Kovalainen (2016, 4–5) state that qualitative research is very often seen as an opposite to quantitative research and many research books try to compare them by making statements what qualitative and quantitative is or what is not. In qualitative research, the need for understanding and interpretation is an essential element of it. The methods used in qualitative research emphasize the importance of holistic understanding about the studied issues. Although most of business research tend to be quantitative, it is suggested that qualitative business research is an adequate method for producing knowledge.

Eriksson & Kovalainen (2016, 39–41) write that qualitative business research starts with a business-related practical problem. For qualitative business research, it is also vital to present scientifically relevant research questions. The researcher should do preliminary research questions and later to reformulate them. The research questions can help a researcher to set the boundaries of a research project and to give it a specific direction. The research questions should not be too specific or broad, likewise they should be answerable, interconnected and relevant to the research. Eriksson and Kovalainen (2016, 91–94) suggest that the interviews are one way to produce research data. Interviews are an efficient and practical way to collect data in business research and the type of interview must be appropriate for the study. In conclusion, the data must be analysed in order to understand the meaning of data and the studied phenomenon (Eriksson and Kovalainen 2016, 119).

### 5.1 Quantitative research

Kananen (2010a, 74–75) states that quantitative research follows a precise stage from one phase to another according to the statistics rules. The research process begins from a research problem as do other research methods too. Research problem is turned into research questions which gather information to resolve the research problem. Quantitative research method uses for example a research form otherwise

known as the questionnaire. The questionnaire consists of variety of questions that aim to gather numeral information of the research phenomenon. Attention should be paid to preparing the questionnaire and it should be tested before the final version is sent. Incorrect details in the questionnaire will be impossible to change after the data has been collected. If the questionnaire is faulty or the sampling has been done incorrectly, the whole process has to be done again which increases expenses. The structure of the quantitative report and qualitative report is the same but the starting points for the research are different.

Quantitative research deals with numerical data and their relationship to another. Numbers enable different calculations such as summation and subtraction. This requires the researcher to know the phenomenon well enough so that its characteristics can be calculated. To fully understand the phenomenon, the research must be based on theory and pre-information which are based on qualitative research. Phenomenon consists of variables which are known and their relationship to one another is explained by the theory. The variable is the basic concept in quantitative research and if it is not understood, the research can produce false information or lead to insurmountable problems in the analyse or interpretation stage. Variables are measured with different kind of measures which give certain types of measurement values. (Kananen 2010a, 77–79.)

The survey method is suitable for studies where researcher wants to ask relatively small amount of information from large group of people. On the other hand, survey gives less deeper understanding of the subject than interview method. The advantage of the survey is that the respondents can choose the point of time when to answer to the questionnaire. The respondent answers the questionnaire usually only once which means that the researcher cannot confirm the respondent's opinion. (Järvinen & Järvinen 2011, 147–151.) Also, it should be noted that the researcher cannot be certain that the respondents have replied to the questionnaire by really considering the questions and replying in all seriousness (Hirsjärvi et al. 2009, 195).

In this thesis, the phenomenon's target group consist of SME entrepreneurs from different field of business in the Kuopio region. The questions in the questionnaire have been drawn based on the previous literature findings. The quantitative research method used in this thesis aims to collect numerical data from the target group. The statistical method is descriptive statistics which focuses on summarizing the sample for example with percentages and frequencies. The questionnaire is sent by email to the target group and the collected data will be analysed using statistical software. The aim is to do in-depth research within the scope, from a subject that is interesting and can be proceeded in further studies.

## 5.2 Research data

The research data was collected using Webropol questionnaire. The draft version of the questionnaire was presented to the commissioner in meeting and their deep know-how of entrepreneurs gave an important view on how to construct the final questionnaire. The commissioner expressed a few questions they would like to ask from the respondents and these questions were included in the questionnaire. Most of the questions on the questionnaire were mandatory. The questionnaire was divided into three sections. Firstly, the background details of the respondents were asked that included information such as the size of the company and the year the company was founded. The second part of the questionnaire focused on internationalization in general and the third part covered more detailed questions particularly from the region's SMEs perspective.

The questionnaire included statements and multiple-choice questions, which applied Likert scale. Likert scale enables to measure different scales of opinions or behaviour rather than just yes or no answers. Using Likert scale helps to recognize areas which need improvement because it measures scales of opinion for example from 'Strongly disagree' to 'Agree'. (Survey Monkey 2017.) In this questionnaire the Likert scale used had five levels which were 'Strongly disagree', 'Disagree', 'Neither agree nor disagree', 'Agree' and 'Strongly agree'. The research data was analysed using IBM SPSS Statistics statistical software and Microsoft Excel spreadsheet. Excel was the main tool for tables and figures, while SPSS was used in cross tabulation analysis and in reviewing the data.

The questionnaire was pretested by two people from Savo's Enterprises, the thesis supervisor and two outsiders. After the testing some of the questions were clarified and the layout was changed to function better in mobile devices. The ready questionnaire and the covering letter were sent out in the commissioner's monthly newsletter on 4th October 2017. This accelerated the thesis process, since there was no need to collect the enterprises email addresses. The questionnaire was sent to the enterprises in Kuopio and its regions that covered Iisalmi and Varkaus areas. The total number of recipients was 2010. The recipients were given one week to reply after which a reminder was sent out.

Regardless of pretesting the questionnaire, there appeared a problem with one of the questions that was noticed after the link to the questionnaire was sent. The question asked from which organization the enterprise had received support with internationalization. By the time the mistake was noticed, 30 respondents had already replied to the questionnaire. This mandatory marked question was then changed to voluntary. In total 111 enterprises replied to the questionnaire.



## 6 RESULTS

The following chapters describe the empirical part of this thesis. The results are described using text, frequencies, per cents and they are illustrated by tables and figures. The key findings of the research are presented in three sections that follow the questionnaire layout. Cross tabulation analysis is provided at the end of this chapter to demonstrate the relationship between two variables. The assessment of reliability and validity are presented in chapter 6.5.

### 6.1 Background details of the enterprises

The first section of the questionnaire included background questions of enterprises such as the size of the enterprise, industry, and stage of internationalization. These eight questions aimed to find out what type of enterprise was in question. Of respondents, 35% represented companies that were established in 2010–2017, 25% in 1990 or before and 25% in 2001–2009. Smallest group of respondents, 15% represented companies that were established in 1991–2000.

Almost third (31%) had chosen other business sector out of the pre-set alternatives. Other business sectors varied from housing management to drapery shop. Second largest group of the respondents, 20% represented the service sector, followed by the industry sector, 15%, wholesale and retail trade, 10%, and construction, 11%. Other companies represented the food industry, tourism, health technology, game industry and IT.

Of the respondents, 67% were male, 32% women and 1% represented other gender. Most of respondents, 44% represented age group of 51–64 years old. Second largest group, represented age group 41–50 years old (29%), followed by 15% in age group 31–40 years old, 7% in age group over 65 years old and 5% in age group under the age of 30. Of respondents, 68% stated entrepreneur as their main role, 23% were managing directors and the rest (9%) were divided between sales director, marketing director, board member and other.

Figure 8 presents the size of the company, where most of companies, 76% were micro size enterprises that employ 0–9 people. 21% of the companies were small size enterprises that employ 10–49 people and 3% were medium size enterprises that employ 50–249 people.

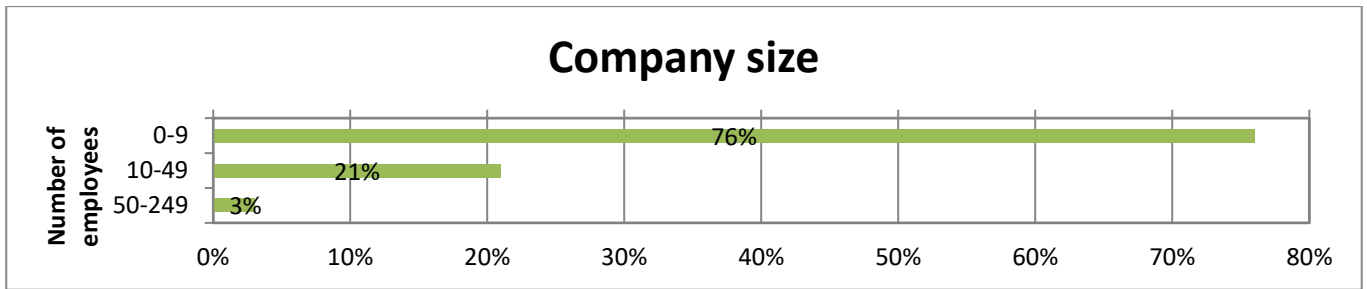


FIGURE 8. Company size

Figure 9 shows the level of education. Most, 35% of the respondents' level of education was the post-secondary level. Of the respondents, 28% had university of applied sciences education and 18% had master's degree. Least amount of the respondents was from the comprehensive and general upper secondary school groups.

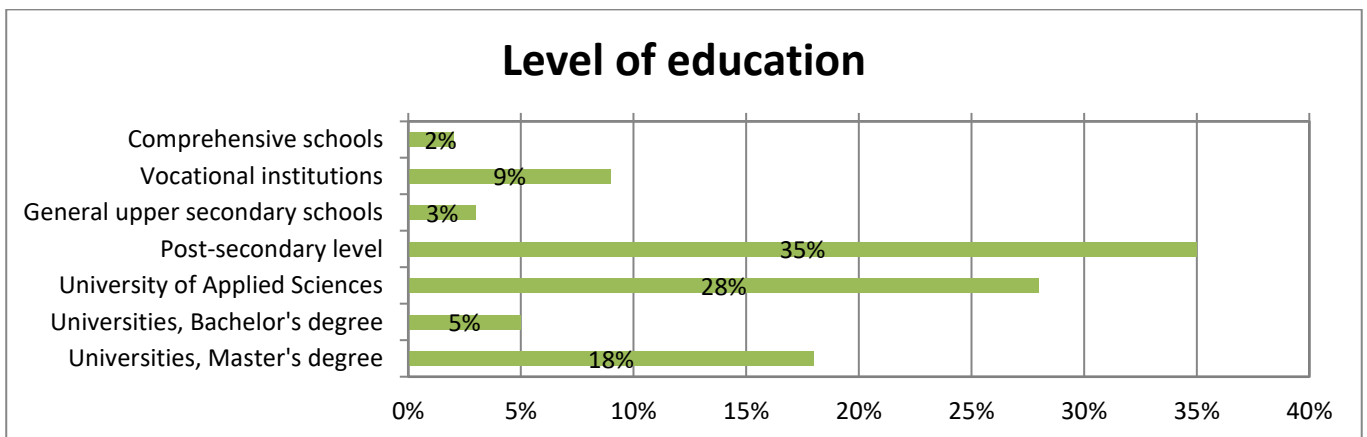


FIGURE 9. Level of education

Of respondents, 31% pointed out that the stage of internationalization in their company was in consideration or in early stages, 9% replied it was in progress and 22% replied it was established. Most, 38% of the respondents stated that the stage of internationalization was something else, such as internationalization was seen as a secondary activity for the company or they had no intention to internationalize (FIGURE 10).

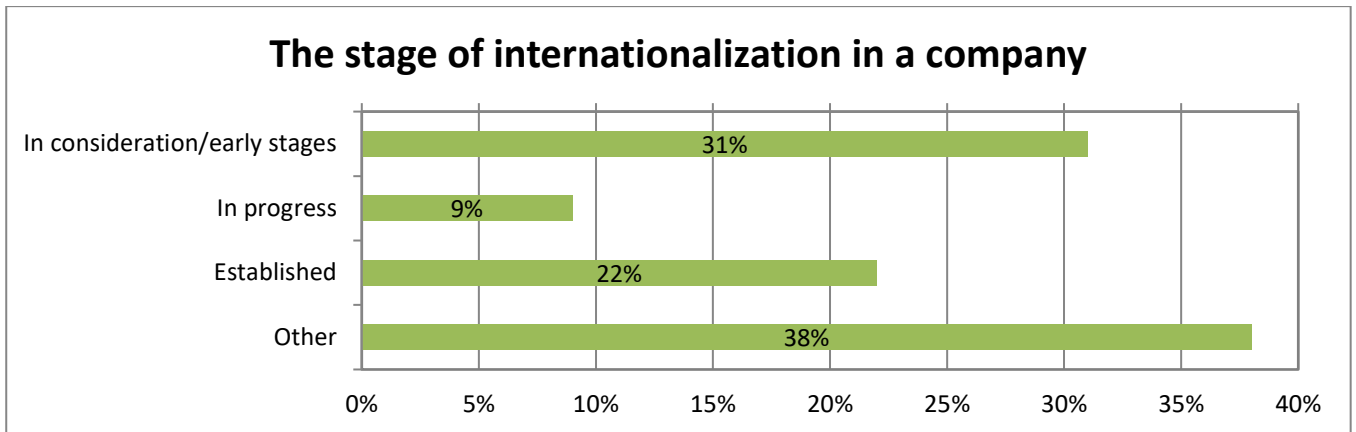


FIGURE 10. The stage of internationalization in a company

## 6.2 Internationalization in general

The second section of the questionnaire included statements and questions about internationalization. These statements and questions aimed to find out the Kuopio region's enterprises' views on internationalization and mainly what challenges they faced at the beginning of internationalization. The questions were based on the theory section and the objective was to find out how the internationalization began in enterprises and what were the first actions taken towards internationalization. This section finds out whether the enterprises were set up directly to the international markets and therefore were born global enterprises.

Of respondents, 52% agreed that the internationalization starts with small activities such as cooperation with another company and progresses systematically step by step. Meanwhile, 26% of the respondents strongly agreed and 17% neither agreed nor disagreed with the statement. Enterprises were represented with a statement that when the company had made a successful product to the Finnish markets, it was natural for it to export it to the international markets. Of respondents, 48% agreed with the statement while 20% strongly agreed and 18% neither agreed nor disagreed. Also 12% of the respondents disagreed with the statement.

Figure 11 shows which facts affect the company's speed of moving from home markets to abroad. The respondents were able to choose more than one option and 63% thought that company's resources had the most impact on the speed of internationalization. Of respondents, 57% thought that an entrepreneur's

way of thinking about things affected the speed internationalization. Meanwhile, 38% respondent that the circumstances of the foreign operational environment affected the speed and 33% replied that the industry's circumstances abroad had an effect on the speed.

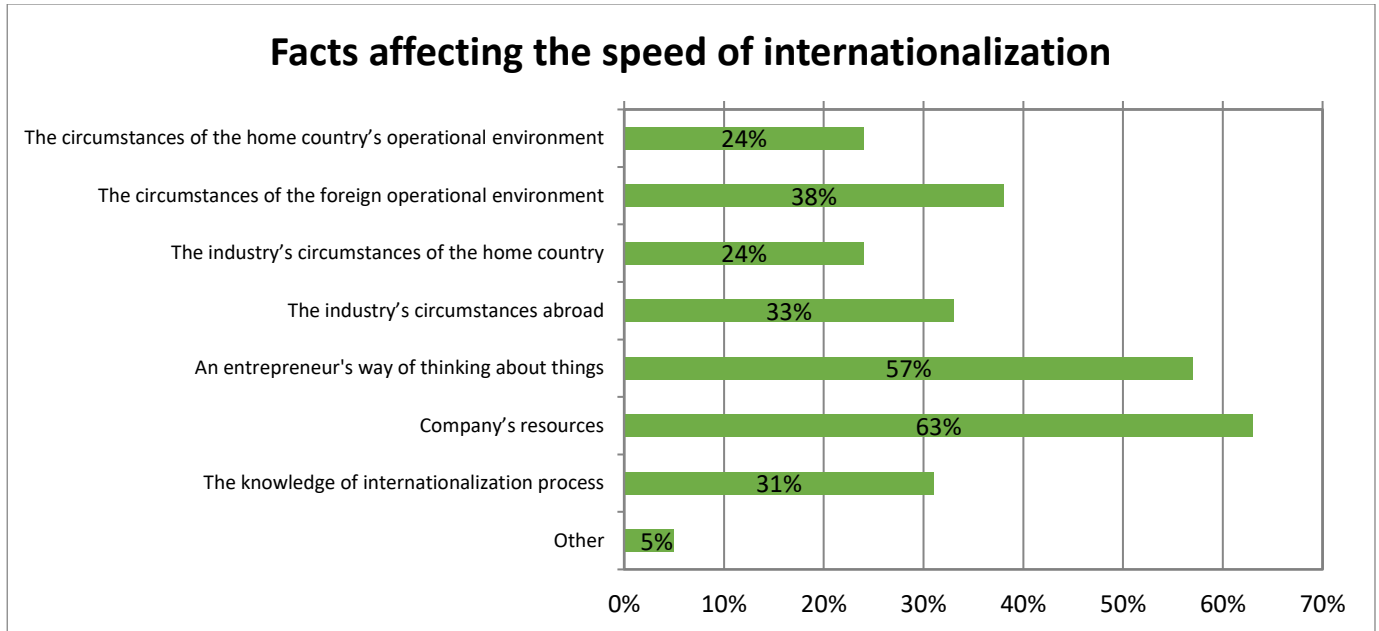


FIGURE 11. Facts affecting the speed of internationalization

The respondents were asked what resources the internationalization required and 80% of the respondents stated that money, 75% thought that skills were needed and 73% responded that time was needed to internationalization. Of respondents, 72% thought that courage was needed in the internationalization process while 53% respondent personnel and 52% commitment.

The results show that most, 52% of the respondents agreed that the first step in the internationalization process is the choice of the target country. In addition, 20% strongly agreed with the statement and 17% neither agreed nor disagreed. Meanwhile, 10% of the respondents disagreed that the target country was the first step in the internationalization.

Figure 12 presents the results from the question where respondents were asked what influenced the choice of target country. Most, 88% respondent that the market potential of the target country, while 56% stated that the risks related to the target country and 23% thought that the distance from Finland to the target country influenced the choice target country. Of respondents, 7% stated that other reasons

affecting the choice of country were for example own interest towards the country or finding a committed partner.

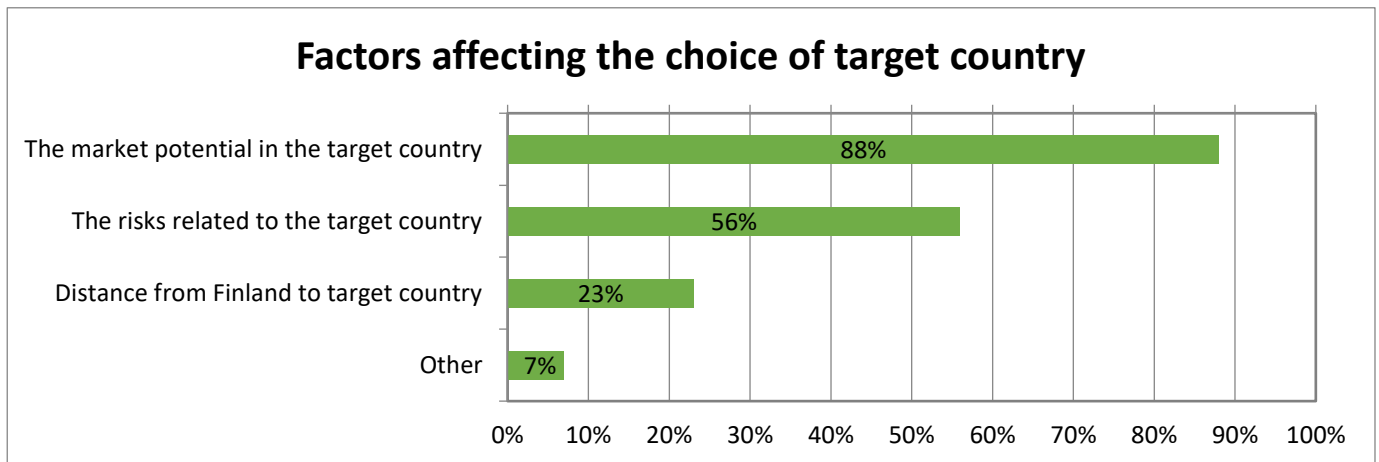


FIGURE 12. Factors affecting the choice of target country

Figure 13 demonstrates the factors that complicate the international trade from the company's point of view. The respondents felt that the main factors complicating the trade were the lack of information of the markets (53%), management's lack of international business know-how (53%) and lack of finance (51%). In addition, 40% stated that lack of skilled personnel complicated the trade while 34% respondent that lack of language skills and cultural knowledge as main factors. Of respondents, 7% stated that factors complicating the trade were for example high overall expenses of pay in Finland, taxation and lack of courage.

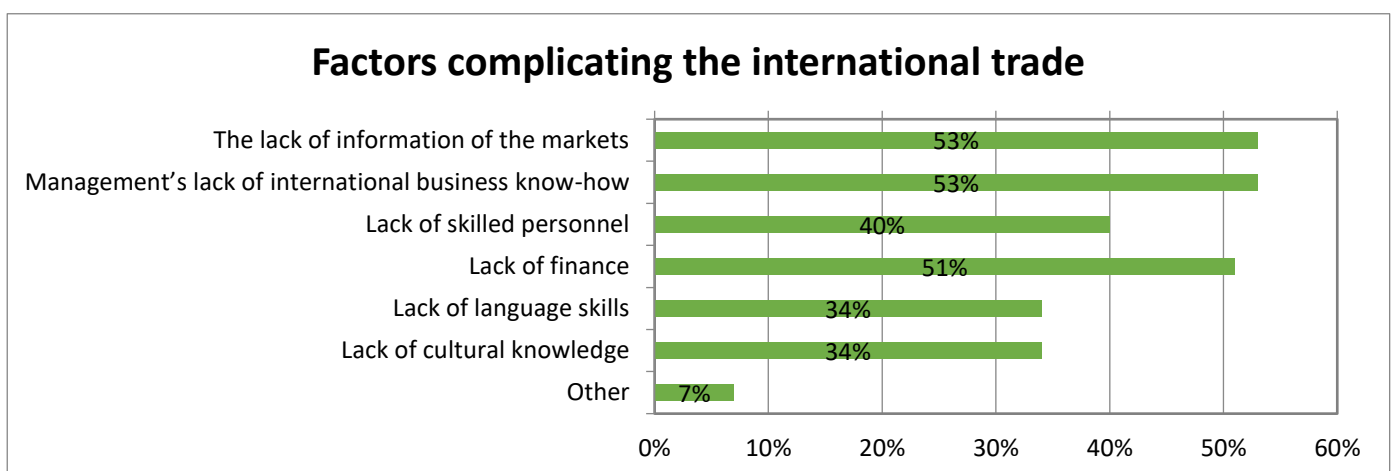


FIGURE 13. Factors that complicate international trade from the company's point of view

Figure 14 demonstrates what factors complicate the international trade in the target market. Of respondents, 50% stated that lack of distribution channels was an issue and 46% respondent lack of cooperation partners complicate trade in the target market. In addition, 38% stated that legislation complicated the trade and 35% responded that competition. Trade barriers, economic problems and political problems were also complicating trading. Of respondents, 13% stated that other reasons were for example lower prices in the target country, taxation, unsuitable product and brand awareness.

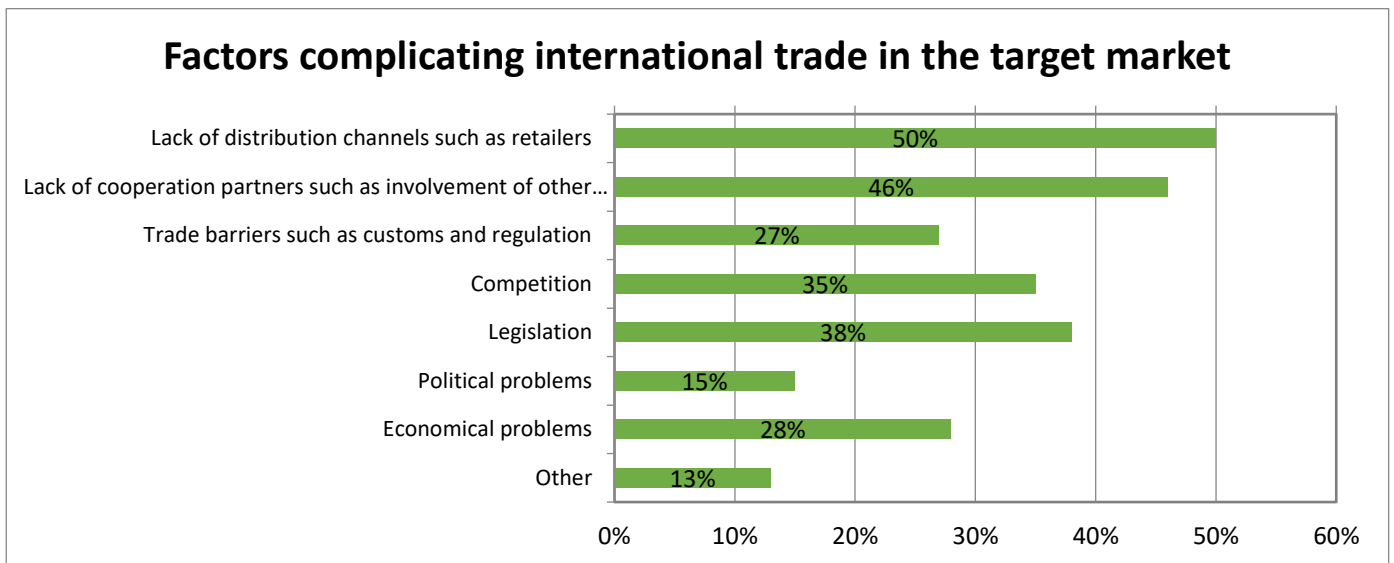


FIGURE 14. Factors complicating international trade in the target market

The results show that 65% of the respondents felt that it was difficult to find an international retail partner in general. Meanwhile, 32% said finding an international partner for research and product development was difficult. Of respondents, 27% stated finding a subcontracting partner was difficult and 23% stated finding an international licencing partner was an issue.

Internationalization in geographically is often started from the Nordic countries and of the respondents, 46% agreed. Meanwhile, 31% stated that internationalization was geographically started from Europe and 14% responded the Baltic countries. In addition, 4% responded Russia and 7% of the respondents started internationalization from for example, Asia or where the market potential or contacts were. Just over tenth (11%) of the respondents stated that their company was established directly to the international markets and is therefore referred to as born global company (FIGURE 15). Meanwhile, 89% of respondents stated that the company was not established directly to the international markets.

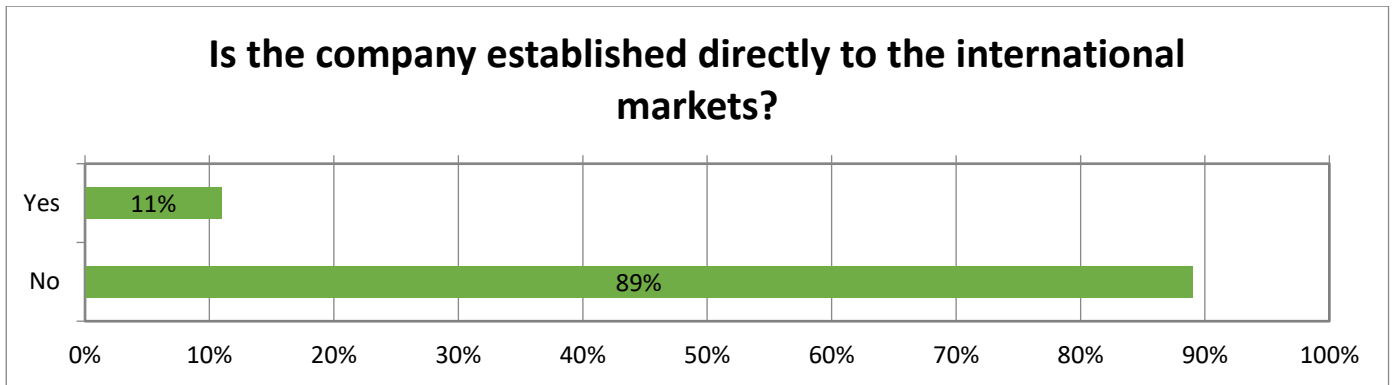


FIGURE 15. Born global companies

### 6.3 SMEs' views on the barriers of internationalization

The third section of the questionnaire consisted of questions and statements about internationalization from the local SMEs' point of view. These questions related to financing and what resources was required to internationalize. Enterprises were also asked from which public organizations they received most support for internationalization.

Figure 16 illustrates the views of internationalization barriers from SMEs perspective. Of respondents, 75% stated that despite the product's potential, insufficient economic resources were a barrier to internationalization, while 68% stated that insufficient experience of international business was an issue. Meanwhile, 59% stated that they had insufficient marketing skills, 34% expressed that language skills and 31% stated insufficient production capacity was a barrier to internationalization. Also, 17% of respondents felt that insufficient resources needed for product development was an issue. Other 5% of the respondents stated that barriers were for example insufficient encouragement from the environment and lack of courage.

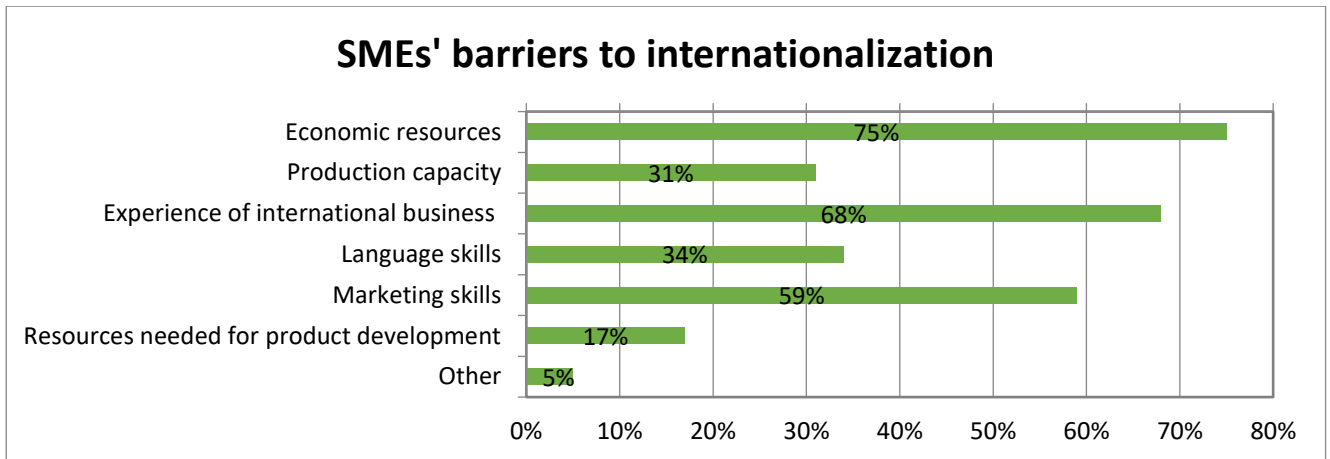


FIGURE 16. SMEs' barriers to internationalization

In this research, SMEs were asked if they received enough support, for example finance and expert services, from public organizations such as Finpro and Team Finland to promote internationalization. Of respondents, 45% neither agreed nor disagreed with the statement while 30% agreed and 6% strongly agreed. In addition, 15% responded that they disagreed with the statement and 4% strongly disagreed. Based on this question, the respondents were asked a more detailed question which aimed to find out from which organization particularly the SMEs had received most support for internationalization (FIGURE 17). Almost half, 48% had received support from Tekes, while 31% stated Finnvera. Of respondents, 17% stated receiving support from Finpro, 15% from Team Finland and 13% from Chamber of Commerce. In addition, 10% of respondents had received support from Enterprise Finland and Ministry of Economic Affairs and Employment. Only 4% of respondents had received support from the Finnfund.

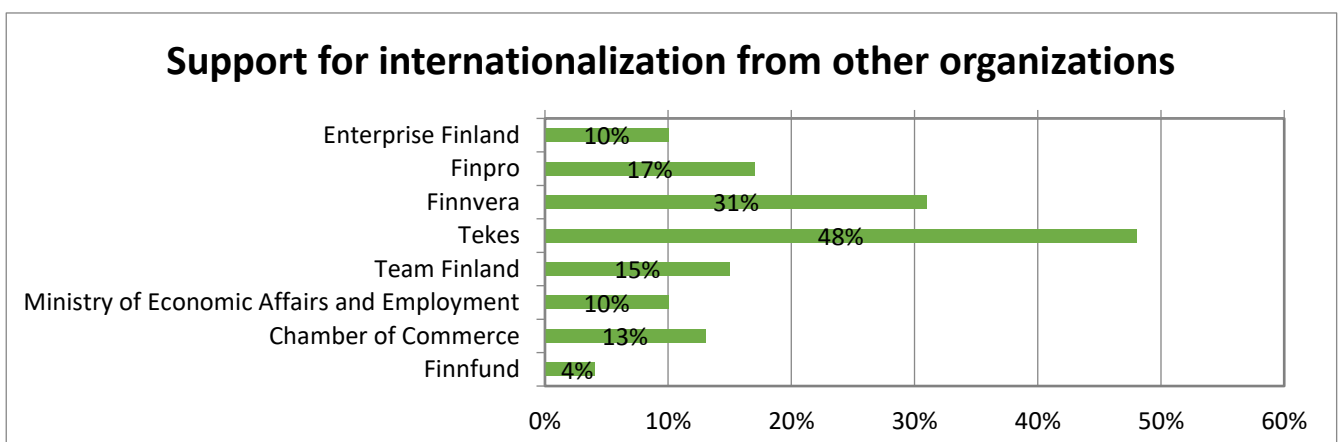


FIGURE 17. Support for internationalization from other organizations



Respondents were represented with a statement that access to finance enabled SMEs export and to grow their turnover. Approximately 49% agreed with the statement, 21% strongly agreed and 19% neither agreed nor disagreed. Of respondents, 15% disagreed with the statement and 4% strongly disagreed. A further question was asked from the companies which aimed to find out how the international business was funded in the company. Of respondents, 52% stated that this was not a topical question (FIGURE 18). Meanwhile, a staggering 44% responded that international business was funded with the company's equity. Approximately 11% stated that funding was received from the bank, 7% had funded international business with public funding and 5% stated funding was received from private investor, while 3% had received EU funding.

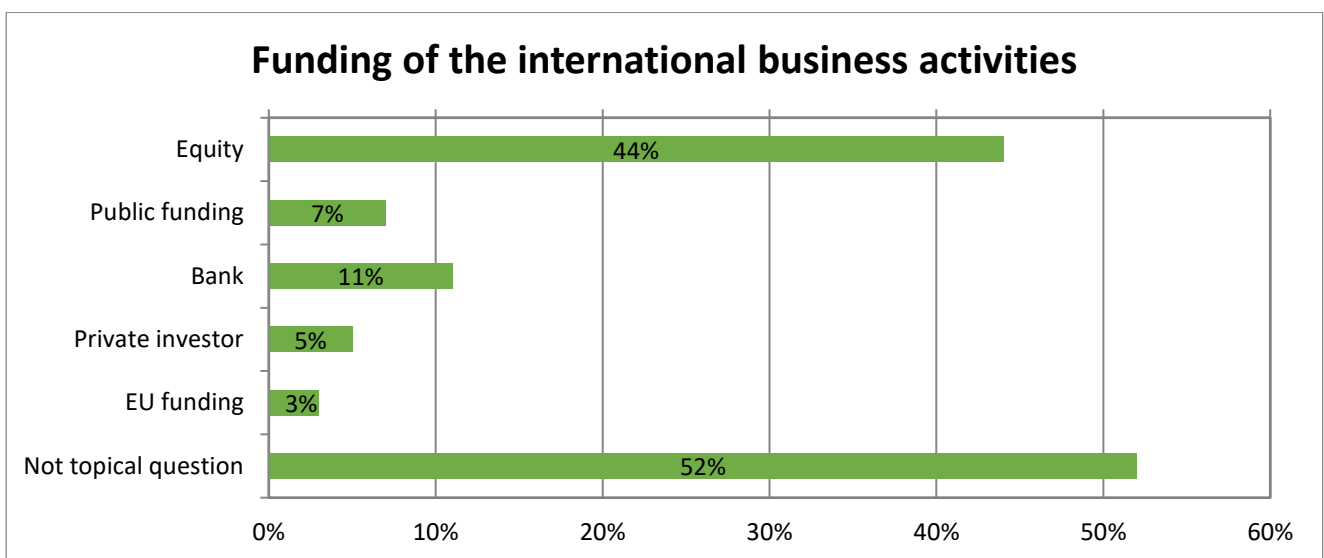


FIGURE 18. Funding of the international business activities

The results show that 34% agreed that Kuopio region's strengths were the cooperation and innovation between the region's partners such as the business life, educational institutions and organizations. In addition, 9% strongly agreed with the statement while 38% neither agreed nor disagreed. Meanwhile, 16% of respondents disagreed and 3% strongly disagreed with the statement.

Respondents were asked if their company's board has sufficient expertise for internationalization. Approximately 26% agreed with the statement while 6% strongly agreed. In addition, 24% of respondents disagreed that their board had sufficient expertise for internationalization and 15% strongly disagreed. A total of 29% stated that they neither agreed nor disagreed. The questionnaire continued asking if the respondents felt that Kuopio region had to offer workforce that had international business

expertise. Of respondents, 32% agreed with the statement and only 5% strongly agreed. In addition, 17% of respondents disagreed and 4% strongly disagreed that there was workforce with international business expertise. Also 42% of respondents neither agreed nor disagreed with the statement.

Figures 19 and 20 illustrate the level of cooperation with the local educational institutions in order to promote internationalization. Half of the respondents stated that they strongly disagreed on utilizing the services provided by the University of Eastern Finland (FIGURE 19) or Savonia University of Applied Sciences (FIGURE 20). Only 2% of respondents agreed on utilizing the services provided by the University of Eastern Finland while 20% disagreed. Respondents had utilized a little bit more of the services provided by the Savonia University of Applied Sciences as 8% respondents agreed on using Savonia's services and 1% strongly agreed. Meanwhile, 17% stated that they disagreed utilizing Savonia's services and 24% stated they neither agreed nor disagreed.

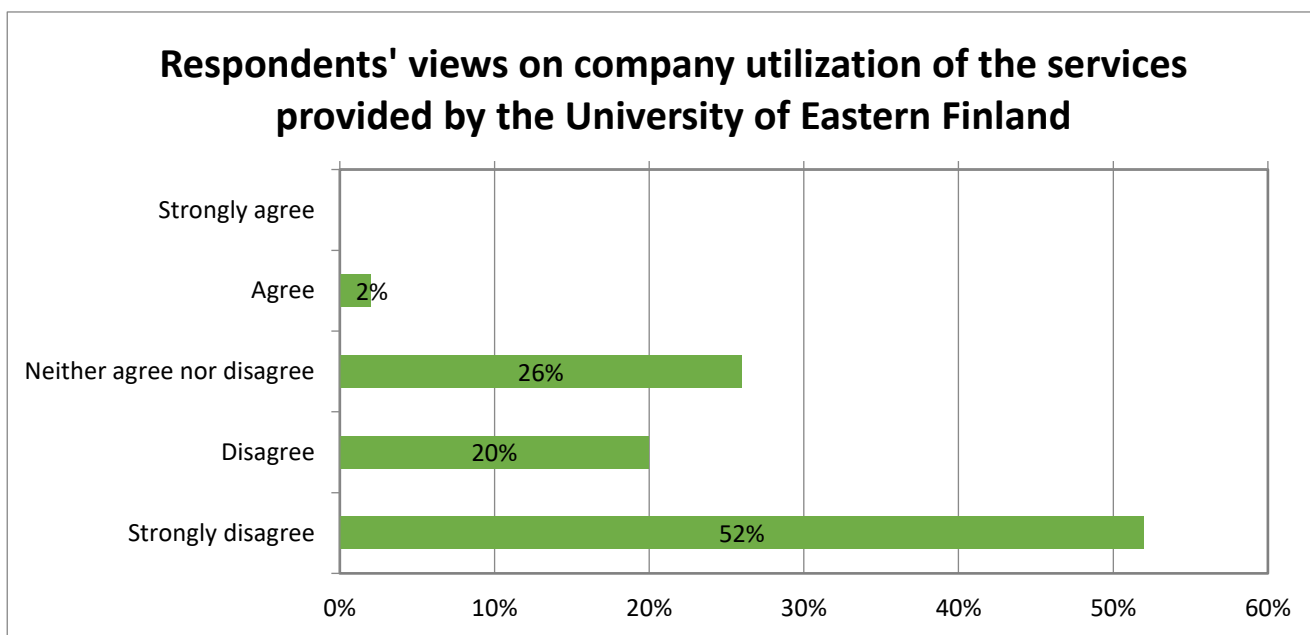


FIGURE 19. Company utilization of the services provided by the University of Eastern Finland to promote internationalization

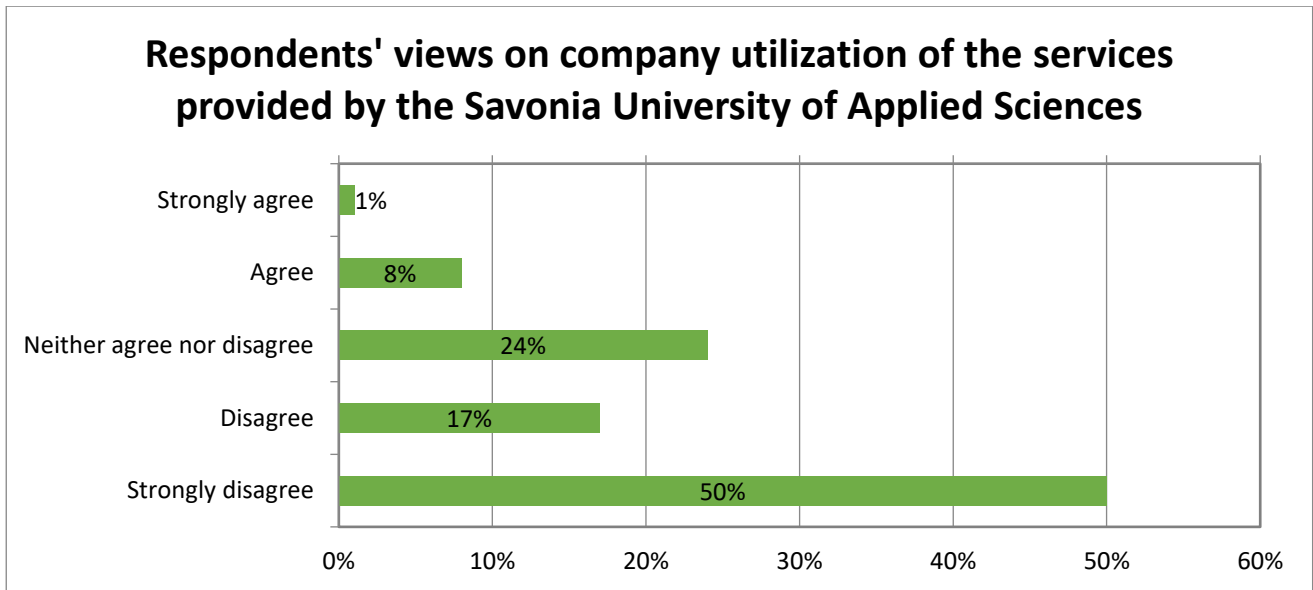


FIGURE 20. Company utilization of the services provided by the Savonia University of Applied Sciences to promote internationalization

The last question of the questionnaire asked if the respondent was interested in taking a foreign student to either work or as a trainee, to support the company's commencement of internationalization. The commissioner of this thesis suggested that there could be a possibility for the respondent to leave their contact details so that the commissioner would coordinate the request. Of respondents, 20% (n=21) were interested in taking a foreign student to the company to support internationalization. Out of these, 12 companies had left their details so that they could be contacted. Meanwhile, 80% stated that they were not interested in taking a foreign student.

#### 6.4 Cross tabulation analysis

In this thesis, the descriptive statistics also include cross tabulation analysis, which provide information about the relationship between two variables. The first table describes how education relates to respondents view of company being a born global. Although the table does not present exact view if the education level it is related to the company's desire to go abroad from its inception, however the table describes that entrepreneurs and other managers tend to be well educated in born globals. In the light of these results, the correlation between education and born global is seen in a way that Bachelor's and Master's degree tend to increase possibility of company's willingness to go abroad from day one (TABLE 3).

TABLE 3. The relation between respondents' education level and born global company

		Comprehensive school	Vocational institution	General upper secondary education	Post-secondary education	University of Applied Sciences, Bachelor's degree	Universities, Bachelor's degree	Universities, Master's degree	Total
Is your company set up directly to the international markets?	<b>Yes</b>	0 (0%)	0 (0%)	0 (0%)	1 (8.33%)	5 (41.67%)	2 (16.67%)	4 (33.33%)	12 (10.81%)
	<b>No</b>	2 (2.02%)	10 (10.10%)	3 (3.03%)	38 (38.38%)	26 (26.26%)	4 (4.04%)	16 (16.16%)	99 (89.19%)
<b>Total</b>		2 (1.80%)	10 (9.01%)	3 (2.70%)	39 (35.14%)	31 (27.93%)	6 (5.41%)	20 (18.02%)	111

When doing a cross tabulation of the two variables (the company's size and stage of internationalization) the results are very interesting. The 22.62% (n=19) of the micro sized companies are surprisingly established their internationalization activities as opposite to the literature, in which the small companies usually suffer from lack of resources (TABLE 4).

TABLE 4. Company size in relation to the stage of internationalization in the company

		In consideration/early stages	In progress	Established	Other	Total
Company size (number of employees)	<b>0-9</b>	27 (32.14%)	6 (7.14%)	19 (22.62%)	32 (38.10%)	84 (75.68%)
	<b>10-49</b>	8 (33.33%)	2 (8.33%)	4 (16.67%)	10 (41.67%)	24 (21.62%)
	<b>50-249</b>	0 (0%)	2 (66.67%)	1 (33.33%)	0 (0%)	3 (2.70%)
<b>Total</b>		35 (31.53%)	10 (17.12%)	24 (21.62%)	42 (37.84%)	111

The financial support and expert services companies get from organizations such as Finpro and Team Finland depend on the company size. As the company gets bigger the role of Finpro and Team Finland increases. Only 30.95% (n=26) of the micro sized companies benefit from their services while 50% (n=12) of the small companies get financial support and expert services. Medium sized companies

benefit the most from their services, because 66,66% (n=2) of the medium sized companies use their services (TABLE 5).

TABLE 5. Company size in relation to the financial support and expert services they get from organizations such as Finpro and Team Finland

		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total
Company size (number of employees)	<b>0–9</b>	5 (5.95%)	21 (25%)	41 (48.80%)	14 (16.66%)	3 (3.57%)	84 (75.67%)
	<b>10–49</b>	2 (8.33%)	10 (41.66%)	8 (33.33%)	3 (12.5%)	1 (4.16%)	24 (21.62%)
	<b>50–249</b>	0 (0%)	2 (66.66%)	1 (33.33%)	0 (0%)	0 (0%)	3 (2.70%)
Total		7 (6.30%)	33 (29.73%)	50 (45.04%)	17 (15.31%)	4 (3.60%)	111

The born globals seem to have access to finance which enables SMEs export and growth of turnover since 75% (n=9) of the born globals either strongly agree or agree with the statement and only 8.33% (n=1) do not agree nor disagree and only 16.66% (n=2) disagree. None of the respondents strongly disagree with the statement (TABLE 6).

TABLE 6. Born global companies access to finance

		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total
Is the company set up directly to the international markets?	<b>Yes</b>	3 (25%)	6 (50%)	1 (8.33%)	2 (16.66%)	0 (0%)	12 (10.81%)
	<b>No</b>	21 (21.21%)	48 (48.48%)	20 (20.20%)	7 (7.70%)	3 (3.30%)	99 (89.18%)
Total		24 (21.62%)	54 (48.64%)	21 (18.91%)	9 (8.10%)	3 (2.70%)	111

The board's sufficient expertise in internationalization is in relation with the company size. 32.14% (n=27) of the micro sized companies see that their board members have sufficient expertise in internationalization while 25% (n=7) of small companies' board members have enough knowhow. 33.33% (n=1) of the medium sized companies state that their board members have adequate internationalization expertise (TABLE 7).

TABLE 7. Company size in relation to the company's board having a sufficient expertise in internationalization

		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total
Company size (number of employees)	<b>0–9</b>	5 (5.95%)	22 (26.19%)	25 (29.76%)	18 (21.42%)	14 (16.66%)	84 (75.67%)
	<b>10–49</b>	1 (4.16%)	6 (25%)	6 (25%)	9 (37.5%)	2 (8.33%)	24 (21.62%)
	<b>50–249</b>	1 (33.33%)	1 (33.33%)	1 (33.33%)	0 (0%)	0 (0%)	3 (2.70%)
Total		7 (6.30%)	29 (26.12%)	32 (28.82%)	27 (24.32%)	16 (14.41%)	111

## 6.5 Reliability and validity

The reliability of the study is evaluated with validity and reliability. The study aims to avoid errors, but the reliability of the results varies. Reliability means that the measurement results can be reproduced. If the same result is for example, obtained by two different researchers, the reliability of the research can be considered good. The validity of a research means that the research method or measurement measures exactly what is meant for. For example, if the respondents understand the questions in the same way as the researcher, the validity of the study can be considered good. (Hirsjärvi et al. 2009, 231.)

The reliability in this thesis can be considered good, because the research process and the results of this thesis can be repeated by another researcher. The validity can also be considered quite good, even though one of the questions was set up incorrectly and some of the respondents had to reply to the question even if it was irrelevant to them. Results of this thesis answer the research questions. The research questions were easy to understand and none of the respondents gave negative feedback about the questionnaire. Although the response rate was quite low, the total number of observations gives a good view of the phenomenon.

## 7 DISCUSSION

The purpose of this thesis was to examine the Kuopio region's SMEs' views on internationalization. The questionnaire was sent to 2010 enterprises and although the response rate was low (5.5%) the total number of respondents (n=111) can be considered quite good for Bachelor's thesis. The relatively low response rate may result from enterprises lack of time. It is well known that especially the entrepreneurs are very busy on their daily activities and they probably skip the unnecessary activities. On the other hand, as reports state, the international business is not very common in Kuopio region and this may reflect to the response rate.

The theory part of the thesis commenced by introducing the reader into the subject and to the commissioner, Savo's Enterprises. It was important to present the commissioner in its own chapter as they have such an important role as an influencer on local SMEs. Operating in international markets chapter aimed to give a general view of the subject which continued to examine the internationalization closer from Finland's and Kuopio region's perspective.

The results show that two thirds of the enterprises were micro size companies that employ fewer than 10 people. This is expected result as most of the SMEs are micro size enterprises. Almost half (44%) of the respondents represented age group of 51–64. Of the respondents, 35% (n=39) represented group whose educational level was post-secondary education, and this corresponds to Savo's Enterprises views on the educational background of entrepreneurs. The low level of internationalization in the region is reflected on these results, as 38% (n=42) of the respondents stated that they did not have international business activities at present. There are 6 750 enterprises operating in the Kuopio city alone of which 500 enterprises have international business operations (The City of Kuopio 2017a). The results also show that almost third, 31% (n=35) of the companies expressed that the internationalization was in consideration or in early stages.

According to the City of Kuopio, the region's strengths in internationalization are highly skilled workforce and innovation (The City of Kuopio 2015). Based on the results, 32% (n=35) agreed that the region had to offer workforce that had international business expertise. It should be noted that 42% (n=47) of the respondents neither agreed or disagreed with the statement. To that end it seems that enterprises are not aware of the skilled workforce that is available in the region, which means that there is employment mismatch.

The company is more likely to find it easier to search for a skilled accountant or marketing professional than employee with international business competencies. The whole region benefits from international business and therefore a data bank of international business professionals would be highly useful. The data bank would help the enterprises to find and hire appropriate person. The problem might be that skilful employees are not available, or the enterprises are having hard time finding them. The media is constantly reporting news that despite the high unemployment rates, there is vast amount of open jobs in the market. To solve this employment mismatch, it might be beneficial if career change would be easier to make. One possibility to solve this issue, is to get skilful employees from abroad and in international business context. On the other hand, many universities offer formal education in international business and this gives the future employees the competence that is needed when doing business in international market environment.

The results can also be reflected on enterprises utilization of the educational establishments in the region in order to promote internationalization. Half of the respondents strongly disagreed that the company had utilized internationalization services provided by the University of Eastern Finland (UEF) and Savonia University of Applied Sciences (Savonia). For example, one of the respondents stated that University of Eastern Finland does not have enough know-how, speed or agility that is needed in the SMEs. The results also are in align with the survey conducted by the Federation of Finnish Enterprises, where educational establishments were only on the sixth place according to reliability of the information they provided (The Federation of Finnish Enterprises 2017g). It is concerning to learn that educational establishments are not seen as providers of valuable information, especially as the universities are seen as creators of new knowledge. This calls for increase of collaboration between enterprises and educational establishments to improve the understanding of each other's. At present the collaboration seems to be somewhat superficial. Successful collaboration would see both parties being committed to project, it should be planned for a long term and not lasting just a length of a one course. Perhaps educational establishments in Finland need to adapt more of the enterprises way of thinking. It seems that Universities of Applied Sciences are slightly more advanced in collaboration than traditional universities and the results support this.

In this study, 44% of the enterprises funded their international business activities with equity and only 7% through public funding. Economic resources were mentioned to be the main barrier in small company's internationalization process by two thirds of the respondents. Almost half, 48% (n=23) of the respondents stated they had received support from Tekes, to support their internationalization which reflects the previous research results (Rikama 2017, 2). The support received from Tekes could be for



example services that support the company's growth and internationalization in addition to finance (Tekes 2017). Public organizations Team Finland and Finpro received some critic as being inflexible and their pricing did not take into consideration the smaller enterprises. Only the time will tell whether the new organization Business Finland will be able to provide more services to the enterprises to support their growth and internationalization than its predecessors Finpro and Tekes.

The availability of resources seems to affect the company's internationalization, as 63% of respondents stated that having resources affected the speed of moving from domestic markets to abroad. This differs from the finding of Oviatt and McDougal (2005) who believe that the main three factors are environmental issues, industry conditions and the way entrepreneur thinks. However, the respondents did think that the second most important factor affecting the speed of internationalization was the entrepreneur's way of thinking about things.

Internationalization is the main topic in the public discussion but clearly more needs to be done to affect the entrepreneur's way of thinking. The general discussion in the media might feel distant and abstract from a small entrepreneurs' perspective. It is possible that the location of enterprise and the size of the town or area can affect on how internationalization is seen. International business requires comprehensive planning which again requires resources such as time and personnel. Small enterprises do not often have these so utilizing educational establishments in this instance as well could be useful. Students could assist in various projects such as conducting a market research, developing business and in general provide new perspective at looking at business operations. Affecting the ways of thinking should be done on a local level and educational establishments can have a great influence on this.

Just over third, 35% (n=39) of the companies were established between 2010–2017 while the number of born global companies was 11% (n=12). Born global companies are seen as growth companies and have usually been established since the year 2000. In the light of previous research, the born global firms usually lack resources such as expertise and finance (Gabrielsson & Kirpalani 2004). Half of the respondents, 52% thought that first step on internationalization was choosing the target country. The choice of target country was mainly affected by the country's market potential and was usually geographically started from the Nordic countries. The findings of this thesis are in align with the literature. Based on the results, enterprises' obstacles in the international trade were finding international partners for retail and distribution channels. Difficulty of finding an international partner for research and product development was mentioned as the second main obstacle in international business.

## 8 CONCLUSION

In this thesis, the focus was to examine the barriers and opportunities that the Kuopio region's SMEs experience in internationalization. The idea to this thesis rose from Finland's weak economic situation and particularly the Kuopio region's low export rates. Also, my own background and interest in international business had an influence on choosing the subject. The empirical part of this thesis was conducted with a questionnaire that was sent to region's enterprises via the commissioner. The response rate was low regardless of sending a reminder, but the total number of responses can be seen as adequate for the purpose of getting a general view of the internationalization in the region. This thesis had two research questions which aimed to discover what deficiencies the region's enterprises had and their readiness to internationalization showed. The thesis aimed to provide the commissioner with new and concrete knowledge of region's SMEs possibilities and barriers to internationalization.

This research examined the competence deficiencies of region's SMEs and discovered they corresponded with the previous literature. The local enterprises' deficiencies appeared to relate to the lack of international business know-how and finance, but also to the shortage of distribution channels and cooperation partners. The SMEs also thought that information of the markets, lack of courage and marketing skills were deficiencies in internationalization. Companies' views on whether their board had sufficient skills on internationalization varied evenly and reflected the previous research findings. Based on the results, companies' boards require members who have skills needed in internationalization and growth in general. Research also found that in born global companies the entrepreneurs and other managers tend to be well educated. Surprising finding was the micro size enterprises internationalization activity, as the literature indicates that the smaller companies usually suffer from the lack of resources needed in internationalization.

The thesis progressed according to the targets that I had set for myself. The theory part was written mainly in the autumn and the time to collect the research data was approximately two weeks. The questions in the questionnaire were made in a way that they were easy to understand, and the responding was eased with a ready given answer options. However, once the questionnaire had been sent out, respondents gave feedback on one of the questions that had accidentally been made mandatory. The mandatory question was changed to optional but at that point 30 enterprises had already replied to the questionnaire. Overall, I am pleased with the thesis process as it progressed within the time frames set and it gave an interesting and informative insight into the local enterprises views on internationalization.

Important factors in succeeding in this thesis process were finding an interesting subject and that it was something that would also benefit the working life. Other significant factors to the successful thesis were my ability to do project work and good communication skills which were needed to collaborate with the supervisor and commissioners. In personal level, the thesis process helped me to grow professional networks and hopefully I am able to utilize these in the future. The overall duration for the entire thesis process was just over four months.

This thesis aimed to do a comprehensive research in to the views of region's SMEs on a general level. In the future, it would be interesting to study particularly the born global companies in the Kuopio region and find out why these companies are by nature willing to go abroad and how do these companies do business in the international environment. Born global companies do not have necessarily have the expertise or financial resources acquired from the domestic markets as they seek international markets instantly as Gabrielsson & Kirpalani (2004) state. It seems that the networking abilities play an essential role in their growth attempts to the international markets and the use of different networking methods affects the speed of growth (Gabrielsson et al. 2008). According to Taney (2012) born global companies quite often satisfy the global niche markets and operate in the field of technology.

As a whole, the international business in the Kuopio region seems to be in its infancy and considerably more work needs to be done to make international business an essential part of SMEs operations. Perhaps international business should be thought as part of all educational qualifications, from comprehensive school level and onwards, to influence the mindset of people from the very beginning. The Federation plays an important role in influencing people's opinions and raising awareness of entrepreneurship in Finland. Considering these facts and that the enterprises trust the advice they receive from the Federation it would be natural progress for the Federation to help to deepen the collaboration between the enterprises and educational establishments. It is necessary to remember that all businesses do not have to internationalize as one of the respondent's stated that domestic markets were adequate. The world is changing at a rapid pace and therefore, the entrepreneurs must be open for possibilities that international markets have to offer. It is possible that someday certain companies must make a transition from domestic markets to international markets. In the internationalization process, the cooperation between the companies and the educational establishments could offer endless opportunities.

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Hyvä yrityksen edustaja,

teen opinnäytetyötä kuopiolaisten pk-yritysten kansainvälistymisen näkemyksistä. Opiskelen kolmatta vuotta kansainvälistä liiketoimintaa Centria-ammattikorkeakoulussa Pietarsaassa, mutta asun vakinaisesti Kuopiossa. Opinnäytetyön ohjaajana toimii koulutusohjelmasta vastaava Sara Åhman. Opinnäytetyö valmistuu loppuvuonna ja se on saatavilla nimelläni osoitteesta: <http://theseus.fi/>

Tämä kysely toteutetaan yhteistyössä Savon Yrittäjien kanssa. Kyselyn tarkoituksena on tuottaa ajankohtaista tietoa alueen pk-yritysten kansainvälistymiseen liittyvistä mahdollisuuksista ja haasteista. Tutkimuksen tuloksia hyödynnetään kansainvälistymispalveluiden kehittämisessä.

Kyselyyn vastaaminen kestää noin 10 minuuttia. Kaikki antamanne tiedot käsitellään luottamuksellisesti.

Pyytäisin vastaustanne maanantaihin 9.10.2017 mennessä.

Kiitos osallistumisestanne.

Ystävällisin terveisin,

Anne Huusko

International Business -koulutusohjelman opiskelija (BBA)

Centria-ammattikorkeakoulu



## **Kysely Kuopion alueen pk-yritysten kansainvälistymisen mahdollisuuksista 2017**

Tämän kyselyn tarkoituksena on selvittää Kuopion alueen pienten ja keskisuurten yritysten kansainvälistymisen esteitä. Tässä yhteydessä kansainvälistymisellä viitataan yrityksen vientitoimintaan. Kyselyssä ollaan kiinnostuneita vientiin liittyvistä näkemyksistä yleisellä tasolla, joten kyselyyn voi vastata myös sellaiset yritykset, joilla ei vielä ole kansainvälistä liiketoimintaa.

Tähdellä (\*) merkityt kysymykset ovat pakollisia.

### **I TAUSTAKYSYMYKSET**

Tässä osiossa kysytään yrityksen perustietoja, joiden tarkoituksena on selvittää muun muassa yrityksen koon ja toimialan merkitystä kansainvälistymisessä. Tietojen perusteella ei voida tunnistaa vastaajaa eikä yritystä.

#### **1. Yrityksen koko (henkilöstön lukumäärä) \***

0-9

10-49

50-249

**2. Yrityksen perustamisvuosi \***

1990 tai aiemmin

1991-2000

2001-2009

2010-2017

**3. Yrityksen toimiala \***

Tukku- ja vähittäiskauppa

Teollisuus

Rakentaminen

Elintarviketeollisuus

Matkailu

Terveysteknologia

Peliteollisuus

Palvelut

IT

Muu, mikä

**4. Vastajaajan sukupuoli**

Mies

Nainen

Muu

**5. Mihin seuraavista ikäryhmistä kuulutte?\***

- Alle 30-vuotiaat
- 31-40 v.
- 41-50 v.
- 51-64 v.
- 65 vuotta täyttäneet

**6. Vastaajan koulutustausta, valitse ylin koulutuksesi \***

- Perus- tai kansakoulu
- Ammattikoulu
- Lukio tai ylioppilas
- Opistotason ammatillinen koulutus
- Ammattikorkeakoulu
- Yliopisto tai korkeakoulu, alemman asteen tutkinto
- Yliopisto tai korkeakoulu, ylemmän asteen tutkinto

**7. Mikä seuraavista vastaa parhaiten rooliasi yrityksessä? (Valitse yksi vaihtoehto)\***

- Yrittäjä
- Toimitusjohtaja
- Myyntipäällikkö
- Markkinointipäällikkö
- Vientipäällikkö
- Hallituksen jäsen
- Joku muu, mikä

**8. Kansainvälistymisen vaihe yrityksessänne \***

Harkinnassa/alkuvaiheessa

Kasvuvaiheessa

Vakiintunutta

Joku muu, mikä

**II YLEISTÄ KANSAINVÄLISTYMISESTÄ**

Tässä osiossa on esitetty yleisiä väittämiä ja kysymyksiä kansainvälistymisestä.

**9. Yritysten kansainvälistyminen lähtee liikkeelle pienistä toiminnoista kuten esimerkiksi yhteistyöstä toisen yrityksen kanssa ja se etenee systemaattisesti vaihe vaiheelta \***

Täysin samaa mieltä

Jokseenkin samaa mieltä

Ei samaa eikä eri mieltä

Jokseenkin eri mieltä

Täysin eri mieltä

**10. Kun yritys on tehnyt Suomen markkinoilla menestyvän tuotteen, yrityksen on luonnollista viedä se kansainvälisille markkinoille \***

Täysin samaa mieltä

Jokseenkin samaa mieltä

Ei samaa eikä eri mieltä

Jokseenkin eri mieltä

Täysin eri mieltä

**11. Mitkä seuraavista asioista vaikuttavat mielestäsi yrityksen nopeuteen siirtyä kotimaisilta markkinoilta ulkomaille? (Voit valita useamman)\***

Kotimaan toimintaympäristön tilanne  
Ulkomaan toimintaympäristön tilanne  
Kotimaan toimialan tilanne  
Ulkomaan toimialan tilanne  
Yrittäjän tapa ajatella asioista  
Yrityksen resurssit  
Tieto kansainvälistymisen prosessista  
Muu

**12. Mitä resursseja kansainvälistyminen vaatii? (Voit valita useamman)\***

Aikaa  
Rahaa  
Henkilöstöä  
Osaamista  
Sitoutumista  
Rohkeutta  
Tuotannollisia valmiuksia kasvaa  
Muu

**13. Ensimmäinen askel kansainvälistymisprosessissa on kohdemaan valinta \***

Täysin samaa mieltä  
Jokseenkin samaa mieltä  
Ei samaa eikä eri mieltä  
Jokseenkin eri mieltä  
Täysin eri mieltä

**14. Kohdemaan valintaan vaikuttavat seuraavat asiat: (Voit valita useamman)\***

Kohdemaan markkinapotentiaali  
Riskit, jotka liittyvät kohdemaahan  
Etäisyys Suomesta kohdemaahan  
Muu

**15. Yleensä kansainvälistä kaupankäyntiä vaikeuttaa yrityksen näkökulmasta (Voit valita useamman)\***

Tiedon puute markkinoista  
Johdon kansainvälisen liiketoimintaosaamisen puute  
Osaavan henkilökunnan puute  
Rahoituksen puute  
Kielitaidon puute  
Kulttuurituntemuksen puute  
Muu

**16. Kansainvälistä kauppaa kohdemarkkinoilla vaikeuttaa (Voit valita useamman)\***

Jakelukanavien kuten jälleenmyyjien puute  
Yhteistyökumppanin kuten toisen yrityksen mukaan saaminen  
Kaupanesteet kuten tullaus ja määräykset  
Kilpailu  
Lainsäädäntö  
Poliittiset ongelmat  
Taloudelliset ongelmat  
Muu

**17. Kansainvälisen yhteistyökumppanin löytäminen on vaikeaa (Voit valita useamman) \***

Lisensointiin  
Jälleenmyyntiin  
Tutkimukseen ja tuotekehitykseen  
Alihankintaan

**18. Kansainvälistyminen aloitetaan usein maantieteellisesti (Valitse yksi)\***

Pohjoismaista  
Baltian maista  
Venäjältä  
Euroopasta  
Muu, mikä

**19. Yritys on perustettu suoraan kansainvälisille markkinoille?\***

Kyllä  
Ei

**III PK-YRITYSTEN NÄKEMYKSET KANSAINVÄLISTYMISEN ESTEISTÄ**

Tässä osiossa väittämät ja kysymykset liittyvät paikallisten pk-yritysten näkemyksiin kansainvälistymisen esteistä.

**20. Potentiaalisesta tuotteesta huolimatta, pienen yrityksen kansainvälistymisen esteenä on usein liian vähäiset resurssit (Voit valita useamman)\***

Taloudelliset resurssit  
Tuotantokapasiteetti



Kansainvälisen liiketoiminnan kokemus

Kielitaito

Markkinointiosaaminen

Tuotekehitykseen tarvittavat resurssit

Muu

**21. Pk-yritykset saavat kansainvälistymistä edistävilta organisaatioilta kuten Finproilta ja Team Finlandilta riittävästi tukea kuten rahoitusta ja asiantuntijapalveluita \***

Täysin samaa mieltä

Jokseenkin samaa mieltä

Ei samaa eikä eri mieltä

Jokseenkin eri mieltä

Täysin eri mieltä

**22. Rahoituksen saanti mahdollistaa pk-yrityksen liikevaihdon ja viennin kasvun\***

Täysin samaa mieltä

Jokseenkin samaa mieltä

Ei samaa eikä eri mieltä

Jokseenkin eri mieltä

Täysin eri mieltä

**23. Onko yrityksenne saanut tukea kansainvälistymiseen seuraavilta organisaatioilta? (Voit valita useamman)\***

Yritys-Suomi

Finpro

Finnvera

Tekes  
Team Finland  
Työ- ja elinkeinoministeriö TEM  
Kauppakamarit  
Finnfund

**24. Miten kansainvälinen liiketoiminta on rahoitettu yrityksessänne? (Voit valita useamman)\***

Oma pääoma  
Julkinen rahoitus  
Pankki  
Yksityinen sijoittaja  
EU-rahoitus  
Ei ajankohtainen kysymys

**25. Kuopion alueen yritysten kansainvälistymisen kannalta vahvuuksia ovat alueen kumppaneiden (elinkeinoelämän, oppilaitosten ja järjestöjen toimijat) välinen yhteistyö ja innovaatiotoiminta\***

Täysin samaa mieltä  
Jokseenkin samaa mieltä  
Ei samaa eikä eri mieltä  
Jokseenkin eri mieltä  
Täysin eri mieltä

**26. Yrityksenne hallituksessa on riittävä osaaminen kansainvälistymisen kannalta \***

Täysin samaa mieltä  
Jokseenkin samaa mieltä

Ei samaa eikä eri mieltä

Jokseenkin eri mieltä

Täysin eri mieltä

**27. Kuopion alueella on tarjolla työvoimaa, joilla on kansainvälisen liiketoiminnan osaamista**

\*

Täysin samaa mieltä

Jokseenkin samaa mieltä

Ei samaa eikä eri mieltä

Jokseenkin eri mieltä

Täysin eri mieltä

**28. Yrityksenne hyödyntää Itä-Suomen yliopiston tarjoamia palveluita kansainvälistymisen edistämiseksi \***

Täysin samaa mieltä

Jokseenkin samaa mieltä

Ei samaa eikä eri mieltä

Jokseenkin eri mieltä

Täysin eri mieltä

**29. Yrityksenne hyödyntää Savonia-ammattikorkeakoulun tarjoamia palveluita kansainvälistymisen edistämiseksi \***

Täysin samaa mieltä

Jokseenkin samaa mieltä

Ei samaa eikä eri mieltä

Jokseenkin eri mieltä

Täysin eri mieltä

**30. Yrityksenne on kiinnostunut ottamaan töihin tai harjoitteluun ulkomaalaisia opiskelijoita kansainvälistymistoiminnan käynnistämisen tueksi?**

Ei

Kyllä, olen kiinnostunut. Haluaisin, että minuun otetaan yhteyttä. Yhteystietoni ovat:

**31. Kommentit ja kysymykset**