Aalto University
School of Chemical
Engineering

Jesse Suokas

THE INTERNATIONALIZATION OF SMALL FINNISH FOOD COMPANIES WITH FOOD FROM FINLAND AS A SUPPORTIVE PLATFORM

Master´s Programme in Chemical, Biochemical and Materials Engineering

Major in Biotechnology

Master’s thesis for the degree of Master of Science in Technology submitted for inspection, Espoo, 13 February 2017.

Supervisor	Professor Katrina Nordström
Instructor	M.Sc. Esa Wrang

Aalto University
School of Chemical
Technology

Aalto University, P.O. BOX 11000,
00076 AALTO www.aalto.fi

Abstract of master's thesis

Author Jesse Suokas

Title of thesis Internationalization of small Finnish food companies with Food from Finland as a supportive platform

Degree programme MSc in Chemical, Biochemical and Materials Engineering

Major/minor Biotechnology **Code of major** CHEM3022

Thesis supervisor Katrina Nordström

Thesis advisor(s) Esa Wrang

Date 13.02.2017 **Number of pages** 83+3 **Language** English

Abstract

This study was a qualitative interview study about the internationalization of six small Finnish food companies supported by the government funded Food from Finland program. Results from interviews were assessed theoretically. The main research questions were about internationalization and growth, market selection strategy, and Asia as potential marketplace.

Internationalization was part of the growth strategy mainly because of the small and stagnant home market. The old family businesses had set a goal to find a new direction from the international marketplace and the new companies had been international since their inception. Investments and new labor were involved in export growth.

The companies served multiple markets. Almost all of the companies had two or three main markets and multiple smaller ones. The market selection strategy was ambidextrous and thus not too focused on the main markets. Their initial markets were mainly culturally and geographically close countries like Sweden and Germany.

The Asian markets were a new area of interest. All of the companies had either already exported or were amidst making export deals. The companies were aware of the difficulties of operating in Asia and thus they were in need of gathering the relevant market information and finding good long term partners.

The Food from Finland program offered a wide array of events that were well received by the participating companies. Networking and combining the strength and learning of small, medium and large sized companies under joint fairs and product clusters, combined with market information provided for the participants created better opportunities for all and aided the growth of Finnish food exports as a whole.

Keywords internationalization, food, export, SME

Aalto University School of Chemical Technology

Aalto University, P.O. BOX 11000, 00076 AALTO www.aalto.fi

Abstract of master's thesis

Tekijä Jesse Suokas

Työn nimi Internationalization of small Finnish food companies with Food from Finland as a supportive platform

Koulutusohjelma MSc in Chemical, Biochemical and Materials Engineering

Pää-/sivuaine Biotechnology **Pääainekoodi** CHEM3022

Työn valvoja Katrina Nordström

Työn ohjaaja(t) Esa Wrang

Päivämäärä 13.02.2017 **Sivumäärä** 83+3 **Kieli** englanti

Tiivistelmä

Työssä tutkittiin haastattelututkimuksen avulla kuuden pienen suomalaisen elintarvikeyrityksen kansainvälistymistä ja heille valtionrahoitteisen Food from Finland ohjelman tarjoamaa tukea. Haastatteluista kerättyä kvalitatiivista aineistoa tarkasteltiin teoreettisesti. Tutkimuksen kolme pääkysymystä liittyivät: kansainvälistymiseen ja kasvuun, markkinoiden valintastrategiaan sekä Aasian markkinoiden houkuttelevuuteen.

Kansainvälistyminen oli osa yritysten kasvustragiaa, sillä kotimarkkinat ovat pienet ja pysähtyneet. Vanhojen perheyritysten tavoite oli löytää uusi suunta kansainvälisiltä markinoilta, ja uudempien yritysten toiminta oli jo lähtökohtaisesti kansainvälistä. Viennin kasvuun liittyivät investoinnit ja työvoiman lisääminen.

Yritykset palvelivat useita markkinoita. Lähes kaikilta löytyi yksi, kaksi tai kolme selkeää päämarkkinaa sekä useita pienempiä markkinoita. Näin markkinoiden valintastategia oli monipuolinen, eikä päämarkkinoista oltu liian riippuvaisia. Yritysten ensimmäiset markkina-alueet olivat pääosin kulttuuriltaan ja välimatkaltaan läheisiä maita kuten Ruotsi ja Saksa.

Aasian markkinat olivat yrityksille uusi kiinnostava kohdealue. Kaikilla yrityksillä joko oli jo vientiä, tai neuvottelut auki Aasiaan. Markkinan haasteellisuus oli huomioitu, ja yrityksillä oli suuri tarve relevantille markkinatutkimustiedolle sekä tarve löytää heille sopivia pitkäaikaisia yhteistyökumppaneita.

Food from Finland ohjelma tarjosi yrityksille monia hyviä palveluita. Verkostoitumisen ja pienten, keskisuurten ja suurten yritysten yhteistyöllä yhteisillä messuosastoilla ja tuoteklustereilla sekä ohjelman tarjoamalla markkinatiedolla mahdollistettiin Suomen elintarvikeviennin kokonaiskasvua.

Avainsanat kansainvälistyminen, elintarvike, vienti, SME

Preface

This Masters' Thesis was done as a part of the government funded Finpro led Food from Finland program aiming to double the Finnish food exports by 2020 and to create 5000 new jobs in the food sector. The subject is important as the Finnish food industry is seen as an economic growth platform that has high expectations. The aim of the study was to find out how small Finnish food companies internationalize with the Food from Finland export growth program as a supportive platform. The study was done by Aalto University student Jesse Suokas. Esa Wrang from Finpro acted as thesis advisor and Katrina Nordström from Aalto University as the responsible professor for the thesis. The funding came from Fennopromo as single payment compensation. I would like to thank my advisor, supervisor and funders for making this Masters' Thesis possible.

Espoo 13.2.2017

Jesse Suokas

Table of contents

Abbreviations

B2B	Business to business
B2C	Business to consumer
BG	Born-global
MNE	Multinational enterprise
RBV	Resource based view
SME	Small and medium-sized enterprise
U-model	Uppsala model

1 Introduction

This study aims to elucidate how small Finnish food companies internationalize with the government funded Food from Finland export growth program as a supportive platform. The theoretical background of internationalization methods, barriers, drivers, growth, diversification of exports, and food business specific knowledge is applied to better understand the underlying themes and issues related to small food business internationalization with qualitative interviews from six different type of small food companies participating in the Food from Finland program providing the empirical data.

The Finnish food industry is seen as an economic growth platform that has high expectations. Because of the small and stagnant domestic market the growth needs to come from the international marketplace. (Hyrylä, 2014) Finpro is a government funded organization in charge of helping Finnish SMEs go international, encouraging foreign direct investment in Finland and promoting travel to Finland. Finpro is a public organization consisting of Export Finland, Visit Finland and Invest in Finland. Food from Finland is a part of Export Finland. This study is a part of the Food from Finland program that aims to double the Finnish food exports by the year 2020 and to create 5000 new jobs in the food sector. (Wrang, 2016) This study specifically aims to bring knowledge on how to best support the small food companies that take part in the program.

Traditionally the small and medium sized Finnish food companies are very moderate in internalization because they feel they need to first establish a significant market position in Finland. The most common barriers for internalization are the lack of proper distribution channels, finding the customers, international marketing and the specific laws and regulations and custom fees. (Hyrylä, 2014) The barriers also include the staff qualification (training and language skill) and the logistics in form of excessive transportation costs that are particular to perishable food products. (Fischer, 2004) Internalization will require more than just fact finding, it includes risk analysis, long term commitment, the right partners, networking and other success factors that the foundation is built on (Hyrylä, 2014).

2 Context of the study

2.1 Finnish food industry

Finland has a versatile and multiform food industry in which big companies are in charge of creating volume and exports and small companies increase the range of product diversity and maintain local food culture (Hyrylä, 2016). The industry employs around 38000 people in about 1700 companies. Almost 62% of the companies employ less than five people. (ETL, 2016) Finland has vast natural resources of raw materials for food production. Finland also has good technological knowledge in food production; however, the geographical location poses challenges in terms of low temperatures. This restricts e.g. the selection of available fresh produce and shortens the growth seasons of crops. The industry invests a lot in making production more efficient and the quality is kept high with quality management systems increasingly in use as well as with more open communication on responsible practices. (Hyrylä, 2016)

Finland has a clear duopoly in the internal market for food products. Two corporations S-ryhmä with 45.9% of total sales and K-ryhmä (that recently acquired a smaller competitor, Suomen Lähikauppa Oy) with 39.1% of total sales control the marketplace. (PTY, 2015) Private label products and product lines are increasing in the market. This can be a big hindrance for the brand value products and is threatening to reduce their numbers continually. The ongoing price race is seen as a challenging aspect for companies aiming to bring new innovative products into the market. (Hyrylä, 2014) Due to the small and stagnant home market internationalization through exports and other means is a viable option for growth. Exporting highly processed and high margin goods is the precondition to even out the chronic deficit of the trade balance (1.5 billion € exports vs. 4.4 billion € imports, (ETL, 2016)). The products need to be of high quality and innovative to warrant a premium price and to be able to compete in the international market.

At the moment there are few successfully internationalized food companies and more companies should be directed towards exports. Many Finnish food companies have overcapacity in production compared to domestic sales so the export production is not limited by capacity. (Hyrylä, 2016) The most common barriers for internalization through export are the lack of proper distribution channels, finding the customers, international marketing and the specific laws and regulations and custom fees. Internalization through exports will require more than just fact finding, it includes risk analysis, long term commitment, the right partners, networking and other success factors that the foundation is built on. (Hyrylä, 2014)

The international food businesses in Finland produce around 40% of their total turnover in the international food markets. Most of the big Finnish food companies do exports while most of the micro (employ less than 5) companies do not. Around 13-14 % of SMEs export. In total exports account for around 14% of the food industry turnover (the rest coming from foreign subsidiaries). Due to the current political situation between Russia and the European Union, and the weakening of the ruble exchange rate our annual exports to Russia have dropped significantly from over 430 million € in 2013 to just 113 million € in 2015. There is a clear need to find new export locations to get the exports to their old level and beyond. Most of Finnish exports go to neighboring countries Sweden (20.4%), Estonia (8.8%) and Russia (7.6%). (ETL, 2016) The recent developments have forced companies to look for new export destinations, even from as far away as Asia and the Middle East. This has opened new possibilities also for smaller food companies. The opening of these markets is, however, very time and resource consuming. (Hyrylä, 2016)

The competitive edge of Finnish food companies is based on pure, healthy and quality raw materials and safe production combined to strong brand value, Finnish design, storytelling and finding/creating niche markets. Finland has a lot of potential in the Free From markets with the technologies in use to produce for example lactose free products. The best recent export results have come from alcohol products that have managed to capture the previously mentioned competitive edges. (Hyrylä, 2016) Alcoholic drinks are currently the number one export product category (ETL, 2016).

2.2 Food from Finland

Finpro is a government funded organization in charge of helping Finnish SMEs go international, encouraging foreign direct investment in Finland and promoting travel to Finland. Finpro is a public organization consisting of Export Finland, Visit Finland and Invest in Finland. Food from Finland is an Export Finland growth program for Finnish food exports. The aim is to create a significant and concrete program that has a high success ratio and benefits all the fields of food production/marketing/sales included in the program. The goals for the program include: doubling food exports by 2020; creating 5000 jobs for the food sector; increasing the networking and cooperation between companies and internationalization of food product, machinery and service providers of small, medium and large size companies by offering support with their exports and international marketing. The program helps in finding and opening new international markets and finding the right partnerships and creating sales. Everything is done in close cooperation with the participating companies, other Team Finland players and the Finnish Food and Drink Industries' federation. (Wrang, 2016)

The target markets for Food from Finland include: Scandinavia, The Baltics and Germany as the Baltic Sea focus area and China, South-Korea, Japan as the East-Asia focus area. Other markets include France, Netherlands, Spain and Italy and new markets for 2016 Middle East and USA. Russia is pending because of the current political situation. (Wrang, 2016)

The events included in the program are such that individual companies can rarely afford or do not have the means to organize themselves. This is especially true for small companies but even the big players' benefit from this cooperation. The aim is to have a wide variety of companies in cooperation and a have a few distinctive product/knowledge leaders leading the way for marketing that provides a growth platform for Finnish food exports. Currently there are about 95 official participant companies in the program and around 120-130 companies have participated in some parts of the program. (Wrang, 2016)

Food from Finland Events organized and participated in multiple events in 2016. The Food from Finland national pavilion was present in 13 international trade shows. These include for example Foodex Tokyo, SIAL Shanghai, VinExpo Hong Kong and SIAL Paris. Never before has Finland been present so comprehensively and visibly in food fairs. There were 17 buyer meeting events held in forms of: (i) Fact finding and buyer meeting events in target markets; (ii) Delegation visits to target countries, including buyer events and (iii) Meet the buyer events in Finland. There were also media visits to Finland, networking events and multiple training programs and coaching days in Finland. Food from Finland offered the following services as of 1.1 (Wrang, 2016)

- Named contact person (for networks, support and information)
- Regular market information and info about new market opportunities
- Preliminary market research in a selected country free of charge
- The support and permission to use the Food from Finland brand in events, marketing, materials and websites
- The opportunity to participate in all the events of the program
- 10% discount on all the paid services (such as fair participations as part of the joint pavilion of the Food from Finland program)

3 Literature review

3.1 Internationalization

Internationalization can be described as a synonym for the geographical expansion of economic activities over a national country's border. Internationalization also means a changing state. (Ruzzier et. al, 2006) The growth of a firm provides a background to internationalization and to some degree the concepts of internationalization and growth can be seen as intertwined (Buckley and Ghauri, 1999).

There has been a tendency to view the internationalization process of small companies as incremental. *(*Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977; Luostarinen, 1979) Companies gradually increase their commitment and involvement in international activities. They can also become inverted and start de-internationalizing. (Benito and Welch, 1997) The Uppsala model is one of the most well-known traditional approaches to describe internationalization. In the U-model the company gradually and sequentially increases commitment over several stages. Thus it is also referred to as the stage model. (Johanson and Vahlne, 1977).

Johanson and Mattsson (1988) define internationalization through a network context and they see it as a cumulative process. According to their theory there is a process of developing networks of business relationships in foreign markets through extension, penetration and integration. These relationships are constantly established, maintained, developed, broken and dissolved in order to achieve the objectives of the company. (Johanson and Mattsson, 1988)

The resource-based models see the company resources as a way to create a competitive advantage. The resources can be tangible (stock, funds etc.) or intangible (knowledge). They are available, owned and controlled by the company and through organizational learning they can be dynamically developed. They are converted into products and services with a variety of other resources through a wide variety of bonding mechanisms. (Ruzzier et al., 2006)

Finally the International entrepreneurship theory tries to bind the other theories that are seen as running parallel. It tries to create a point of convergence. The theory sees entrepreneurial behavior of the firm and its individuals as the basis for foreign market entry. (Oviatt and McDougall, 2000).

3.1.1 Incremental theory / Uppsala model

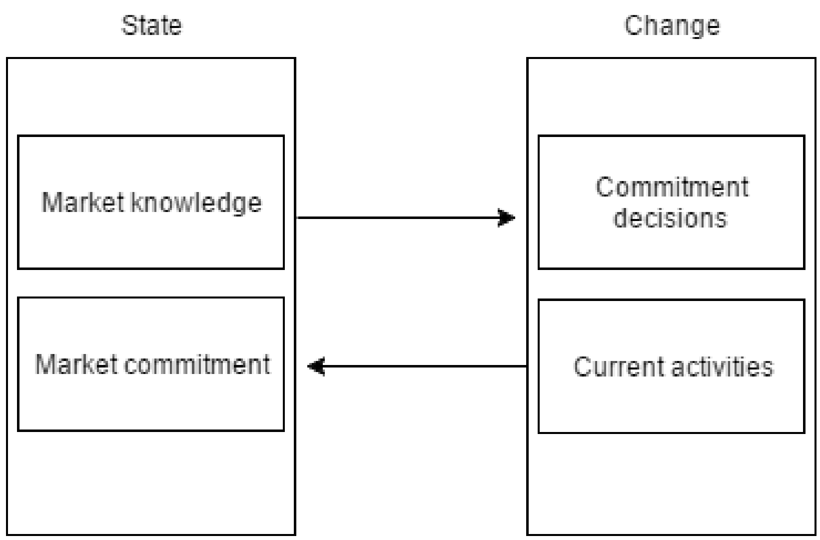
The incremental internationalization theoretical framework was first developed by Johanson and Wiedersheim-Paul (1975). They did a case study of four Swedish firms and observed that when the firms internationalized they moved along a series of incremental steps which they termed an ‘establishment chain.’ This was later developed into the Uppsala model (U-model) by Johanson and Vahlne (1977). The Uppsala model is one of the most well-known traditional approaches to describe internationalization. The main idea is that companies gradually gain more knowledge of their international markets and thus by learning they increase their involvement. It is a stage model, where the accumulation of information increases the commitment over time. (Johanson and Vahlne, 1977).

The U-model has four stages that describe the internationalization level of a firm. At first there is no regular export (sporadic export). After some time has passed and the company has learned more about its export market the companies start exporting with the help of independent representatives (agents) abroad. In the following stage the companies develop a sales subsidiary in a foreign country. In the fourth and final stage the firm establishes a production facility abroad. (Johanson and Wiedersheim-Paul 1975; Johanson and Vahlne 1977)

In the U-model internationalization is triggered by unsolicited orders, by economies of scale or by some other mechanism. When the firm starts its operation in a foreign market they start their learning process. The learning process can be described by two types of knowledge needed and accumulated in the process. One is objective knowledge, which can be transferred from one market to another and the other experiential knowledge, which is gained by experience, learning by doing or acting. By accumulating knowledge of their market the firms can decide their level of commitment and thus plan and execute the needed activities to be successful in that market. The level of commitment increases the use of resources committed since the specific investments (to dedicated sales channels, local production units, and new market ventures) are hard for company management to find an alternative use for. Thus the company needs to continue the pursuit of the international business opportunities created by this deployment of resources. (Johanson and Vahlne, 1977).

The U-model assumes that market commitment and market knowledge affect the perceived opportunities and risks which in turn influence commitment decisions and current activities. The knowledge of opportunities and problems are assumed to initiate decisions. Thus the basic assumption of the U-model is that the market knowledge and market commitment affect the future commitment decisions and the way current decisions are performed. This in turn affects the market knowledge and commitment. The U-model is generally perceived as a risk reduction model. (Johanson and Vahlne, 1977) The dynamic model is described in Figure 1.

Figure 1. The basic mechanism of internationalization: state and change aspects (Johanson and Vahlne, 1977: 26)



The model also suggests that companies begin their internationalization process in markets that have the less psychic distance. Psychic distance is defined as: *"Factors such as differences in language, culture, political systems, etc., which disturbs the flow of information between the firm and the market"* (Johanson and Wiedersheim-Paul 1975). Psychic distance creates the liability of foreignness which in turn directs companies to internationalize in countries which are perceived culturally, economically, geographically (etc.) close before gradually entering other markets. (Hymer, 1976)

Today the U-model is seen as out of date and it has been challenged by many other theories trying to understand the modern firms that achieve a faster internationalization through multiple means. (Johanson and Mattson, 1988; Andersen, 1993; Oviatt and McDougall, 1994; Mtigwe, 2006). Andersen (1993) questions the theoretical and methodological robustness of the U-model. He argues that the intuitive appeal is not matched by the scientific appeal. He recognizes three limitations in the U-model: (1) Firms with large resources can take larger internationalization steps and experience smaller consequences from their commitment; (2) In stable and homogenous market conditions relevant market knowledge can be acquired in other ways than experience; (3) Firms with considerable experience from markets with similar conditions may generalize their experience to specific markets. (Andersen 1993) The other internationalization theories are described in more detail in the following chapters.

3.1.2 Network theory

The network model of internationalization developed by Johanson and Mattsson (1988) views firm internationalization as a natural development from network relationships with foreign individuals and firms. They discuss the internationalization of firms in the context of both the firm's own business network and the relevant network structure in foreign markets. (Johanson and Mattson, 1988).

In the network perspective the network and the players within the network provide the resources for internationalization. Firms and their entrepreneurs are connected to other firms and entrepreneurs by networks within the same industry and in a broad international environment. The networks and the individuals in them have tacit knowledge that can be seen as a resource. Getting access to this resource through the appropriate networks offers information for entrepreneurial actions. (Ruzzier et al., 2006) Networks can help increase the firm's international competitiveness when properly managed. There is a need for dedicating

resources to the foreign market activities. Firms usually internalise the management to keep it close and develop dedicated managers that can handle the networks. (Majocchi et al., 2005)
Business networks are considered long-term business relationships with customers, distributors, suppliers, competitors and the government (Johanson and Mattson, 1988). Business networks also have a negative dimension, because of the scarcity of resources and time; there is a limit in the amount of relationships that can be formed. Firms can be locked into relationships and this makes it difficult for them to find more valuable relationships. (Gulati et al., 2000)

There is no incremental process exhibited but faster internationalization is achieved through the experience and resources of network partners (Mtigwe, 2006). All firms in a market are considered to be embedded in one or more networks via linkages to their suppliers, subcontractors, customers and other market actors (Johanson and Mattsson, 1988). Networks allow companies to rapidly internationalize by using their networks as a source of market information and knowledge that would otherwise be time consuming and costly for them to get (Chetty and Campbell-Hunt, 2003).

Johanson and Mattson (1988) describe three ways on how firms can use their network partners in the establishment and development of their foreign market position. (1) International extension: entering the new foreign market with the help of foreign network partners. (2) Penetration: expanding the resource commitments in markets that they already have a presence. (3) International integration: co-coordinating the international network activities spread in multiple countries. (Johanson and Mattsson, 1988).

According to Johanson and Mattsson (1988, p. 212) there are four categories of firms: the early starter, the lonely international, the late starter and the international among others. These are found in Table 1 and described in detail below.

Table 1. Four categories of internationalization. (Johanson and Mattsson, 1988).

		Degree of internationalisation of the market (the product net)	
		Low	High
Degree of internationalisation of the firm	Low	The Early Starter	The Late Starter
	High	The Lonely International	The International Among Others

The early starter has only a few relationships in the foreign market and tends to have only a little knowledge about the foreign market. They can't really acquire more related foreign knowledge at their home market so in order to gain the knowledge they need to make use of agents to enter the foreign market. They will try to use the agents' experience to obtain more knowledge. Next up is the lonely international that is highly internationalized in market environment with a domestic focus. Their capabilities to promote internationalization of the market and to succeed in it stem from prior knowledge and experience acquired in a foreign market. The late starter works in a market that is already internationalized. The firm has an indirect relationship with the network that makes them able to internationalize. However, they have a disadvantage against the competitors since their competitors have acquired more knowledge of the foreign market. The late starter has a hard time fitting into the existing network. Finally there is the international among others, a highly internationalized firm in a highly internationalized market. They possess knowledge and experience and thus it's easier for them to set sales subsidiaries to coordinate their activities in different markets. They are well connected and this provides them with multiple opportunities. (Johanson and Mattsson, 1988)

Musteen et al. (2010) found an indication that sharing a common language with the international contacts allows for a faster internationalization. They also found and emphasized the benefits of geographically diverse networks. The CEOs with such networks can access a larger pool of fundamental information and can pursue opportunities matching their product offering and competitive abilities. However, managers need to be careful when evaluating the quality of information received from their personal contacts about international business opportunities. They need to ensure that the information they receive is not incomplete, inaccurate or overly optimistic. The extensive reliance on personal contacts hinders the performance of first stage international ventures. (Musteen et al., 2010)

Mtigwe (2006) argues that the major contribution of the network theory is that *"firm internationalization is never a 'solo' effort, but that it is a product of network relationships that are both formal and informal."* Firms need to find and use to their advantage the parties that contribute to the international effort. They can be government assistance programs, foreign distributors, marketing agents, local or foreign partners etc. (Mtigwe, 2006)

3.1.3 Resource-based view

Resource based view (RBV) is a theoretical framework used in the field of strategic management to understand the firm's competitive advantage and its sustainability over time (Barney 1991; Conner 1991). There is a fundamental difficulty in identifying and defining the critical resources needed for internationalization, especially for small firms due to wide differences between firms (Ruzzier, 2006). Different authors propose different characteristics when focusing on the attributes the resources should have in order to sustain a long-term competitive advantage. According to Conner (1991) the resource-based view is focused on sustainable and unique costly-to-copy characteristics that are crucial drivers of the performance and sustainable competitive advantage needed for internationalization. It is the firm's ability to attain and keep profitable market positions with the relevant resources important to the firm. (Conner, 1991) Grant (1991) argues that resources must capture durability, transparency, transferability and replicability while Barney (1991) proposes resources must be valuable, rare, imperfectly imitable and not substitutable. (Barney 1991; Grant 1991)

The resource-based theory and the network perspective have seemingly developed hand in hand. Both theories consider internal and external resources available to create the total set of available resources. Firms may co-operate vertically or horizontally. The vertical aspect relates to RBV with respect to the product flow and the horizontal aspect is entering into network relations with competitors in other worlds. Resource-based models talk about the ownership of resources and add that the companies have a dynamic ability for organizational learning that is required for them to develop new resources. These intangible knowledge-based resources are important in providing a competitive advantage. In general resources can be considered as stocks of tangible and intangible elements that are available, owned and controlled by the companies. These are converted to products and services with a variety of other resources and bonding mechanisms. (Ruzzier, 2006)

RBV emphasizes the importance of resources but it also notes that firms do not have to own the resources themselves (Dhanaraj and Beamish, 2003). Resources can be accessed through external relationships and affiliations with other firms for example with trade relationships and inter-firm collaborations. The theory is currently more focused on analyzing the advantage the firm has from its current resources rather than explaining the additional resources that might be required. (Cuervo-Cazurra et al., 2007) However, it still gives a useful viewpoint on how to explore the competitive advantage developed by small firms with the use of resources and leveraging external relationships (Street and Cameron, 2007). External networks are recognized as resources that can result in exceptional performance when controlling and accessing the resources of external organizations. There is a deliberate strategic choice behind leveraging the external source for resources the company itself does not possess and the partners can offer. Through these inter-firm relationships the firm can strengthen their resource base and thus positively influence organizational performance. (Hessels and Parker, 2013)

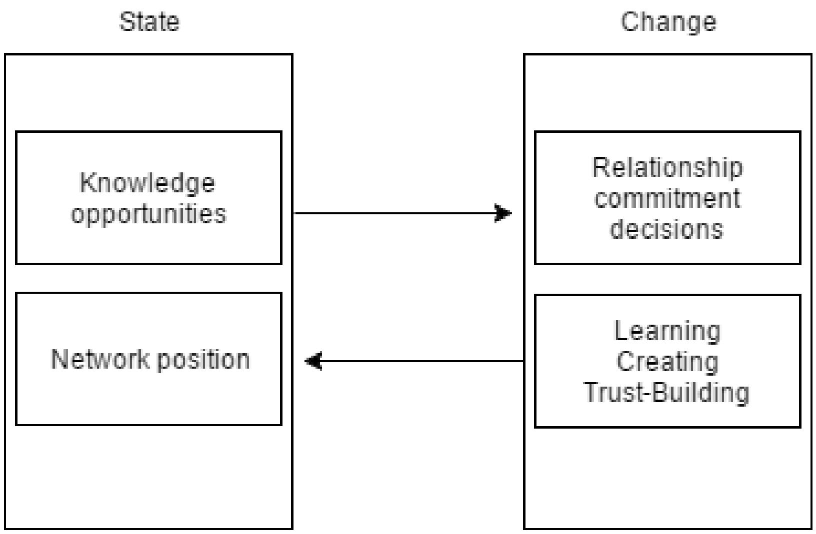
3.1.4 Uppsala model revisited

Johanson and Vahlne revisited their Uppsala model theory in 2009. They further developed the view and explored its implications for the internationalization process of the firm. They noticed the importance of international networking. They argue that the previously thought as major obstacle of liability of foreignness has been surpassed by the liability of outsidership, not being a part of a network that makes a difference. Their core argument is based on business network research, and has two sides. The first side is: *"Markets are networks of relationships in which firms are linked to each other in various, complex and, to a considerable extent, invisible patterns."* There is a need for insidership in the relevant network(s) to achieve successful internationalization and thus there is also the liability of outsidership. The other side is: *"Relationships offer potential for learning and for building trust and commitment, both of which are preconditions for internationalization."* (Johanson and Vahlne, 2009)

Firms that do not have a position in a relevant network are 'outsiders'. Being an outsider while attempting to enter a foreign market will add the liability of outsidership on top of the liability of foreignness that will most likely hinder the process of becoming an insider. The firms need an initial insider opportunity that can be offered by their potential partners in the target market. This launches the learning process (knowledge creation) and trust- and commitment-building. New knowledge may be created through exchanges in the network of interconnected relationships. The process of creating knowledge is embedded in the other activities of a business relationship. Not only do the own actions of the firm create knowledge but knowledge is also created by the activities of its partners and their networks. (Johanson and Vahlne, 2009). The network of business relationships provides a firm with an extended knowledge base (Kogut, 2000).

In their new model Johanson and Vahlne (2009) believe that: *"Internationalization is contingent more on developing opportunities than on overcoming uncertainties".* Learning and commitment relate strongly to identifying and exploiting opportunities. Some knowledge is always confined to network insiders and with strong commitments partners can build their respective bodies of knowledge that offer all partners the possibility to discover or to create opportunities. Their new business network model consists of two sets of variable: state variables (shown as the left-hand side of Figure 2) and change variables (shown as the right-hand side of Figure 2), or stock and flow, which are relevant to both sides in a relationship. The model depicts a dynamic cumulative process of learning and trust and commitment building. Increase in knowledge may have a positive or negative impact on trust and commitment building. In some not so rare acute scenarios the firm or the opposite side of the relationship may reduce commitment and even terminate the relationship. (Johanson and Vahlne, 2009)

Figure 2. The business network internationalization process model (Johanson and Vahlne, 2009).



3.1.5 International entrepreneurship theory

The International entrepreneurship theory is trying to tie up the other theories that run parallel and provide a point of convergence. The theory argues that the entrepreneurial behavior of individuals and the firm are the basis for foreign market entry. According to Mtigwe (2006) the important difference to the network theory is that *"international entrepreneurship can and does exist outside formalized networks."* He argues that there are two ways of internationalizing: *"through a formal network or without the aid of a formal network."* Thus the internationalization through networks can also be viewed as an exception rather than a rule, and therefore these theories should not be viewed as synonymous but rather as complementary theories. (Mtigwe, 2006)

When talking about companies in the international entrepreneurship theory they are often called born globals (BG). Oviatt and McDougall (1994) defined BG firms as *"Business organizations that from inception, seek to derive significant competitive advantages from the use of resources and the sale of outputs in multiple countries"* (Oviatt and McDougall, 1994). They later developed their international entrepreneurship theory into a *"combination of innovative, proactive and risk seeking behavior that crosses national borders and is intended to create value in organizations"* (McDougall and Oviatt 2000, p. 903). This widely accepted definition was still defined further into a deeper concept of entrepreneurship that was defined as: *"The discovery, enactment, evaluation, and exploitation of opportunities across national borders to create future goods and services"* (McDougall and Oviatt, 2005). Cavusgil and Knight, (2009) offer their view in which: *"Born globals are seen as entrepreneurial, and as possessing a global mindset and specific competencies and capabilities to overcome the liability of newness and other entry barriers."* In light of the numbers: *"Born-global firms are rapidly internationalized firms (within three years from the foundation) with a high share of foreign sales out of the total turnover (more than 25 percent)."* (Cavusgil and Knight, 2009)

3.1.6 Distinctive features of born global firms

Born global companies are characterized as highly active in the international markets from inception. They are found across most industries. They lack tangible and financial resources but compensate with strong entrepreneurial orientation toward international markets. Their strategy is based on differentiating and offering superior quality products while leveraging information technologies and advanced communication. Their main means of international expanding is via exporting. The distinctive features have been presented by Cavusgil and Knight (2009) as follows:

- Highly active in international markets from or near founding.
- Characterized by limited financial and tangible resources.
- Found across most industries.
- Managers have a strong international outlook and international entrepreneurial orientation.
- Often emphasize differentiation strategy.
- Often emphasize superior product quality.
- Leverage advanced communications and information technologies.
- Typically use external, independent intermediaries for distribution in foreign markets.

BGs are highly active in international markets from or near founding and they rely on exporting as the main foreign market entry mode. The export begins within a couple years of founding and usually covers more than one quarter of total production. They advance in their internationalization with collaborations and even with foreign direct investments. Many of them operate in dozens of countries throughout the world. (Cavusgil and Knight, 2009)

BGs are young and relatively small so they are characterized by limited financial and tangible resources. As small organizations they have significantly lower financial, human and tangible resources to compete with the previously dominant MNEs. However, various trends in this millennium have given small companies good tools to compete in international markets. This has had a major effect on the number of emerging born globals. (Cavusgil and Knight, 2009)

BGs are found across most industries. Although some scholars believe, the phenomenon of BGs is concentrated in high technology industries there is substantial evidence suggesting that the phenomenon is more widespread to industries such as consumer products, furniture, metal fabrication and processed food (Madsen and Servais, 1997).

Managers of BGs have a strong international outlook and international entrepreneurial orientation. The management of BGs views the world as their marketplace from the very founding of the company. They are proactive and have a strong entrepreneurial mindset. They aggressively pursue international opportunities with strong vision and proclivity for risk-taking. (Cavusgil and Knight, 2009)

BGs often emphasize differentiation strategy. This implies that they offer distinctive products of differentiated design. They meet a unique customer need and thus stimulate customer loyalty. The differentiation strategy suits born globals, because of their relatively specialized resources. They also often emphasize superior product quality. The design and quality of products is usually better than the competitors. They target niche markets with their unique products. (Cavusgil and Knight, 2009)

BGs leverage advanced communications and information technologies. With these the smaller companies can process information efficiently and remove the barriers of international communications. This allows them to spread around the global marketplace and serve the highly specialized customer needs. (Cavusgil and Knight, 2009)

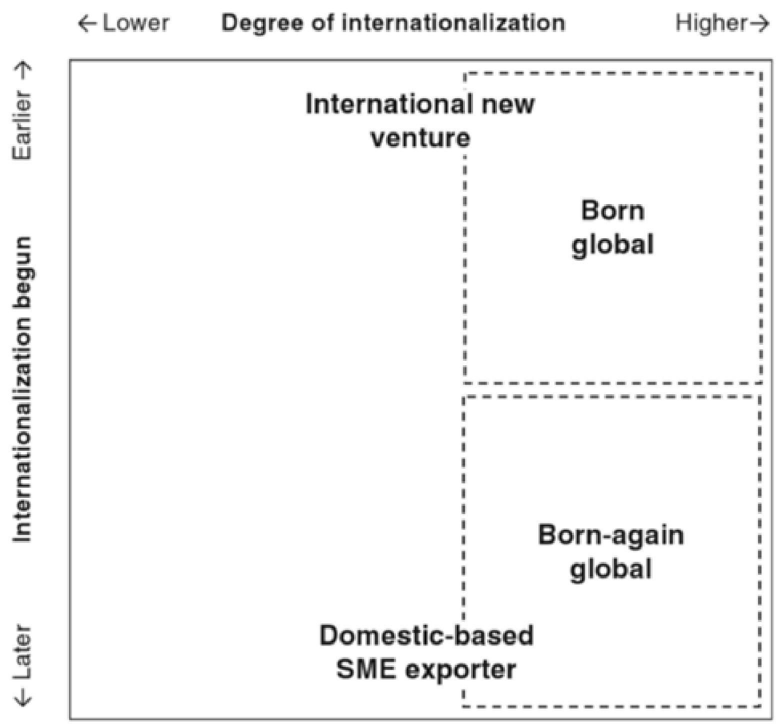
BGs typically use external, independent intermediaries for distribution in foreign markets. Since they are relatively small and thus have limited resources they tend to expand internationally through exporting. They can remain flexible by exporting and leveraging independent intermediaries meaning they can enter and withdraw from international markets with relative ease and quickness. Exporting is a low-cost and low-risk way of operating and thus very suitable for young companies. More experienced BGs can use export in combination with for example joint ventures and foreign direct investments. (Cavusgil and Knight, 2009)

3.1.7 Born-again global

The born global phenomenon is not exclusive to new companies. There are events that occur during later cycles of company's life that can trigger a rapid and intensive internationalization. This has led to the definition of Born-again globals. Born-again globals are companies that work in their domestic market for a long time until rapidly and dedicatedly internationalizing. (Bell et al., 2001) In their review of family business internationalization Kontinen and Ojala (2010) observed that "...*some family SMEs internationalize rapidly to several countries after the reins are taken up by the next generation; these firms can be termed 'born-again globals'. "*

Sheppard and MacNaughton (2012) found in their brief empirical comparison a few differences between born global and born-again global firms. By definition born-again globals are much older but they were on average also much larger as they have had a long time to grow in their domestic market. A smaller portion of revenue is spent on R&D in born-again globals. This can be partly explained by their larger revenues and their age. Small companies always face the obstacles of overcoming the liability of newness and creating customer awareness regardless of their age when internationalizing. Thus the sales and marketing costs are always high and not related to the early or late internationalization. Sheppard and MacNaughton (2012) chart the different types of international companies based on how early the internationalization process has been started and the degree of internationalization. This is described in Figure 3. (Sheppard and MacNaughton, 2012)

Figure 3. Different types of international companies. (Sheppard and MacNaughton, 2012)



3.1.8 Internationalization and Growth

The incremental theory sees the international market entry as an incremental process that happens slowly in the relatively late stage of the firms' life cycle. Thus it sees early internationalization as negative consequence for firm survival. (Johanson and Vahlne, 1977) Newer studies of internationalization, however, portray the early internationalization as a catalyst for growth (Autio et. al 2000; Oviatt and McDougall, 2000). These arguments offer an explanation for the timing of internationalization but they do not implicate the effects of early internationalization on survival and growth (Sapienza et al. 2006) Brush and Vanderwerf (1992) found that early internationalizers had a more positive attitude towards the international market than late internationalizers. The attitudes existed despite the fact that late internationalizers were motivated more by perceived opportunity and early internationalizers by survival needs. (Brush and Vanderwerf, 1992)

Autio et al. (2000) employed a knowledge-based theory to study international growth in entrepreneurial firms. Their main finding was that the earlier the internationalization initiation and the greater the firms' knowledge intensity, the faster the international growth was. The international new venture theory of internationalization (Oviatt and McDougall, 2000), claims that some entrepreneurs possess variety of skills and knowledge that enables them to see and exploit opportunities missed by others. These kind of entrepreneurial firms commonly choose early internationalization as a growth and success strategy and may become born global. However, the theory does not show how this affects subsequent behavior and international growth. (Autio et al. 2000)

Autio et al. (2000) also theorized that when firms grow older they develop learning impediments that inhibit their flexibility and may create lateral rigidity (Autio et al. 2000)**.** *"Lateral rigidity refers to a limited perception of stimuli factors, a biased search that results in limited information, or a confinement of choices due to uncertainty and risk avoidance."* (Luostarinen, 1979) Newer firms with greater flexibility can rapidly learn competencies necessary for continued growth in foreign markets. They can establish a self-reinforcing pattern that creates a proactive culture that enhances the ability to see and realize opportunities and also inserts the willingness to do so. New firms have limited resources and other liabilities which make it unlikely that they can take larger and bolder internationalization steps than older firms. However, they do take small incremental steps more rapidly. Thus the born-globals ability to survive and prosper is based on adapting and innovating rapidly in a new and dynamic environment. These abilities can be called 'learning advantages of newness'. Though they do help survival and growth, they do not remove the liability of newness and the mortality rates of these companies are still much higher than of older firms that undergo similar changes. The early internationalization can be seen as a bold step that increases the risk of survival for a new firm but if successfully completed will produce significant payoffs. (Autio et al. 2000)

Even though the accumulated foreign knowledge is dependent on the total years of foreign operations Autio et al. (2000) found that years of foreign operating experience didn't correlate with foreign growth. Eriksson et al. (1997) also found that years of foreign experience uncorrelated with the perception of the cost of international expansion. Sapienza et al., (2006) extend the perspective developed by Autio et al. (2000) by suggesting that "*early internationalization may decrease the probability of survival but simultaneously increase prospects for growth."* They see the initiation of international activities (activities which eventually create new capabilities) as an intensive part of resource usage that may reduce the short term survival of the company. The timing of capability development also has performance consequences. Their underlying assumption is that survival and growth do not necessarily co-vary. (Sapienza et al., 2006) Firms must survive to experience future growth and at times they need to grow to enhance survival. These outcomes are conceptually diverse and the empirical relationship is complex (Delmar, Davidson and Gartner, 2003) Strategic choices and industry conditions affect in a way that not all growth is profitable. International growth can for example be achieved through an aggressive pricing strategy that may eventually lead to organizational decline. (Sapienza et al., 2006)

Growth demands resources and creates a challenge that may make new firms stronger if they are able to survive it. However, many companies still follow the incremental process and internationalize at a later stage because they are unable or unwilling to develop the dynamic capabilities required for early internationalization. (Sapienza et al., 2006) According to Eisenhardt and Martin (2000) these dynamic capabilities are *"the organizational and strategic routines by which managers alter their firms' resource base by acquiring, shedding, integrating, and recombining resources to generate new value-creating strategies"* (Eisenhardt and Martin, 2000).

Sapienza et al. (2006) imply that: *"Internationalization exposes a firm to opportunities to grow and to learn about how to grow."* There is uncertainty and risks that force the firm to adapt to the new environment through structural changes and by adapting and generating routines for market entry and using their resources to support such activities. This is likely to inspire openness to change and give skills to adapt. "*In sum, internationalization influences the development of capabilities that give the organization the flexibility to pursue opportunities for growth."* (Sapienza et al., 2006)

3.2. Barriers and Drivers for internationalization

3.2.1 Internationalization barriers

Barriers to exporting are internal or external elements or factors that discourage or completely block companies from initiating, increasing and maintaining export activities. Arteaga-Ortiz and Fernández-Ortiz (2010) categorize the barriers in four groups: knowledge barriers, resource barriers, procedure barriers and exogenous barriers. (Arteaga-Ortiz and Fernández-Ortiz, 2010)

Knowledge barriers include aspects such as lack of information and the disregard of the basic aspects of exporting (Arteaga-Ortiz and Fernández-Ortiz, 2010). Export knowledge has been shown to have a positive link to the commitment of resources to exporting (Bilkey and Tesar 1977). The lack of knowledge of potential export markets is a notably relevant barrier when considering the availability and cost of obtaining information from foreign markets. Small companies can struggle with this especially because of the cost. There have, however, been advances in the field of acquiring the information, and new technologies can produce the required market information at a cheaper price. (Arteaga-Ortiz and Fernández-Ortiz, 2010) A major knowledge barrier is the lack of information about the opportunities for the product in the foreign market (Westhead, Wright, and Ucbasaran 2002). Johanson and Vahlne (1977) focus on the importance of general export knowledge, such as planning and export tactics that can be developed over time to better suit target markets. There are two more barriers that should be included. They are the lack of knowledge of export assistance programs and ignorance of the financial and nonfinancial benefits exporting can create. (Arteaga-Ortiz and Fernández-Ortiz, 2010)

Resource barriers are also referred to as the lack of financial resources, productive resources or external aid. These barriers prevent some companies the access to international markets. A relationship has been found between company size and export activity that is directly caused by the resource availability that differs in small and large companies (Arteaga-Ortiz and Fernández-Ortiz, 2010). Insufficient production capacity is another relevant resource barrier (Westhead, Wright, and Ucbasaran, 2002). Others include lack of capital or credit to finance export sales and market research. International means of payment and the high cost or slow collection of these payments can also be relevant. (Arteaga-Ortiz and Fernández-Ortiz, 2010)

Procedure barriers include obstacles that arise from the performance of the export activities. The complexity of documentation and the bureaucracy associated and cultural and linguistic barriers are relevant. Cultural and linguistic barriers can be seen as a pair but in some cases be seen as separate. Other barriers include logistical difficulties, and locating suitable distributors. Perhaps the most important group of procedure barriers are formed by so-called trade barriers that can be broken down into tariff barriers and nontariff barriers that include product standardization and similar barriers. (Arteaga-Ortiz and Fernández-Ortiz, 2010)

Exogenous barriers arise from uncertainty existing in the international markets. These are uncontrollable by the company, since they result from the actions of governments, competitors and the supply and demand of products. The strong competition in the internal market is regarded as an important exogenous barrier. (Arteaga-Ortiz and Fernández-Ortiz, 2010)

In an OECD study conducted in 2007-2008 the top three barriers ranked by the SMEs were: (1) Shortage of working capital to finance exports; (2) Identifying foreign business opportunities and (3) Limited information to locate/analyze markets. Other highly ranked barriers had to do with the lack of communication and networks with the foreign market, lack of managerial and personnel skill in internationalization, lack of government assistance and incentives to internationalize, pricing of products and transportation costs. The top 10 barriers are presented in Table 2. The top 10 ranking according to member economies, presented in Table 3, includes some of the same barriers (top six) with the addition of (the bottom four): developing new products for foreign markets, unfamiliar business practices, unfamiliar exporting procedure and meeting export product standards. (OECD, 2009)

Table 2. Top 10 barriers ranked by SMEs (OECD, 2009)

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

Source: OECD-APEC 2007

Table 3. Top 10 barriers ranked by Member Economies (OECD, 2009)

Rank – Weighted factor	Description of barrier
1	Inadequate quantity of and/or untrained personnel for internationalisation
2	Shortage of working capital to finance exports
3	Limited information to locate/analyse markets
4	Identifying foreign business opportunities
5	Lack of managerial time to deal with internationalisation
6	Inability to contact potential overseas customers
7	Developing new products for foreign markets
8	Unfamiliar foreign business practices
9	Unfamiliar exporting procedures/paperwork
10	Meeting export product quality/standards/ specifications.

Source: OECD-APEC 2007

3.2.2 Food business specific barriers

According to Fischer (2002) there are three major obstacles for food companies operating in international markets. They seem to comply with the list from the OECD (2009) study. First the limited knowledge of foreign market entry that includes identifying foreign business opportunities, limited information to locate and analyze markets, inability to contact potential overseas customers and trouble obtaining reliable foreign representation. Second the staff qualification (training and language skill) and third the logistics in form of excessive transportation costs that are particular to perishable food products. Fischer (2004) also notes that the problems occurring in international food business are not all that dependent on business class meaning that there are no main differences between traders and manufacturers. (Fischer, 2004)

Fischer (2002) identified some key complexities that characterize the management of international marketing activities of food and drink products. The higher transaction costs and risks involved in operating in a foreign environment due to the physical distance of the foreign market results in the need for greater transport, communication and negotiation skills deemed necessary for international business success. There are more uncontrollable factors in the foreign environment that make international business deals less likely to succeed compared to domestic ones. Fischer (2002) identifies the six most relevant problem areas that food exporters face, namely (1) education and training of export staff (including foreign language skills and knowledge of foreign business partner's mentality), (2) trade fair activity, (3) special food product logistics and marketing problems, (4) trade terms, export documentation and billing, and foreign exchange risks, (5) provision of foreign market information, and (6) government assistance. (Fischer, 2002)

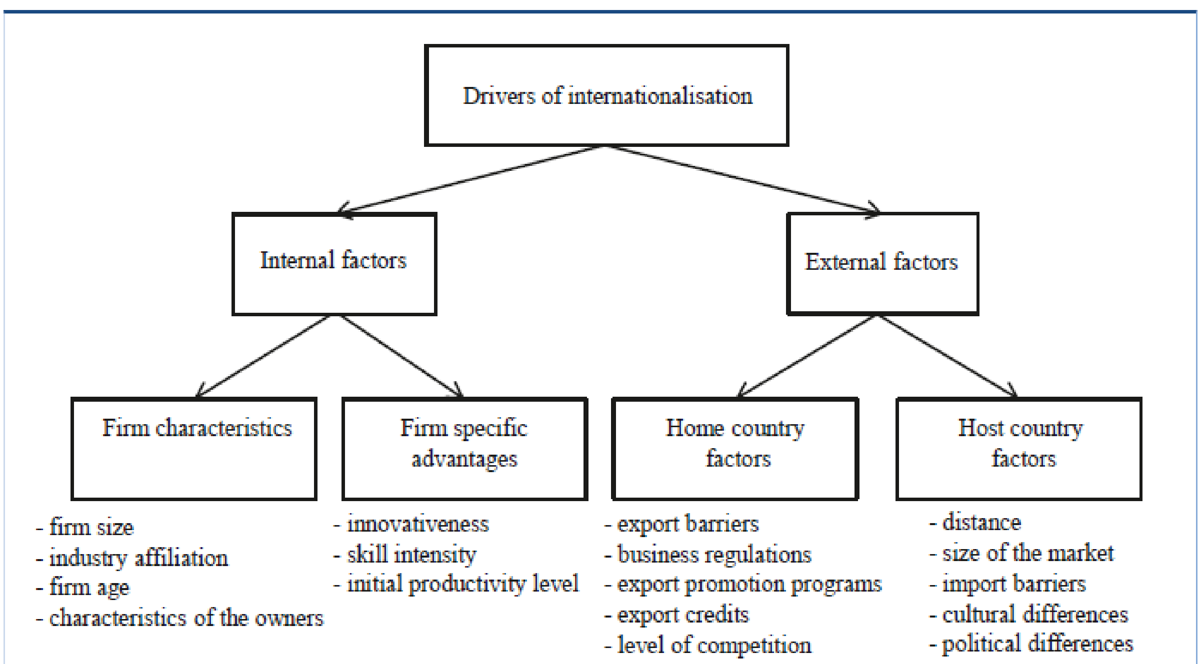
In Fischers (2002) overall comparative assessment of different variables the actual knowledge of how to enter and serve foreign markets effectively is seen as one of the biggest obstacles. This includes knowledge of how to avoid trouble with customs, how to adapt to the foreign food legislation and how to obtain crucial foreign market information. The other big obstacles are staff qualification and mastering of logistics. The distance of the foreign market geographically or in terms of similar consumption environment seems to matter the least. (Fischer, 2002)

In a study of Finnish food companies internationalizing through event marketing Lehtinen et al. (2012) noted that small Finnish food companies found marketing activities to be very demanding when targeting new markets with an unknown brand. They also found that the difficulty of finding trustworthy marketing and distribution partners limits the success. All of the companies in the study highlighted the importance of cooperation and the way of presenting themselves as a bigger group to create more visibility for all. (Lehtinen et al., 2012) This is what Food from Finland is aiming to achieve through joint food fair stands and by developing the overall brand of Finnish food products. (Wrang, 2016)

3.2.3 Drivers of internationalization

The European Commission (2014) describes the drivers of internationalization as internal and external factors. The internal factors include firm characteristics: size, industry, age ownership and firm specific advantages: innovativeness, skill intensity, productivity level. The external factors include home country factors: export barriers, business regulations, export promotion programs, export credit and level of competition and host country factors: distance, size of the market, import barriers, cultural differences, and political differences. The drivers are described in Figure 4 (European Commission, 2014)

Figure 4. Drivers of internationalization: (European Commission, 2014)



Cavusgil and Knight (2009) describe certain internationalization triggers that are common for small companies. These include the export pull, export push, product-market conditions necessitating international involvement, superior product offering, global network of relationships and global niche markets, as follows:

- Export pull
- Export push
- Product-market conditions necessitating international involvement
- Superior product offerings
- Global network relationships
- Global niche markets

The export pull arises from the substantial demand for a broad mix of products. These products might not be domestically available, so the sourcing must be done from abroad hence creating the export pull. For small companies there are niche categories they can occupy. The pull effect is often initiated by a local intermediary or by the end-users themselves who become aware of the foreign supplier. (Cavusgil and Knight, 2009)

The export push is created by companies whose entrepreneurs are strongly globally oriented and see the world as their marketplace. They apply a push strategy where they allocate a lot of resources to the international operations, especially by marketing to local intermediaries who then will convince the local end users. They can even skip the intermediaries and use their own sales and marketing team to promote and sell their products straight to final buyers. (Cavusgil and Knight, 2009)

Small companies might have product-market conditions necessitating international involvement if their products are so specialized that there is not enough demand for them in their domestic market. This is a common driver of internationalization for companies in small European countries. (Cavusgil and Knight, 2009)

With a superior product offering small companies can emerge in foreign markets by gaining acceptance and recognition through the strength of their superior products. These strengths include innovation, high quality and specialty. The early internationalization can be due to a breakthrough product or innovation. The products can have substantial added value, superior quality and/or unique characteristics that separate them from competitors. (Cavusgil and Knight, 2009)

With a significant global network of relationships small companies can attain invaluable knowledge of the foreign markets through their networks they have developed through foreign business activities, government assistance programs and personal business connections of the management. The foreign expansion can be achieved with the help of foreign distributors, trading companies, strategic alliance partners and other entities located abroad. (Cavusgil and Knight, 2009)

Global niche markets offer narrow market segments in multiple countries simultaneously and this combined with the product-market conditions are strong driving factors for internationalization. In a very competitive global marketplace small companies need to create/find the narrow niches and serve them with their specialized knowledge and products without attracting too much attention from their bigger rivals. (Cavusgil and Knight, 2009)

3.3 SME Export

SMEs differ from large multinational enterprises (MNEs) mainly by their size, managerial style, ownership and independence (Coviello and McAuley, 1999). Their limited resources guide them towards different international strategic choices when compared to larger firms (Zacharakis, 1997). Due to the lack of capital and the brand power to attract capital the most frequent and straightforward way of internationalization for small companies is exporting. Export offers great flexibility for management includes fewer business risks and can be done with fewer resource commitments. (Mittelstaedt, Harben, and Ward, 2003) Export activities are seen as an important step in the internationalization process. As a part of the market entry strategy they offer a way to gain international experience and to reduce the uncertainty factors of liability of newness and foreignness. (Majocchi et al., 2005) Leonidou et al. (2007) describe exporting as "*the most popular, quickest and easiest way for many small companies to become international"* Leonidou et al., 2007).

Exporting can be seen economically beneficial for SMEs for several reasons. First being the gains from economies of scale and scope that are achieved through selling larger volumes in multiple geographic markets. *(*Kogut, 1985; Grant, Jammine and Thomas, 1988) SMEs that earn profits from overseas markets regain fixed costs like R&D and overhead expenses through the larger sales volumes. Second, exporting can be seen to provide great incentives for innovation. (Ganotakis and Love, 2012) The strong competition in the foreign markets can force companies to improve their products or processes to stay competitive. (Love and Mansury, 2009) Thus the exposure to foreign knowledge can boost productivity (Grossman and Helpman, 1991). Third, being present in the global marketplace can increase market power (Kim et al., 1993), lead to gains from diversification of revenues, provide the ability to escape a harsh competitive domestic market and provide a platform for growth (Coviello and Munro, 1995). So the companies can improve their overall business level with exporting by improving their management skills and financial position and also by better use of their production capacity, by achieving a competitive advantage, and with the all the previously mentioned improvements have the opportunity to expand. (Czinkota and Ronkainen, 2013; Albaum, Strandscov and Duerr, 2008; Hollensen, 2007*)* In addition to all these possible benefits for the company itself, exporting also offers benefits for the government. The government can gain on the macroeconomic perspective by creating jobs, by providing a source of foreign exchange, by favoring the development of new technologies, by creating two-way connections and by raising the standard of living. (Leonidou et al., 2007).

With small firms the export process is often viewed through the incremental theories stage models. According to Majocchi et al. (2005) *"small firms need time to develop necessary experience of the market in order to export successfully."* From this perspective the internationalization of firms is a process where international activities develop incrementally over time. (Majocchi et al., 2005) Selling to foreign markets gives the firm opportunities to get in touch with clients and the different tastes and preferences the market has (business knowledge), to familiarize with different national market rules (institutional knowledge) and to develop their internal resources and routines to better suit the international markets (internationalization knowledge) *(*Sharma and Blomstermo, 2003). This accumulation of experience can provide them better business opportunities both in their domestic and international markets. Over time as the company's knowledge base grows so does their international involvement. (Majocchi et al., 2005)

The international new venture theory (Oviatt and McDougall, 1994) suggests that firms that have unique resources proactively seek foreign market opportunities. They gain a competitive advantage based on the uniqueness and quality of the product and rather than having a low price tag. (Westhead, 2008) The born globals from large countries seem to internationalize mainly because of demand-based pull forces that the marketplace has for their products. BGs from small and open economies, for example Finland, however, have the pressure of the open and small domestic market, and the fear of MNEs invading the domestic market place. These factors create a push towards internationalization. (Luostarinen and Gabrielsson, 2004)

Andersson et al. (2004) found that dynamic and fast-changing environments offering lot of international opportunities due to inherent volatility of surroundings seem to push small firms to internationalize. There is, however, a commitment of directing resources towards these international activities. These investments will not result in fast returns. The internationalization must become an integral part of overall strategy. The main reason for international activity was the CEO's perception of the dynamic and fast changing environment. It was argued that accumulating experience in the organization before internationalizing does not effectively benefit the companies, but later gives the opportunity to further expand the international activities. (Andersson et al., 2004)

The firms have two channels of exporting to choose from: (1) to use an intermediary to export indirectly or (2) to export directly to customers abroad. (Peng and York, 2001). The export mode choice depends on the characteristics of the destination country. These include the size of the foreign market (Bernard et al., 2015*;* Scröder et al., 2005) the risk of expropriation, the enforceability of international contracts and the cultural distance to the target country

(Felbermayer and Jung, 2011). The choice also depends on the international knowledge that the company possesses. Terjesen et al. (2008) discovered that intermediaries can provide small ventures help and resources to overcome their initial knowledge gaps, find customers and reduce uncertainties and risks included in the foreign operations. (Terjesen et al., 2008) Indirect exports are more common in the initial stages of internationalization (Ahokangas et al., 2016). However, in line with the learning and knowledge perspective SMEs that have gathered prior export experience can leverage their skills to proactively identify and contact new customers in both their domestic and foreign markets without the use of intermediaries (Westhead, 2008). Direct export provides more control but also requires more involvement and thus is also more risky and resource intense. (Terpstra and Yu, 1990).

3.3.1 Export intermediaries

There is an indirect path to internationalization for small companies through indirect exporting where: *"Small firms are involved in exporting, sourcing or distribution agreements with intermediary companies who manage, on their behalf, the transaction, sale or service with overseas companies"* (Fletcher 2004). Export intermediaries work as the middleman and they link the small firms with buyers they might not have otherwise reached through their own networks. These intermediaries can be agents and distributors located at home or abroad. (Peng and York 2001)

Export intermediaries are especially helpful to SMEs that lack resources and foreign market knowledge. They lower the risks involved as they lower the level of uncertainty. (Peng and Ilinitch 1998) The role of export intermediaries is to help their clients identify customers, financing and distribution infrastructure providers. They can fill knowledge gaps and reduce the risk and uncertainty involved in operating in foreign markets. Intermediaries are also often used for financial reasons as they are expected to do tasks related to exporting at a lower cost than the firm could internally. This is due to their country specific-knowledge that they can leverage in making better deals. (Li, 2004) They can save costs in for example searching new customers and monitoring the enforcement of contracts (Peng and York, 2001). They also provide access to their contacts, experience and knowledge and thus broaden the resources available for the indirectly exporting company. They do, however, also add costs to exporting, especially in transaction costs and rent extraction. (Hessels and Terjesen, 2008) There is always a risk of losing control when using an intermediary (Blomstermo et al., 2006).

The most common intermediaries for SMEs are export agents and distributors. Export agents are agents that are appointed to negotiate and conclude contracts with international customers on behalf of the company, which is still in contact with the actual customers. Agents are paid in commission based on their sales, usually on a percentage basis. Export distributors are essentially independent contractors that the company makes an agreement with and sells its products to. They resell the products with their own added margin to cover their costs and make them profit. The distributor is the one in contact with the customer. (Mullett, 2015) It must be kept in mind, however, that while most of the time the distributor also does the importing, this is not always the case. These can be divided functions, which, adds another layer of costs. The importing company has their own distributors and market knowledge which is not shared with the exporting company as the only level of contact is through direct sales to the importer (Peng and York, 2001)

An export agent is a better choice if the company wishes to retain greater control over sales, especially the sales price. The company gets to choose the customers and to decide with whom it deals with and who the agent gets to deal with. The company remains in direct contact with the customers. The agent is the one who finds the customers but the business maintains them throughout the lifetime of the relationship. The company will have close control over marketing and your own brand image. The company will also gain from their knowledge as they become a part of the team of the company. (Mullett, 2015)

The main benefit distributors provide over agents is a financial one. The distributor buys directly from the company and they have to find the customers to sell to. This way the company does not need to have any retail premises to access the consumer markets. The distributor is also in charge of importing the product, warehousing, storage and transport of the product. The distributor thus takes on the financial risk for the stock they buy. (Mullett, 2015) The distributor is a company independent of manufacturer so their goals and interest do not always match well. They might fall short of expectation in performing marketing activities like sales coverage and providing market information. This might cause anxiety in the exporters that want to profit and grow as they have planned. There is a dilemma with desiring high performance in the foreign market with the lack of absolute control as you are always partially dependent on another company to deliver. (Rosson and Ford, 1982) The differences and benefits of export agents and distributors are described in Figure 5. (Mullett, 2015)

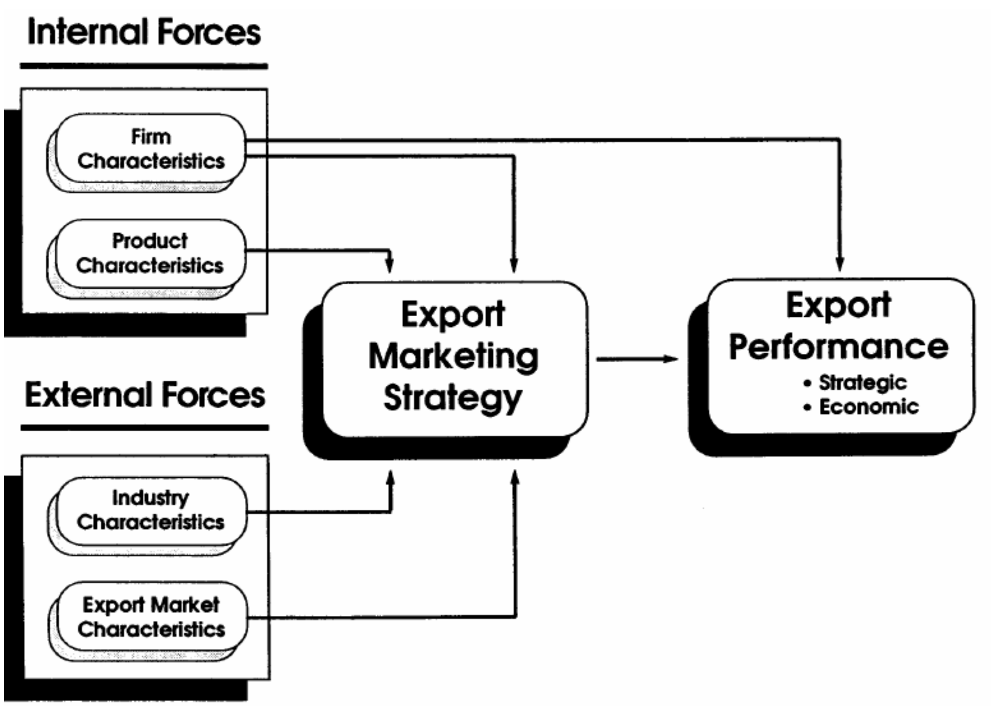
Figure 5. Differences and benefits of export agents and distributors. (Mullett, 2015)

In a case the intermediary does not perform adequately there are three options: (1) Threaten to discontinue work with the current intermediary and change for a better suited one. (2) Stop using intermediaries altogether and start own direct exports. (3) Completely quit exporting. Option one is usually suitable as there are many intermediaries competing for the export contracts. (Peng and York, 2001)

3.3.2 Export performance

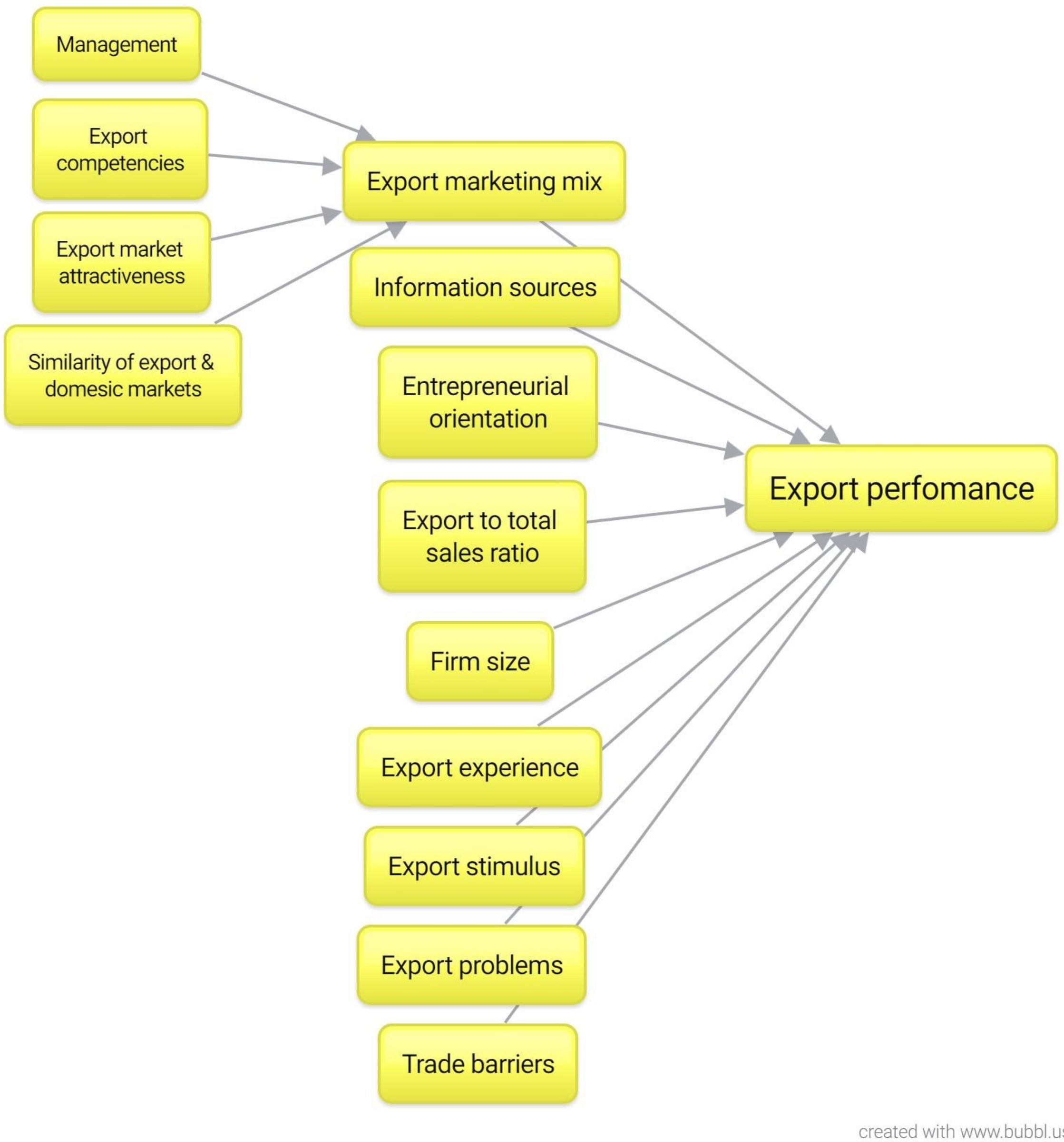
There is no uniform definition of export performance and despite a broad number of studies it can be seen as one of the least understood areas of international marketing (Katsikeas et al., 2000). Cavusgil and Zou (1994) define export performance as "*the extent to which a firm's objectives, both economic and strategic, with respect to exporting ... are achieved through planning and execution of export marketing strategy.*" Export performance can be determined by internal and external forces. The internal forces are firm characteristics such as planning abilities, technology and size and product characteristics. The external forces are industry characteristics and export market characteristics. The forces and their effect on strategy and performance are shown in Figure 6. (Cavusgil and Zou, 1994)

Figure 6. Export performance. (Cavusgil and Zou, 1994)



In their literature review Mavrogiannis et al. (2008) identified both subjective and objective constructs which influence export performance. The subjective constructs include the export marketing mix, information sources, export stimulus, trade barriers, entrepreneurial orientation and export problems. The objective ones include firm size, ratio of export to total sales and export experience. Some indirect influences on export performance through the export marketing mix are management, export competencies, export market attractiveness and the similarity between export and domestic markets. (Mavrogiannis et al. 2008) These factors are described in Figure 7.

Figure 7. Subjective and objective factors of export performance. (Mavrogiannis et al. 2008)



Sapienza et al. (2005) theorize that to exploit export opportunities SMEs must redesign their internal routines and processes to modify their products or cost structures in order to increase their exports. One way to do so is through entrepreneurial orientation which is a set of decision making styles, processes, practices, rules, and norms according to which a firm makes decisions to enhance its innovativeness, proactiveness, and risk taking propensity. (Sapienza et al., 2005) Ruzzier et al. (2007) claim that, in small companies the entrepreneur is in a key position to drive the internationalization. They are responsible for tasks related to internationalization: setting objectives, collecting and organizing resources, gathering foreign market information and implementing internationalization strategies. Their personal factors meaning their individual dimensions of human capital (knowledge, skills, and values) and their personal resources (such as networks of relationship) affect the internationalization process. The company export activeness can reflect the desire, willingness and determination of the entrepreneur. The human capital of the entrepreneur in an internationalization process can be seen in four dimensions: **International orientation, risk perception**, management know-how and international business skills, the first two being **the most important factors**. (Ruzzier, 2007)

International orientation: If entrepreneurs are actively exposed to foreign cultures through their travel or residence they are likely accumulate experiential knowledge of international market characteristics which will benefit them when internationalizing their firms. The first-hand experiences of the target market are the primary way to acquire and maintain tacit knowledge necessary for the internationalization (Athanassiou and Nigh, 2000).

Risk perception: The entrepreneur's level of risk tolerance is positively related to the tendency to internationalize (Wiedersheim-Paul et al., 1978). Operating in a foreign market is always more risky than in the domestic one. However, the entrepreneur can assume the risk and thus reduce the risk attached to the export situation. Risk-taking entrepreneurs have shown to be more likely to respond positively to export opportunities. (Leonidou et al, 1998)

Management know-how: The skill and expertise developed by managing the firm give the entrepreneur the chance to identify appropriate partners, investors and advisors that can provide the firm with external resources that it requires. Diverse management know-how may help identify more promising opportunities in foreign markets. (Westhead et al, 2001)

International business skill: Tacit knowledge of the international markets is an asset. It can be acquired through personal experience from international work environments. These skills include overcoming language and culture barriers and understanding business practices and legislation. The business skill also includes an international network of professionals. (Carpenter et al., 2000)

Fischer (2002) came to the conclusion that the competitiveness of food companies is based on the skills of the entrepreneur and staff to create value in new and unfamiliar environments. Thus the need to recruit and maintain a well-trained staff is crucial even for food business that is considered low-tech and low-skill. The success of a food company can also come down to their ability to manage logistics. The need to know how your perishable product quality is affected by long transportation means you need to be well aware of the products technical characteristics to allow for better planning and execution of logistics. (Fischer, 2002)

3.3.3 Trade fair activity

Fischer (2002) and Lehtinen et al. (2012) hypothesized that intensive participation in foreign trade fairs will have a positive effect on the export performance. Trade fairs can be seen as one of the most efficient places for doing business. In general they are cost effective and bring large groups of sellers and buyers into the same place at a specific time. They combine different promotion activities. They provide excellent opportunities to create business contacts as the supply and demand are concentrated. They are highly effective since they reduce the transaction costs when compared to normal business situation where sellers and buyers can be geographically widely dispersed. There are many reasons to attend trade fairs and they can be different for each company. The reasons range from (I) obtaining general information, (II) market analysis and observation of competitors; (III) making, keeping or improving contacts to (IV) the acquisition of deals. (Lehtinen et al., 2012; Fischer, 2002)

Miller (2000) describes the need for careful preparation before participating in trade fairs. The design of the trade stand needs to match the company's general public appearance and the product it represents. Before the start of the fair the company personnel attending need to be trained, customers contacted and invited and a sales strategy needs to be formed clearly. According to Miller (2000) it is also important to organize a follow-up meeting for all who were involved with the preparation and participation at the fair so that it is possible to evaluate performance and identify and exclude problems for following trade fairs. (Miller, 2000)

Governments and private institutions can provide assistance for the participation in international trade fairs. The assistance can come in varied forms such as financial support (for participation, travel, accommodation etc.) advice and a shared national stall. (Wrang, 2016) This assistance is usually very welcome to SMEs that quite often need it to be successful at trade fairs (Lehtinen et al., 2012; Fischer, 2002). In Finland such assistance is provided by the government funded organization Finpro through their Food from Finland program (Wrang, 2016)

Based on the study by Lehtinen et al. (2012) trade fairs offer better opportunities for Finnish food companies when they present themselves as a group or through a third party that is bigger and stronger and has experience in marketing and sales. This can help the small companies that target new markets with their unknown brand. This can also provide the opportunity to find more trustworthy marketing and distribution partners. The highlight of the study is the cooperation between small food companies that brings business opportunities for all. (Lehtinen et al., 2012) This view is also shared by the Food from Finland program. The program aims to achieve such a set up through joint food fair stands present in 14 international food fairs in 2016 and more to come in 2017. The program also strives to find ways to create clusters that would offer similar benefits for different food product groups such as alcohol, berry and oat products. (Wrang, 2016)

3.3.4 The impact of geographic diversification

Bilkey and Tesar (1977) pointed out that most SMEs initiate exports without prior planning, usually by responding to unsolicited orders (Bilkey and Tesar, 1977). These orders have a high impact on management’s decision to start internationalization (Leonidou et al., 2007). The preparedness to internationalize is usually dependent on how the company can adapt and replicate the operations from the early markets to new ones and it also depends on the scalability of resources (Zhou and de Wit, 2009). In the case of international new ventures, where the internationalization happens early and the firms haven't established operating routines for the domestic market, they are faster in absorbing knowledge about how to deal in the foreign markets and can thus tailor their process to fill the needs of these new markets more efficiently (Autio et al., 2000). INVs can rapidly expand their international activities and Bell et al. (2003) and Zucchella et al. (2007) found that this rapidity combined with the early internationalization has a positive impact on the level of geographic diversification. (Bell et al. 2003, Zucchella et al., 2007) A purely diversification based strategy is, however, not plausible for SMEs because it involves significant unsound risks for small firms with limited financial and human resources as well as limited operational experience (Brouthers et al., 2009).

Majocchi and Zucchella (2003) studied Italian SMEs and found that their performance was not determined by the export intensity and number of international markets but by the ability to gain access to specific markets, in their case in North America. The actual sales volume in North America was irrelevant to performance so their conclusion was that "*...in order to enter the American market, SMEs must develop high capabilities that eventually lead to higher financial performance." (*Majocchi and Zucchella, 2003)

Winch and Bianchi (2006) argue that based on their case study the most obvious factor affecting the success of small companies internationalizing was the need to maintain balance between existing products and channels and the new opportunities apparent in the international market place. With limited resources there is a risk of overextending especially if the new global venture is seen as essential or exciting. Being too opportunistic and drawing too many resources to the new international venture can create turbulence in the current domestic market operations. The risk can be for example over expanding manufacturing capacity or directing too much product to new international markets without being able to fill the demand of the home market. (Winch and Bianchi, 2006)

Crick and Jones (2000) and Aspelund et al. (2007) came to the conclusion that the success of international ventures was based on the effective implementation of these simultaneous export concentration and market-spreading strategies. The idea was to commit much of the available resources to priority markets and to use the rest to actively search for global opportunities. *(*Crick and Jones, 2000; Aspelund et al., 2007) Morgan-Thomas and Jones (2009) added that rapidly internationalizing firms enter a large number of foreign markets but rely heavily on a few priority markets, even more than firms that are less aggressive with internationalization. This phenomenon is called ambidexterity. (Morgan-Thomas and Jones, 2009) Ambidexterity focuses on the need to simultaneously seek exploratory strategies in new markets while continuing to exploit opportunities in established markets (Cellard and Prange, 2008; Barkema and Drogendijk, 2007; March, 1991).

Brouthers et al. (2009) theorized that limited managerial and financial resources constrain export activities and hypothesized that export performance could thus be enhanced by limiting export to a few foreign markets. According to them this would provide a possibility to leverage the limited resources and expertise to pursue simultaneous strategies in a selected few export markets instead of diluting resources to pursue multiple foreign export markets. They also claim that the number of foreign markets serves as a poor indicator of the multinationality of a small company. Based on their research most small firms were represented by nonexclusive agents in the foreign market with low level of commitment to sell the firm's products. Thus the number of markets does not effectively resonate with the amount of time, effort and resources expended by the small firm to increase foreign sales. They discovered that the higher emphasis and intensity a small company has on its export sales the greater their satisfaction is with export performance. In their post hoc analysis they found that the firms that limited their export activities to a single foreign market were also the best in terms of export performance. Thus they claim that small companies have an optimal number of export markets and for some it is only one. (Brouthers et al., 2009)

Cieslik et al. (2012) point out the negative correlation between the number of markets served and the percentage of markets that are significant when choosing between the spreading or concentrating strategy. The larger the number of goods sold to a few key markets the less remains for sale to other markets. There is a possibility to simultaneously export to a one major export market (for ex. 80%) and also serve multiple other markets with a smaller share (for ex. 20% spread thin among multiple distant markets). Cieslik et al. (2012) also proposed based on their sample of Polish SMEs that concentrating exports sales into one single market (in their case typically Germany) is a feasible solution for a small exporter, however, it may hinder the growth of export sales. This is in line with Brouthers et al. (2009) that a single market approach is viable. The growth hindering effect was based on the finding that one third of single country exporters' exports were declining. They also proposed that an extreme ambidexterity strategy were high concentration of export sales in key markets combine with a large number of markets served is not feasible for SMEs because of their lack of international experience, insufficient managerial capacity and infrastructure to operate in a wide coordinated geographic effort. Their final proposition was that for SMEs, particularly ones expanding outside the EU, a balanced ambidexterity strategy is feasible. They conclude that based on their research findings the concentration to a limited number of key markets is more effective than spreading widely across the globe. (Cieślik et al., 2012)

3.3.5 Export and growth

Exporting contributes to firm growth through increase in sales. Direct or indirect sales to new customers in new markets broaden the consumer base and can help create higher sales volume. The higher sales volume creates a need for higher production volume and can lead to expansion in the production capacity to meet the market demand. This can be seen as an essential part of firm growth. (Lu and Beamish, 2006) The large sales volume that scales up production can lead to achieving economies of scale, more labor productivity and better management efficiency (Kogut, 1985). This in turn can lead to considerable cost savings and thus contribute directly to firm profitability. The diversification of markets can also lead to increase in market power and thus increase in revenue. (Lu and Beamish, 2006)

Lu and Beamish (2006) conclude that exporting activities create economic benefits and contribute to both firm profitability and growth. The exposure to international markets creates new opportunities and provides new knowledge that can help the firm become more capable in the international market place and thus enhance growth. This is called 'learning through exporting'. The contribution to profitability can, however, be weakened or even reversed during times of currency appreciation. Export strategy needs to consider the exchange rates and this in term means adjustments in internationalization strategies based on currency fluctuation. Lu and Beamish (2006) also found the learning advantage of newness, where the age of the firm is seen as a negative moderating effect for firm growth through exporting. Thus young companies that start exporting early can achieve higher growth than late exporters. "*The sooner the internationalization, the easier the learning in the international environments, the faster the firm growth."* (Lu and Beamish, 2006) Hessels and Van Stel (2011) confirmed that export has a significant positive impact on economic growth. Their study showed that entrepreneurial and export driven new ventures contribute to knowledge creation and spillover, increase competition and diversity and thus ultimately result in higher economic growth rates. (Hessels and Van Stel, 2011)

3.3.6 Food Culture Distance as a Predictor of export Market Selection

Azar (2011) defines food culture distance as "... *the psychic distance between a home market and a foreign market, gauged by perceived differences in food culture."* These differences include fundamental food style, preferences, trends, snacking and diet willingness. The fundamental food style refers to general interest in food products, cooking and so forth. Preferences are about affections to specific tastes and food types. Trends refer to broad health, convenience and fast food preferences and concerns. Snacking refers to consumption behavior between meals. Diet willingness is about health consciousness and devotion to diets and so forth (Askegaard and Madsen, 1998).

Psychic distance is defined by Johanson and Wiedersheim-Paul (1975) as: *"Factors such as differences in language, culture, political systems, etc., which disturbs the flow of information between the firm and the market"* (Johanson and Wiedersheim-Paul, 1975). O'Grady and Lane (1996) define psychic distance as *". . . a firm's degree of uncertainty about a foreign market resulting from cultural differences and other business difficulties that present barriers to learning about the market and operating there."* (O'Grady and Lane, 1996) According to Sousa and Bradley (2008) the concept of psychic distance refers to the individual's perception of the differences between the home country and the foreign country. The individual perception is a highly subjective interpretation of reality based on the individual's experiences. Thus psychic distance should not be seen as a construct influencing each person in a firm in the same way. To use it accordingly the psychic distance concept should be applied at the individual level. They propose that: *"The greater the cultural distance the higher will be the individual's psychic distance* "(Sousa and Bradley, 2008)

O'Crady and Lane (1996) discovered that entering psychically close markets can bring poor performance because subtle, but important, differences are overlooked and underestimated (O'Grady and Lane, 1996). It may also be difficult to establish a clear basis for differentiation with the strong competition from the local firms (Sousa and Bradley, 2008). Whereas when a firm enters a psychically distant market it is more likely to adapt its marketing strategies and products more than when entering psychically closer markets (Azar, 2014). There is a greater perception of uncertainty involved that requires more extensive market research in the target market which may in term have an effect on the product attributes to make it the best fit for the target market (Evans el al., 2008). The psychic distance can cause obligatory adaptation to the new market environment requirements (Azar, 2011). This adaptation of marketing strategies can, however, provide opportunities to satisfy different kinds of customer requirements in the global market (Cavusgil and Zou, 1994*)* which in turn may enhance overall firm performance (Porter, 2008 *;* Evans et al., 2008)*.* When perceiving greater uncertainty firms often use low-cost/low-control entry mode strategies and in the case of food products this is often export (Azar, 2011).

Azar (2011) studied Finnish and Swedish food exporters and found that food culture distance in use as an export marketing strategy. He concludes *"...when a food exporter recognizes that its foreign market differs substantially in food culture from its home market, it adapts its products to that specific market to satisfy customer tastes and preferences in the export market."* (Azar, 2011) Psychically distant markets can provide a basis for differentiation that can lead to competitive advantages that are non-existent at the psychically close markets (Azar, 2014). The extensive market research caused by psychic distance provides the firm valuable strategic knowledge that can lead to attaining better performance (Evans et al., 2008). Azar (2014) concludes that: "*... in the choice between psychically close and psychically distant markets, firms are more likely to select markets that are substantially different from their home market, where they may attain better performance."* These distant markets offer more opportunities to differentiate and have less competition. This makes the food culturally distant markets more attractive for food exporters to enter. (Azar, 2014).

Researchers have not found clear support for positive or negative relationships between psychic distance and organizational performance. However, the negative assumption is intuitively appealing and often accepted. (Sousa and Bradley, 2008) Azar's (2014) results challenge the some of the previous research that claims cultural distance has a negative impact on the choice of foreign markets. (Tadesse and White, 2010; Malhotra et al., 2009; Clark and Pugh, 2001). He gives three explanations for the contradiction: (1) his findings might only apply to the food sector, (2) cultural distance may have been operationalized differently in other studies and, (3) newly internationalized firms might have different implications on cultural distance compared to ones with far more international experience (Azar, 2014).

3.4 Aims of the present study

In line with the above discussion on various theories on the internationalization of SMEs, the present study aims to provide evidence on how these theories apply to small Finnish food companies. More specifically the aim was to elucidate in more detail:

1) What kind of role internationalization has in the growth of small Finnish food companies?
2) How does the Food from Finland help the companies with their internationalization?
3) What kind of strategy is used in selecting the target export markets?
4) Are the culturally distant Asian markets good target markets for Finnish food companies?

By striving to achieve the above aims, this study will provide information on these topics by means of qualitative interviews with CEOs and export managers of six small food companies.

4 Methodology

4.1 Qualitative interviews

Qualitative semi-structured interviews were used as the data collection method for the present study. This method was chosen, as the aim was to find more in-depth content related to the new area of government supported growth and internationalization of small food companies in Finland. The main research questions were

- How does internationalization appear as a part of the growth strategy?
- Should small food companies focus their international efforts into few major export countries?
- Do the food culturally more distant Asian markets offer good opportunities for Finnish food products?

For this study nine companies were selected to be interviewed. The companies were selected based on the wishes of the Food from Finland program, which has commissioned this study. Six out of nine of the selected companies participated in the interviews and provided answers through physical and phone interviews. The six companies represent different kind of small food companies. They vary significantly in their age from over a hundred year old family business to a new venture. The interviewee was either the CEO or the export manager of the company.

The interviews were conducted in two parts. The first interviews made during May-June of 2016 in order to become acquainted with the companies and their level of internationalization and involvement in the Food from Finland program. These interviews took some 15 minutes each. These were the basis to develop the more in-depth research questions for the second interviews. The second interviews were held in October-November 2016. These interviews took some 25-30 minutes each. The interviews were designed with the help of McNamara's (2009) eight principles of preparation to interviews shown in table 4.

Table 4. Eight principles of preparation to interviews. (McNamara, 2009)

Principle (McNamara, 2009)	*Executed in the present study*	*Additional information*
1) Choose a setting with little distraction	Two were held at company premises, one in a cafe and three by phone.	Same venues were used for both rounds of interviews.
2) Explain the purpose of the interview	The purpose was clearly explained before starting the interview	Also explained by email before the interview
3) Address terms of confidentiality	The participants were assured that their names and company names are to be withdrawn from the study when asked to join the study.	They were reminded at the beginning of the interview.
4) Explain the format of the interview	The format of the interview was clearly explained before beginning the interview.	Explained by email before the interview.
5) Indicate how long the interview usually takes	The interview times were set for some 45 minutes to ensure no rush in the situation.	
6) Tell them how to get in touch with you later if they want to	The interviewees were reminded about how they could be in contact by email and phone.	
7) Ask them if they have any questions before you both get started with the interview	Everything was set to their understanding before the interview started.	
8) Do not count on your memory to recall their answers	The interviews were recorded and the interviewees were informed about this	Notes were taken on scene

Based on suggestions of Creswell and Clark (2007) the research questions were designed to be somewhat flexible but structured enough to not let the respondents lose focus of the topic at hand. The questions were open ended as suggested by McNamara (2009). Follow-up questions were used to get the optimal responses from respondents. The same questions were used in all the interviews. The research questions for the first and second interview were as follows:

Interview questions, first interview:

- How would you describe your company?
- When did you start your internationalization process?
    - What activated the international process?
    - What enhanced the internationalization?
    - What slows down the internationalization?
- Which countries do you export to?
    - How did you choose your export markets?
    - How much do you export and what are your future export goals?

- When and why did you join the Food from Finland program?
    - Which events have you participated in?
    - Which do you aim to participate?
    - What do you aim to achieve as part of the program?

Interview questions, second interview:

How does internationalization appear as a part of the growth strategy?

- How does internationalization appear as a part of your growth strategy?
    - What are the elements involved?
    - How will the elements possibly change in the future?

- What is the degree of processing of your export products?
  - Do you sell different degrees of products to different markets?
  - Is your sales volume or margin based?
  - Does it change based on market?

- How does export growth affect your business?
  - Do you need more production volume?
  - Does it add major costs?
  - Does it generate new jobs?
  - Does it increase your profit?
  - Does it affect you in your home market?

- How has Food from Finland helped you with your growth goals?

Should small food companies focus their international efforts into few major export countries?

- Where do you currently export to?
  - What was your first major export market?
  - How did you end up serving that market?
  - Which are your main export markets?
  - How big is the export in these countries compared to others?
  - Will your main market change in the near future?

- What is the level of your direct and indirect export?
  - Do you use local intermediaries or the ones in the target markets?

- How do you address resources to different export markets?
  - Do you feel like some of the target markets do not get enough attention?
  - Have you received orders that were impossible to answer to with your production capacity?

Do the food culturally more distant Asian markets offer good opportunities for Finnish food products?

- Do you export to Asia?

If not:

- Have you explored your export options?
    - What is stopping you from exporting?
    - Do you feel like the cultural differences and long distance between the markets create too many risks?

If you do:

- Why did you decide to export to Asia?
    - How do you compete in Asia?
    - Have you changed your packaging to suit the Asian markets?
- Do you feel like the cultural differences and long distance between the markets create more risks?
    - Did you do a more comprehensive market research for Asia than for Europe?

The interview questions can be found in Finnish in Appendix 1.

5 Empirical analysis

The answers in this chapter are provided by each company in an individual paragraph. The sequence of answers is random so the answers cannot be easily combined to recognize the participating company or individual.

5.1 Internationalization as part of a growth strategy

Question: How does internationalization appear as a part of your growth strategy? There were multiple views on internationalization as part of growth strategy. Three of the companies had internationalization at the very forefront of their growth strategy since the home market had become limited and unpleasant for them. One was born global since their product fit well in a certain niche and was globally competitive. The last two were still strong in the domestic market but knew that at some point the scales would tip more in favor of export sales.

> *Answer 1: For the last six years we have aimed to grow our exports. It has gone well. We increased the percentage from a few to 30% of turnover coming from exports. We export because the home market isn't growing. Our whole strategy is based on growth through exports.*

> *Answer 2: Internationalization basically is our growth strategy. It's very important for our growth and development. We have a strong international focus. The global situation of demand and interest towards quality craft products with a story and Finnish design behind them is a strong pull. Internal factors are also involved. Succession led to a brand renewal with a new message and designs to keep up competitiveness. We do need to develop in our domestic market as well but we have to be realistic about the future potential because of the small and heavily regulated domestic market.*

> *Answer 3: Internationalization is at the very forefront of our growth strategy since there is not much to hope for in the Finnish market at the moment. Finland seems to be very stagnant and centralized with power belonging mostly to two retail chains. New*

innovations are not appreciated enough as the retailers' mostly just buy and sell cheap bulk food. All in all Finland is not a very interesting market. We are making the early steps of internationalization. We are amidst clear restructuring and we will focus our efforts on consumer goods in the domestic and international market. We have a lot to learn since we are moving from B2B to B2C. You need to first make a great product, only then internationalize. Our products will be competitive in the home and international market with the same global competitive advantages. Doing something new and innovative is hard but if you do it right it will bring success. We feel like our visual look is finally as good as we want it to be. We have also polished and sharpened our verbal communication. We have constant negotiations going on and thus the resources committed to the internationalization can rapidly shift from one place to the other.

Answer 4: We are a born-global company. Our product is unique and can compete in the global market. The Finnish niche market alone would be way too small for us.

Answer 5: Finland still is our number one market and main focus. Our domestic projects take lead over international projects. We see that all of our product categories are still growing internationally. We have managed to get into retail fairly well in Finland and this is the aim in our internationalization as well. We follow the current trends that affect our growth. We constantly gather new market information and create new products to fit customer needs. Our product development process is very agile. There is a need for more travelling and face to face meetings with buyers. This in when deals are made and things move forward. We should be ready for a future where our exports can outgrow our domestic sales.

Answer 6: Internationalization is a part of our growth strategy in a sense that we look at everything from a wider perspective. We participate in international food fairs and have our materials made to several languages. Our website for example can be viewed in 7 different languages. We need to get our exports to a higher level before it will affect our growth. We know that this is a long process and thus we work on it in the *background as domestic growth is still our number one target. We also know that in the future we will face the limit of our domestic growth. We have attracted a lot of customers with being organic but only a certain portion of consumers are willing to pay for as much as we ask for. This is a seasonal business where international sales we can help even out the seasonality and thus also ease our domestic operations.*

Question: What is the degree of processing of the products you export? The consumer brand companies made it very clear that they only export their own final products made from quality raw materials, with good recipes and a strong brand. The company selling raw materials had a product that was very highly refined for added margin. Sales were mostly aimed as high margin lower volume but some of the companies said they are willing to lower the margin and sell more volume when they introduce their product to a new market. This could be done for example in the form of sales campaigns. The internationalization and possible international recognition was seen as beneficial also in the home market.

Answer 1: We only export and sell our end product made from quality raw materials with a good recipe and a supporting brand. In general we aim for volume with good enough profit margins and sometimes in the early phases we can lower our margins to create the volume. Here in our domestic market people appreciate a product that is valid internationally.

Answer 2: We export our high value brand products. We sell mostly based on margin and we have created a uniform international standard for our sales. Export sales have brought a more positive vibe also to our domestic market.

Answer 3: We sell only our 100% ready-made innovative brand products made from Finnish/Nordic ingredients. Our sales are definitely margin based. There's no point in aiming for volume and low price. The more we get from international sales the less dependent we are on our domestic market.

Answer 4: We only sell our own high quality products manufactured in Finland. We aim mostly for volume in retail.

Answer 5: Our product is completely made by us in Finland, from the development of the raw material all the way to the development of the branded consumer product.

Answer 6: Our sales are mostly raw materials. B2B. That's good for us since we don't have the will or resources at the moment to create a consumer brand in the international market. Our sales are margin based. We compete with our superior product quality. We are looking for new ways to create added value and it seems to work well with our organic and gluten free products.

Question: How does export growth affect your business? The export growth would seem to create strong overall growth by creating more jobs, investments and eventually profits. Three of the companies had already made big investments into new production facilities.

Answer 1: When our exports grow we hope it will stable the seasonality and eventually increase our production volume and the number of employees. We still have capacity to increase our production to a certain extent before the jump to the next level. The opening of export markets is costly, but we do expect the increase in exports to increase our overall profits.

Answer 2: We constantly need to increase our production volume. We are always behind the demand. We invest millions every year. It will take a long time to catch up to the demand. We grow as fast as we can. This also brings more jobs.

Answer 3: In case of growth through exports we have the possibility to change from a one shift production to a two or three shift production. However, our new products also require new production machinery. If all goes well we have a multi-million investment into production ahead of us. This would also create more jobs, if successful a lot of jobs.

If we manage to create our own cluster then we talk about major things. Money and profits is not our main driver but it would be foolish not to include them in our strategy.

Answer 4: We have made big investments into production. This way we can answer the domestic and international demand with our own products produced in Finland. This has created many new jobs in our company and thus we are growing by almost doubling our workforce in one year. We keep our eyes open and grab potential situations. We have also renegotiated and terminated old unprofitable deals. We are still so small that it's not beneficial to just build our name without making profit.

Answer 5: International growth will undoubtedly create a need to increase our production volume in the long run. We have made investments along the way to be ready. Three years ago we moved into a completely new production facility. The investment was made with continuity and international business in mind. The new facility is very modern, energy and cost efficient. Everything is under one roof. It creates a strong base for the future. We also focus on the professional development of our workers.

Answer 6: We are still very small, but as we grow these issues will become relevant.

Question: How has Food from Finland helped you with your growth goals? Food from Finland has provided an excellent platform for growth and most of the companies involved were happy with the service they received. They had received support also from other companies involved in the program through co-operation.

Answer 1: Food from Finland has helped us in our growth by providing us some necessary contacts and sales leads as well as provided us information about markets and opportunities in them. We see them as helping us in many different ways in different steps of our internationalization.

Answer 2: Having the professional support of Food from Finland has been marvelous. We have greatly benefitted from all the different events we have participated in. We are a small company with scarce resources. You could say we saved five years in our internationalization efforts with the support of Finpro and the Food from Finland program. You need a lot of information about the markets you aim to serve in order to be successful. This is what the program can provide us with. We can feel proud of the joint stands in the international fairs. They are top of the line. This creates a great environment for us where we can compete also with the bigger companies.

Answer 3: Food from Finland is an excellent network. There are companies' small and big battling with the same international barriers. This is a great platform for all to push forward from. You get peer support and have different forms of cooperation. The program creates an 'umbrella' of the Finnish brand. We are bigger together than we are alone.

Answer 4: We see Food from Finland as a consultant service that we can ask question and get information from. We haven't yet received any contacts that would have led to sales. We have participated in meet the buyer events but so our main goals of creating sales have been unachieved and we have just got a scratch of the surface of the market.

Answer 5: We have put a lot of effort into seeing how the Food from Finland program could help our growth and internationalization. In the best case they bring us resources and bare some of the costs as well as provide us with the necessary contacts. However, we see some negative things at the moment. It seems more like the external consultants just find ways to employ themselves. There are companies involved that do not fill the criteria of a company ready for internationalization. You need to have a product that can succeed and you need enough resources and production capacity. The game is tough in Finland and at least twice as tough internationally. Every opportunity should be able to be seen as a top priority and used.

Answer 6: Before the Food from Finland program, finding and reaching export markets was very hard and expensive. Now it's so much easier to find market information, potential customers and to participate in international trade fairs. This is the best food export support program ever in Finland. With scarce resources the program is able to provide a myriad of events that are relevant. The program works fantastic and should be given more resources to achieve even greater things.

5.2 The impact of geographic diversification

Question: Where do you currently export to? All of the companies were exporting to multiple countries, and most had sales negotiations on the way or already had sales in multiple continents. One of them had US as their first major export market while others started in Europe (Sweden, Germany, UK, France).

Answer 1: USA was the first major export market for our new innovative consumer products. This came through a contact acquired at a food fair. We also sell to a few European countries and have negotiations at the final stages with Japan and South Korea. Our products seem to be in a global demand. Asia seems like the most promising market at the moment. There are over a dozen countries with open negotiations and situations can shift quickly.

Answer 2: Our first export market was France. Our export markets are found by searching and experimenting. We try to sell all around and see where it works. If we find the markets in the right time we are in a good situation. This happened first in France. Overall we export to 30 countries.

Answer 3: Our first major export market was the UK. We had done our research on them and you could say that they chose us. Other countries we have exports to include Czech Republic and Germany. We also have negotiations at the finals stages with Japan. The UK is still our biggest export market but it will probably change to Germany. The Brexit adds to the challenge in the UK market.

Answer 4: Our products already have Swedish on the labels so they required no modification when exported. Around 10 % of our total sales come from Sweden. Currently we sell to over a dozen European countries with our own brand as well as private label. Our current goal is to take control of the Nordic retail markets.

Answer 5: Our first major export market was Germany. It is quite close, stable and has lot of potential consumers for our products. Brand products stand out and you can create value with them. We export to around 20 countries, mostly in Europe but also to China, South Korea and Singapore. Our current main markets are China, Germany and Estonia. Our future focus is towards Asia.

Answer 6: We currently export to France, Spain, Germany and Korea. We are constantly looking for new markets. Our current focus area is in Asia, but the ultimate goal is to be all around the globe. Germany is developing for us slowly but surely. We shall also include the Nordic countries more in the near future. We have tried to make deals to South America, without much success yet. We are also very interested in the North American market and we will go there with the Food from Finland program.

Question: What is the level of your direct and indirect export? The common way of export was through agents and distributors in target markets. Two companies also sell directly B2B and one sold to third party online stores that serve multiple countries. One had their own online store that serves the global market.

Answer 1: We use agencies and distributors based on what is the best option in different markets.

Answer 2: For a long time we only did direct B2B sales. Now we aim to find partners who know their local market and can distribute our product. Still it's mostly direct.

Answer 3: We export through dealers and distributors in target countries.

Answer 4: We use local importers with experience in the market.

Answer 5: We sell directly to retail chains as well as use local distributor. We also sell to third party online shops that deliver to multiple countries.

Answer 6: We are able to sell directly to basically everywhere through our online shop. We see that in the future the added value of a middleman needs to be shown more clearly.

Question: How do you address resources to different export markets? All the companies had resource limitations based on their small size. Thus they aimed to find quality distributors to create long lasting partnerships. They outsourced some tasks like marketing to the distributors that had better knowledge of the target market. Some companies had received orders so big that they couldn't have been fulfilled. One was constantly behind their demand.

Answer 1: We are a big player in special stores but not so well known in retail. Our main principle is that the local distributors do their own marketing. We can help out with possible campaigns. It is a standard distributor deal. We do our own marketing and attend trade fairs case by case. However, we do not have many people working on managing exports, so if one is busy at a fair it is hard to answer any other inquiries. We do our best with the available resources. We haven't received orders that we couldn't have fulfilled but sometimes retailers go over their annual estimates and we might be a bit late in deliveries but our production manages to catch up.

Answer 2: We focus our resources to different export markets based on the situation. We do, however, see the need to develop a new model for this as the old one is becoming too complex. We receive orders we can't fulfill almost every month. We can't proceed with new potential deals because of the demand from the old ones. Our demand is so much higher than our current production level, even though we grow annually.

Answer 3: We have had some inquiries for deliveries so big that we couldn't produce, but none of them have led to sales. A Korean importer probably realized how much effort it would take with the permits. This is one of our challenges when leaving the EU.

Answer 4: We aim for quality partnerships. Together with them we develop in the market. Some of our markets are self-sustained and others need more support. "There aren't two markets alike." The common nominator is the active mutual though process, planning and execution. On a short time frame we might have challenges with operating in so many export destinations but generally we are doing fine.

Answer 5: We have limited capacity with good demand so those who make their orders first have an advantage. We haven't received any orders too big for our capacity but it is possible in the future. However, I would like to point out that, small Finnish companies shouldn't target the biggest chain buyers. They might have inhumane demands with high sanction costs. The volume they require you to commit to is just too big.

Answer 6: In France and Spain we use agencies that also employ people born in Finland. They know about the local market, but also know about Finland. We tried to use a sales agent in Italy. This didn't work out. In Germany we work through distributors. We already have a few and are looking for more. It's common to have multiple distributors in Germany. We have the same situation in Korea. We have one distributor now, but we are looking for more. However, this approach didn't work in China so now we are aiming to make an exclusive agreement with a distributor. We want to make sure our partners are committed, also with their own capital.

5.3 Asian Markets for Finnish food products

Question: Why did you decide to export to Asia? The Asian market was seen as a potential market place since they appreciate the pure and high quality raw materials and the story behind the companies and their products. Nordic and Arctic things are trending and Finnish food seems to be in good demand.

> *Answer 1: We saw a lot of potential in Japan. It's a country that appreciates pure ingredients and Finland is in good demand. They approached us and we answered to their interest. Our brand resonates with Japanese consumers. To them we are exotic, of pure origin and Finland is known to have a good reputation.*

> *Answer 2: The Asian market is growing strong. They have a great interest towards our product. We compete with our superior product quality. We are looking for new ways to create added value and it seems to work well with our organic and gluten free products.*

> *Answer 3: We went to the Asian markets pretty much for the same reason we aim for any market. Our goal was to create a product that would resonate with the global food and healthy lifestyle trends. Apparently we succeeded and thus all the talk with potential buyers began. Asia soon arose as potential marketplace. Being so far from them, culturally and geographically, we are seen as Scandinavian exotics.*

> *Answer 4: Asians have been very interested in our product; in all the events they have been present. The taste of the product seems to fit with them well. The potential in the marketplace is huge.*

> *Answer 5: We see the Asian markets as a place where with a small slice you get a lot. Nordic and Arctic things are trending. This is especially good for us since our whole production is in Finland. We have several contacts and negotiations on the way but no sales yet. Our potential partners are figuring out how to work with the customs.*

Answer 6: The growing middle class of China offered us a lot of interesting potential. They want western products that are safe and have a story behind them. They also desire good taste and other sensory experiences. Our products stand out with our unique story and the use of authentic Finnish raw materials as well as Finnish design.

Question: Do you feel like the cultural differences and long distance between the markets create more risks? All companies acknowledged the risks involved in exporting to a culturally and geographically distant Asian market and some emphasized the need of good partnerships to overcome liabilities. There was also a mention of how important the visual aspects of the product packaging are for the Asian consumers.

Answer 1: There are plenty of risks involved. Their consumer habits are different. They are meticulous about the packaging and the correctness of appearance. Their standards are very high. We also put more effort into the market research because of these risks.

Answer 2: We see the long cultural and geographical distance as providing risks but also opportunities. It's hard to control what's going on in Asia, and this brings in more risk and uncertainty. Our approach is through the product. Is it good enough to warrant the interest of foreign buyers?

Answer 3: We tried to enter China through Hong Kong but we need to put more work in to find the suitable partners. They need to take good care of our brand. Co-operation is a must. Especially in Asia your product packaging must be excellent. It can't have any mistakes, it needs to be smooth. Esthetics is very important. There can be no incompleteness. They usually prefer to have English text to keep the western brand that is valued. When your product is excellent, the packaging must also be excellent. We feel like we have managed to create a good visual outlook for our brand. The importance of the visual aspects can't be stressed enough.

Answer 4: We are still so small that we can't operate directly on our own in Asia. We need partners with sales networks, agents and other local contacts. Everything is dependent on the contact network. We rely on our partners to find where our product fits in. We haven't made detailed market research on Asia ourselves.

Answer 5: We are flexible and active two way communicators with aim for long-term partnerships that are developed purposefully. The cultural and geographical distance is a challenge, but one that we feel that we can handle. We have gone into Asia with open minds and with respect to their cultures. We listen and observe and tell about ourselves to see if there is a match. We have a relaxed, realistic and polite mode of operation. We did a very thorough investigation of the European markets that helped us also with the Asian market analysis.

Answer 6: The Asian cultures take long to understand. Also the long haul of food products across the Atlantic creates risks.

6 Discussion, conclusions, limitations and future developments

6.1 Internationalization and growth with help from Food from Finland

6.1.1 Support from Food from Finland

The aim of the study was to find out how small Finnish food companies internationalize with the help of the government funded Food from Finland export growth program. All of the six companies interviewed have been a part of Food from Finland for at least one year. The program itself has been running for two years. The program offered the participants multiple possibilities of creating networks through their vast array of different events held. This can increase the international competitiveness and reduce the risks of liability of outsidership (Majocchi et al., 2005; Cavusgil and Knight, 2009, Johansson and Vahlne, 2009). *There is a need for insidership in the relevant network(s) to achieve successful internationalization...* (Johanson and Vahlne, 2009) *Networks can help increase the firm's international competitiveness when properly managed*. (Majocchi et al., 2005). "*With a significant global network of relationships small companies can attain invaluable knowledge of the foreign markets through their networks they have developed through foreign business activities, government assistance programs and personal business connections of the management"* (Cavusgil and Knight, 2009). All the networking events such as (1) Joint food fair stands, (2) Fact finding and buyer meeting events in target markets, (3) Delegation visits to target countries, including buyer events and (4) Meet the buyer events in Finland were found helpful. Other good things the program could offer are helping companies finance their food fair visits and to make sure the overall brand value of Finnish food will stay high and receive more visibility through the joint fair stands at the food fairs and other efforts. Similar results were observed as stated by Lehtinen et al. (2012): *"Trade fairs offer better opportunities for Finnish food companies when they present themselves as a group or through a third party that is bigger and stronger and has experience in marketing and sales. "*(Lehtinen et al., 2012)

Lehtinen et al. (2016) stated that: *"In the long run, by accumulating international experience, food companies would be better off targeting more distant markets. However, business* *opportunities in distant markets may require more resources, such as assets, capabilities, information and technology, of the firm to implement its strategies."* These are all things that the Food from Finland program can help and have helped the companies with. The development of networks as well as the co-operation between the companies participating can bring more good results in the future. It is already evident that the export sale of Finnish alcohol products is growing (Hara, 2016) and the co-operation in an alcohol cluster seems mutually beneficial. The clustering combines small, medium and large companies together to grow and learn under the Food from Finland banner. This can also help companies less prepared for internationalization to receive good support and learn from others doing well in the international marketplace. The clustering will also help Food from Finland developed more specified events for clusters and include joint planning and funding for events.

6.1.2. Internationalization as part of a growth strategy

Four of the companies had internationalization at the very forefront of their growth strategy since the home market had become limited and unpleasant for them. Lehtinen et al. (2016) noted in their study of food export case evidence from Finland that *"Internationalization is often a necessity because of limited domestic markets. However, doing business in foreign markets is associated with complexities and risks."* This is in line with the findings of the present study that show how limiting the domestic market is for some Finnish companies and their food products and how the risks affect the willingness to export. There were still two younger companies strong in the domestic market but they knew that at some point the scales would tip more in favor of export sales.

The internationalization of all the companies except the born global one was or had been incremental as was observed also by Majocchi et al. (2005) *"small firms need time to develop necessary experience of the market in order to export successfully."* This can be due to the unwillingness to take big risks in especially the early phases of internationalization. It could be argued that this unwillingness has developed over time with some of the older companies, because of the relatively stable domestic market growth they have historically had. The two younger companies were moving in incremental steps because of their strong domestic market focus.

The three older family companies had found the need for a new international focus to survive and grow and thus they had become born-again global. Being born-again global were taking additional risks while aiming to get more and more revenue from the export markets and thus being less and less dependent of the domestic market. One of the family businesses had a quite recent succession that shifted their focus to become more internationally oriented. Their shift to born-again globals was similar to that observed by Kontinen and Ojala (2010): *"… some family SMEs internationalize rapidly to several countries after the reins are taken up by the next generation; these firms can be termed 'born-again globals'"*. The born-again global phenomenon can be argued to be largely influenced by the Food from Finland program. The program offers good services and information that were not so well available for food companies before. This lowers the risk to take the internationalization leap. The companies may have become born-again global out of necessity but might end up finding great new markets for their products and growing significantly through their export growth.

The one born global company saw that their product is so unique that it can compete in global niche markets from the start. Another reason was that the Finnish niche market would be so very small for their product. They were also aware that without the Food from Finland program their internationalization could be overwhelming for such a small company. Thus it can be argued that the Food from Finland program somewhat levels the playing field for all size of companies desiring international success.

The companies realized they had to make investments to achieve international growth. They also addressed the need to hire more labor. All of them had made or were ready to make substantial investments to better serve the global market. One of them had recently moved into a completely new production facility. Their investment was made with continuity and international business in mind. Another one was constantly behind their demand and investing millions annually to try to catch up. A third one was growing rapidly, almost doubling their workforce from last year and investing into new production facilities to serve the global and domestic markets. They described themselves as dynamic and fast paced. They are still a relatively young company. They can establish a self-reinforcing pattern as described by Autio et al. (2000): *"create a proactive culture that enhances the ability to see and realize opportunities and also inserts the willingness to do so."* They have the 'learning advance of newness' and if they can stay innovative and adaptive and take bold enough steps they can grow with significant payoffs while also increasing the risk level and lowering their change of long term survival. They should, however, also be aware that their growth in age and numbers can create learning impediments that inhibit their flexibility if they proceed too cautiously and conservatively. Achieving high growth is not the same with food businesses as it is with high technology businesses because the scalability is not the same because of the tangible products and the costs involved. However, it seems possible for a company to significantly grow if they can afford to fund it themselves or get outside funding for the investments and take the risks to get the future reward.

6.2 Export market selection

6.2.1 Market selection strategy

It was very clear that 5 out of 6 companies only export their own final products made from high quality raw materials, with good recipes and a strong brand. The sixth was selling raw materials with value added features. The sales were mostly aimed as high margin lower volume but some of the companies said they are willing to lower the margin and sell more volume when they introduce their product to a new market. Due to the resource limitations the small companies had they mostly used export agents and distributors in their target markets. A few did direct B2B sales and one of them sold also directly through their own online store. They were all aiming to find long lasting partnerships of quality. They also outsourced some of the tasks like marketing to their intermediaries that had better knowledge of the markets. This was also observed by Li (2004): *"Intermediaries as ones that fill these knowledge gaps and reduce the risk and uncertainty involved in operating in foreign markets. They have market specific-knowledge they can leverage in making better deals."* (Li, 2004)

Five out of six companies involved started their internationalization in relatively close markets. (Sweden, UK and Germany, France) as is common with the incremental model to reduce the risks involved. (Johanson and Wiedersheim-Paul 1975) One company had received the first export order for their new innovative consumer products from the US. Majocchi and Zucchella (2003) found in their study of Italian SMEs that their performance was not determined by the export intensity and number of international markets but by the ability to gain access to specific markets, in their case North America. *(*Majocchi and Zucchella, 2003) In this sense it could be seen as a good start for a born-again global company to gain traction in the US market and then move forward to other markets with the valuable knowledge learned in the marketplace.

Aiming to serve just one export market is implied as beneficial in terms of export performance by Brouthers et al. (2009) and seen as a feasible solution for a small exporter but hindering the growth of export sales by Cieslik et al. (2012). However, none of the companies in the present study were targeting just one main export market. Only the one raw material exporter had a purely diversification based strategy which has been deemed not plausible for SMEs by Brouthers et al. (2009) because of the involvement of significant unsound risks for small firms with limited financial and human resources as well as limited operational experience. However, in this case it could be argued that as the company is not selling branded consumer products but working mostly in B2B sales, similar risks are not involved. However, this company was aware that there was a need to create a system to better serve their growing number of markets.

The branded consumer product companies in the study were diversifying their sales to serve multiple markets some with bigger and others with smaller shares. All of them identified one or a few major markets and multiple smaller markets. They were also aware of how the focus might shift in the future. Thus they were leaning towards the ambidexterity phenomenon that focuses on the need to simultaneously seek exploratory strategies in new markets while continuing to exploit opportunities in established markets. (Cellard and Prange, 2008; Barkema and Drogendijk, 2007; March, 1991). The ambidexterity strategy is concluded to be feasible for SMEs by Cieslik et al. (2012) but based on their findings they do recommend having a limited number of key markets and not spreading too wide across the globe. Though many of the companies had not been in the international marketplace for long they had already realized the need to have multiple markets instead of relying too heavily on just one main market like Finnish companies in the past have relied on Russia. This something to keep in mind also if the companies manage to find major opportunities from Asia; it may be better to stay focused on multiple fronts and not to look for short term profits from big individual deals.

6.2.2 Finding/Creating the niche market

Finding/creating the right niche market for the product seems to be the key for many small food companies. This, however, is not cheap or easy, but it is encouraged through the Food from Finland program. The program offers initial market research for free, but none of the companies interviewed really mentioned using this service. It also seemed that some of the companies interviewed were not really interested in market research and worked based on some assumptions on how their product could sell in the international marketplace. It is important that the companies know their limits, but they should not be allowed to develop into obstacles. Initial export push may fail because of the common barriers. First being the limited knowledge of foreign market entry that includes identifying foreign business opportunities, limited information to locate and analyze markets, inability to contact potential overseas customers and trouble obtaining reliable foreign representation. Second the staff qualification (training and language skill) and third the logistics in form of excessive transportation costs that are particular to perishable food products. (Fischer, 2004) You need to be able to create value in a new and unfamiliar environment. The need to recruit and maintain a well-trained staff is crucial even for a food business that is considered low-tech and low-skill. (Fischer, 2002)

There is a limited amount of time and resources at play but with the support offered by the Food from Finland program it may be easier for companies to grasp the opportunities present to find the right markets and the right partners. The Finnish Food Safety Authority EVIRA is also amidst a transformation from a regulatory agent to a supportive entity for SME exporters. They have launched a project for SMEs to develop their export skills with provided advice, training and guidance.

The goals of the project are listed below (Evira, 2017):

- to increase the understanding and knowledge of small and medium-sized businesses as concerns regulatory requirements related to export of food products
- to find solutions to problems related to export
- to map out the export conditions applied to specific product groups in third countries
- to identify destination countries that are attractive in terms of regulatory requirements and market potential

6.3 Competitiveness in the Asian markets

The Asian markets seem to be a new focal point for most of the companies. The Asian markets were seen as a potential market place since they appreciate the Finnish pure and high quality raw materials and the story behind the companies and their products. Nordic and Arctic products and concepts are a trend and Finnish food seems to be in good demand. The companies saw a lot of potential but also realized how much uncertainty was involved and were aware of the liabilities; especially psychic distance and some had put more effort into the market research to minimize these risks. They had observed that local consumer habits are different; the customers are meticulous about the packaging and the correctness of appearance. They have very high standards. This requires more thorough preparation to enter the market. These preparations are a good basis to serve other international markets as well. When high standards are set and the brand resonates with demands by consumers and production is running smoothly, the product should end up being even more appealing in all markets. The companies interviewed in the present study pointed out the innovativeness; specialty and superior quality a product should possess to be competitive in the international market. This was also found by Cavusgil and Knight (2009) to be an internationalization trigger. "*With a superior product offering small companies can emerge in foreign markets by gaining acceptance and recognition through the strength of their superior products. These strengths include innovation, high quality and specialty."* (Cavusgil and Knight, 2009) The strong competition in the foreign markets can force companies to improve their products or processes to stay competitive (Love and Mansury, 2009). In the future when the companies gain more experience from the Asian markets it can positively reflect on the overall productivity and sales volumes even if the actual Asian markets do not end up being the main target market. The learning experience from the tough marketplace is what could boost the companies to a new level.

Due to the barriers listed in chapter 3.2.2 and previously mentioned strengths and competition it may be suggested that reaching the Asian market with initial sales is achievable for many small Finnish food companies but it will take a lot of work to establish a position in such a marketplace. It was also apparent in this study that intermediaries seem to be especially necessary for the small Finnish companies aiming outside the EU. This is where the Food from Finland program and EVIRA can provide assistance, as mentioned in the previous chapter.

6.4 Limitations of the present study and future developments

This study has managed to point out similarities with the relatively few available previous studies made in the field of food exports (Azar, 2014; Fischer, 2002; Lehtinen et al., 2016; Mavrogiannis et al. 2008) and also provides more evidence on how the general theories of export and internationalization seem to apply to small food companies in a country like Finland.

One limitation of the study is the small sample size of only six companies. Not having applicable quantitative data is another limitation. Accordingly, further studies should be carried out on: Product market fit of Finnish food products in Asia; Intermediary use in Finnish food exports and; The ambidexterity phenomena in Finnish food exports just to name a few topics. There is also a need for more long term quantitative studies with large sample sizes to better explain certain phenomena like the export growth of small Finnish food companies.

References

Ahokangas, P. (1998), “Internationalization and resources: an analysis of processes in Nordic SMEs”, doctoral dissertation, Universitas Wasaensis, Vaasa

Albaum, G. S., Albaum, G., and Duerr, E. (2008). *International marketing and export management*. Pearson Education.

Andersen, O. (1993). On the internationalization process of firms: A critical analysis. *Journal of international business studies*, *24*(2), 209-231.

Andersson, S., Gabrielsson, J., and Wictor, I. (2004). International activities in small firms: examining factors influencing the internationalization and export growth of small firms. *Canadian Journal of Administrative Sciences/Revue Canadienne des Sciences de l'Administration*, *21*(1), 22-34.

Arteaga-Ortiz, J., and Fernández-Ortiz, R. (2010). Why don't we use the same export barrier measurement scale? An empirical analysis in small and medium-sized enterprises. *Journal of Small Business Management*, *48*(3), 395-420.

Askegaard, S., and Madsen, T. K. (1998). The local and the global: exploring traits of homogeneity and heterogeneity in European food cultures. *International Business Review*, *7*(6), 549-568.

Aspelund, A., Koed Madsen, T., and Moen, Ø. (2007). A review of the foundation, international marketing strategies, and performance of international new ventures. *European Journal of Marketing*, *41*(11/12), 1423-1448.

Athanassiou, N., and Nigh, D. (2000). Internationalization, tacit knowledge and the top management teams of MNCs. *Journal of international business studies*, *31*(3), 471-487.

Autio, E., Sapienza, H. J., and Almeida, J. G. (2000). Effects of age at entry, knowledge intensity, and imitability on international growth. *Academy of management journal*, *43*(5), 909-924.

Azar, G. (2014). Food culture distance as a predictor of foreign market selection: the case of Swedish food exporters. Journal of Food Products Marketing, 20(1), 75-97.

Azar, G. (2011). Food culture distance: an antecedent to export marketing strategy adaptation-an empirical examination of Swedish and Finnish food processing companies. *International Food and Agribusiness Management Review*, *14*(3).

Barkema, H. G., and Drogendijk, R. (2007). Internationalising in small, incremental or larger steps? *Journal of International Business Studies*, *38*(7), 1132-1148.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, *17*(1), 99-120.

Bell, J., McNaughton, R., and Young, S. (2001). 'Born-again global' firms: An extension to the 'born global' phenomenon. *Journal of International Management*, *7*(3), 173-189.

Bell, J., McNaughton, R., Young, S., and Crick, D. (2003). Towards an integrative model of small firm internationalisation. *Journal of International Entrepreneurship*, *1*(4), 339-362.

Benito, G. R., and Welch, L. S. (1997). De-internationalization. *MIR: Management International Review*, 7-25.

Bernard, A. B., Grazzi, M., and Tomasi, C. (2015). Intermediaries in international trade: Products and destinations. *Review of Economics and Statistics*, *97*(4), 916-920.

Bilkey, W. J., and Tesar, G. (1977). The export behavior of smaller-sized Wisconsin manufacturing firms. *Journal of international business studies*, *8*(1), 93-98.

Blomstermo, A., Sharma, D.D. and Sallis, J. (2006), "Choice of foreign market entry mode in service firms", International Marketing Review, Vol. 23 No. 2, pp. 83-93.

Brouthers, L. E., Nakos, G., Hadjimarcou, J., and Brouthers, K. D. (2009). Key factors for successful export performance for small firms. *Journal of International Marketing*, *17*(3), 21-38.

Brush, C. G., and Vanderwerf, P. A. (1992). A comparison of methods and sources for obtaining estimates of new venture performance. *Journal of Business venturing*, *7*(2), 157-170.

Buckley, P. J., and Ghauri, P. N. (1999). *The internationalization of the firm*. Cengage Learning EMEA.

Carpenter, M. A., Sanders, W. G., and Gregersen, H. B. (2000). International assignment experience at the top can make a bottom-line difference. *Human Resource Management*, *39*(2, 3), 277.

Cavusgil, S. T., and Knight, G. (2009). *Born global firms: A new international enterprise*. Business expert press.

Cavusgil, S. T., and Zou, S. (1994). Marketing strategy-performance relationship: an investigation of the empirical link in export market ventures. *The Journal of Marketing*, 1-21.

Cavusgil, S. T., and Zou, S. (1994). Marketing strategy-performance relationship: an investigation of the empirical link in export market ventures. *The Journal of Marketing*, 1-21.

Cellard, S., and Prange, C. (2008). How do age and speed of internationalization affect foreign growth? In *Academy of Management Conference, Anaheim*.

Chetty, S., and Campbell-Hunt, C. (2003). Paths to internationalisation among small-to medium-sized firms: a global versus regional approach. *European Journal of Marketing*, *37*(5/6), 796-820.

Cieślik, J., Kaciak, E., and Welsh, D. H. (2012). The impact of geographic diversification on export performance of small and medium-sized enterprises (SMEs). *Journal of International Entrepreneurship*, *10*(1), 70-93.

Clark, T., and Pugh, D. S. (2001). Foreign country priorities in the internationalization process: a measure and an exploratory test on British firms. *International business review*, *10*(3), 285-303.

Conner, K. R. (1991). A historical comparison of resource-based theory and five schools of thought within industrial organization economics: do we have a new theory of the firm?. *Journal of management*, *17*(1), 121-154.

Coviello, N. E., and McAuley, A. (1999). Internationalisation and the smaller firm: a review of contemporary empirical research. *MIR: management international review*, 223-256.

Coviello, N. E., and Munro, H. J. (1995). Growing the entrepreneurial firm: networking for international market development. *European journal of marketing*, *29*(7), 49-61.

Crick, D., and Jones, M. V. (2000). Small high-technology firms and international high-technology markets. *Journal of international marketing*, *8*(2), 63-85.

Cuervo-Cazurra, A., Maloney, M. M., and Manrakhan, S. (2007). Causes of the difficulties in internationalization. *Journal of International Business Studies*, *38*(5), 709-725.

Czinkota, M. R., and Ronkainen, I. A. (2013). *International marketing*. Cengage Learning.

D'aveni, R. A., and Ravenscraft, D. J. (1994). Economies of integration versus bureaucracy costs: does vertical integration improve performance?. *Academy of management Journal*, *37*(5), 1167-1206.

De Clercq, D., Sapienza, H. J., and Crijns, H. (2005). The internationalization of small and medium-sized firms. *Small Business Economics*, *24*(4), 409-419.

Delmar, F., Davidsson, P., and Gartner, W. B. (2003). Arriving at the high-growth firm. *Journal of business venturing*, *18*(2), 189-216.

Dhanaraj, C., and Beamish, P. W. (2003). A resource-based approach to the study of export performance. *Journal of small business management*, *41*(3), 242-261.

Eisenhardt, K. M., and Martin, J. A. (2000). Dynamic capabilities: what are they?. *Strategic management journal*, *21*(10-11), 1105-1121.

Eriksson, K., Johanson, J., Majkgård, A., and Sharma, D. D. (1997). Experiential knowledge and costs in the internationalization process. *Journal of international business studies*, *28*(2), 337-360.

European Commission. (2014). Drivers of SME Internationalisation: Implications for Firm Growth and Competitiveness. http://ec.europa.eu/DocsRoom/documents/7081/attachments/1/translations [Accessed 9th of November 2016]

Evans, J., and Mavondo, F. T. (2002). Psychic distance and organizational performance: An empirical examination of international retailing operations.Journal of international business studies, 33(3), 515-532.

Evans, Jody, Felix T. Mavondo, and Kerrie Bridson. (2008). Psychic Distance: Antecedents, Retail Strategy Implications, and Performance Outcomes. Journal of International Marketing 16 (2):32-63.

Evira (2017) PROJECT: BUILDING EXPORT CAPASITY IN SMALL AND MEDIUM-SIZED BUSINESS https://www.evira.fi/en/foodstuff/import-and-export/export-to-non-eu-countries---new-pages/promotion-of-export-skills-in-small-and-medium-sized-business/ [Accessed 29th of January 2017]

Felbermayr, G., and Jung, B. (2011). Trade intermediation and the organization of exporters. *Review of International Economics*, *19*(4), 634-648.

Fillis, I. (2001). Small firm internationalisation: an investigative survey and future research directions. *Management decision*, *39*(9), 767-783.

Fischer, C. (2002). Identifying key factors affecting success in international food product markets. http://geb.uni-giessen.de/geb/volltexte/2003/1031/pdf/FischerChristian-2002-09-19.pdf [Accessed 9th of November 2016]

Fischer, C. (2004). Managing international trade of food products: a survey of German and Australian companies. *Agribusiness*, *20*(1), 61-80.

Fletcher, D. (2004). International entrepreneurship and the small business. *Entrepreneurship and Regional Development*, *16*(4), 289-305.

Ganotakis, P., and Love, J. H. (2012). Export propensity, export intensity and firm performance: The role of the entrepreneurial founding team. *Journal of International Business Studies*, *43*(8), 693-718.

Grant, R. M. (1991). The resource-based theory of competitive advantage: implications for strategy formulation. *California management review*, *33*(3), 114-135.

Grant, R. M., Jammine, A. P., and Thomas, H. (1988). Diversity, diversification, and profitability among British manufacturing companies, 1972–1984. *Academy of management Journal*, *31*(4), 771-801.

Grossman, G. M., and Helpman, E. (1991). Quality ladders in the theory of growth. *The Review of Economic Studies*, *58*(1), 43-61.

Gulati, R Zaheer, A.., and Nohria, N. (2000). Strategic networks. *Strategic management journal*, *21*(3), 203.

Hara, 2016. Suomen elintarvikevienti kasvaa alkoholi edellä – Venäjän pakotteet voivat olla jopa siunaus. http://yle.fi/uutiset/3-9029111 [Accessed 29th of January 2017]

Hessels, J., and Parker, S. C. (2013). Constraints, internationalization and growth: A cross-country analysis of European SMEs. *Journal of World Business*, *48*(1), 137-148.

Hessels, J., and Terjesen, S. (2008). SME Choice of Direct and Indirect Export Modes: Resource Dependency and Institutional Theory Perspectives. *Zooetermer: SCALES*.

Hessels, J., and van Stel, A. (2011). Entrepreneurship, export orientation, and economic growth. *Small business economics*, *37*(2), 255-268.

Hollensen, S. (2007). *Global marketing: A decision-oriented approach*. Pearson education.

Hymer, S. (1976). *The international operations of national firms: A study of direct foreign investment* (Vol. 14, pp. 139-155). Cambridge, MA: MIT press.

Johanson, J, and Mattson, Y. LG (1988):«Internationalization in Industrial Systems–A Network Approach». *Strategies in Global Competition. Croom Helm, London*, 287-314.

Johanson, J., and Vahlne, J. E. (1977). The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments. *Journal of international business studies*, *8*(1), 23-32.

Johanson, J., and Vahlne, J. E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of international business studies*, *40*(9), 1411-1431.

Johanson, J., and Wiedersheim-Paul, F. (1975). The internationalization of the firm—four swedish cases 1. *Journal of management studies*, *12*(3), 305-323.

Katsikeas, C. S., Leonidou, L. C., and Morgan, N. A. (2000). Firm-level export performance assessment: review, evaluation, and development. *Journal of the Academy of Marketing Science*, *28*(4), 493-511.

Kim, W. C., Hwang, P., and Burgers, W. P. (1993). Multinationals' diversification and the risk-return trade-off. *Strategic Management Journal*, *14*(4), 275-286.

Knight, G. A., and Liesch, P. W. (2002). Information internalisation in internationalising the firm. *Journal of Business Research*, *55*(12), 981-995.

Kogut, B. (1985). Designing global strategies: Comparative and competitive value-added chains. *Sloan management review*, *26*(4), 15-28.

Kogut, B. (1985). Designing global strategies: Comparative and competitive value-added chains. *Sloan management review*, *26*(4), 15-28.

Kogut, B. (2000). The network as knowledge: Generative rules and the emergence of structure. *Strategic management journal*, *21*(3), 405-425.

Kontinen, T., and Ojala, A. (2010). The internationalization of family businesses: A review of extant research. *Journal of Family Business Strategy*, *1*(2), 97-107.

Kuemmerle, W. (2002). Home base and knowledge management in international ventures. *Journal of Business Venturing*, *17*(2), 99-122.

Lehtinen, U., Ahokangas, P., and Lu, J. (2016). The role of intermediaries in food export: case evidence from Finland. *British Food Journal*, *118*(5), 1179-1194.

Lehtinen, U., Puente, J., and Ahokangas, P. (2012). Internationalization of small Finnish food companies through event marketing. http://pyk2.aalto.fi/ncsb2012/Lehtinen.pdf [Accessed 9th of November 2016]

Leonidou, L. C., Katsikeas, C. S., and Piercy, N. F. (1998). Identifying managerial influences on exporting: past research and future directions. *Journal of International Marketing*, 74-102.

Leonidou, L. C., Katsikeas, C. S., Palihawadana, D., and Spyropoulou, S. (2007). An analytical review of the factors stimulating smaller firms to export: Implications for policy-makers. *International Marketing Review*, *24*(6), 735-770.

Li, L. (2004), "Research note: the internet's impact on export channel structure", International Business Review, Vol. 46 No. 4, pp. 443-463.

Lim, D., and Klobas, J. (2000). Knowledge management in small enterprises. *The electronic library*, *18*(6), 420-433.

Love, J. H., and Mansury, M. A. (2009). Exporting and productivity in business services: Evidence from the United States. *International Business Review*, *18*(6), 630-642.

Lu, J. W., and Beamish, P. W. (2006). SME internationalization and performance: Growth vs. profitability. *Journal of International Entrepreneurship*, *4*(1), 27-48.

Luostarinen, R. (1979). *Internationalization of the firm: an empirical study of the internationalization of firms with small and open domestic markets with special emphasis on lateral rigidity as a behavioral characteristic in strategic decision-making* (Vol. 30). Helsinki School of Economics.

Luostarinen, R., and Gabrielsson, M. (2004). 22 Finnish perspectives of international entrepreneurship. *Handbook of research on international entrepreneurship*, 383.

Madsen, T. K., and Servais, P. (1997). The internationalization of born globals: an evolutionary process?. *International business review*, *6*(6), 561-583.

Majocchi, A., and Zucchella, A. (2003). Internationalization and performance findings from a set of Italian SMEs. *International Small Business Journal*, *21*(3), 249-268.

Majocchi, A., Bacchiocchi, E., and Mayrhofer, U. (2005). Firm size, business experience and export intensity in SMEs: A longitudinal approach to complex relationships. *International Business Review*, *14*(6), 719-738.

Majocchi, A., Bacchiocchi, E., and Mayrhofer, U. (2005). Firm size, business experience and export intensity in SMEs: A longitudinal approach to complex relationships. *International Business Review*, *14*(6), 719-738.

Malhotra, S., Sivakumar, K., and Zhu, P. (2009). Distance factors and target market selection: The moderating effect of market potential. International Marketing Review, 26(6), 651–673.

March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization science*, *2*(1), 71-87.

Mavrogiannis, M., Bourlakis, M. A., Dawson, P. J., and Ness, M. R. (2008). Assessing export performance in the Greek food and beverage industry: An integrated structural equation model approach. *British food journal*, *110*(7), 638-654.

McDougall, P. P., and Oviatt, B. M. (2000). International entrepreneurship: the intersection of two research paths. *Academy of management Journal*, *43*(5), 902-906.

Miller, S. (2000). *How to get the most out of trade shows*. McGraw Hill Professional.

Mittelstaedt, J. D., Harben, G. N., and Ward, W. A. (2003). How small is too small? Firm size as a barrier to exporting from the United States. *Journal of Small Business Management*, *41*(1), 68-84.

Morgan-Thomas, A., and Jones, M. V. (2009). Post-entry internationalization dynamics differences between SMEs in the development speed of their international sales. *International Small Business Journal*, *27*(1), 71-97.

Mtigwe, B. (2006). Theoretical milestones in international business: The journey to international entrepreneurship theory. *Journal of International Entrepreneurship*, *4*(1), 5-25.

Mullett. (2015). What is the difference between an agent and a distributor? http://opentoexport.com/article/what-is-the-difference-between-an-agent-and-a-distributor/ [accessed 28th of November 2016]

Musteen, M., Francis, J., and Datta, D. K. (2010). The influence of international networks on internationalization speed and performance: A study of Czech SMEs. *Journal of World Business*, *45*(3), 197-205.

OECD (2009), "Top Barriers and Drivers to SME Internationalisation", Report by the OECD Working Party on SMEs and Entrepreneurship, OECD. https://www.oecd.org/cfe/smes/43357832.pdf [Accessed 9th of November 2016]

O'Grady, S., and Lane, H. W. (1996). The psychic distance paradox. *Journal of international business studies*, *27*(2), 309-333.

Oviatt, B. M., and McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of international business studies*, *25*(1), 45-64.

Oviatt, B. M., and McDougall, P. P. (2005). Defining international entrepreneurship and modeling the speed of internationalization. *Entrepreneurship theory and practice*, *29*(5), 537-554.

Peng, M. W., and Ilinitch, A. Y. (1998). Export intermediary firms: A note on export development research. *Journal of International Business Studies*, *29*(3), 609-620.

Peng, M. W., and York, A. S. (2001). Behind intermediary performance in export trade: Transactions, agents, and resources. *Journal of International Business Studies*, *32*(2), 327-346.

Porter, M. E. (2008). *Competitive strategy: Techniques for analyzing industries and competitors*. Simon and Schuster.

PTY. (2015). Markkinaosuudet 2015 http://www.pty.fi/julkaisut/tilastot [Accessed 15th of December 2016]

Rosson, P. J., and Ford, I. D. (1982). Manufacturer-overseas distributor relations and export performance. Journal of International Business Studies, 13(2), 57-72.

Ruzzier, M., AntonciC, B., Hisrich, R. D., and Konecnik, M. (2007). Human capital and SME internationalization: A structural equation modeling study. *Canadian Journal of Administrative Sciences/Revue Canadienne des Sciences de l'Administration*, *24*(1), 15-29.

Ruzzier, M., Hisrich, R. D., and Antoncic, B. (2006). SME internationalization research: past, present, and future. *Journal of small business and enterprise development*, *13*(4), 476-497.

Sapienza, H. J., Autio, E., George, G., and Zahra, S. A. (2006). A capabilities perspective on the effects of early internationalization on firm survival and growth. Academy of management review, 31(4), 914-933.

Schröder, P., and Trabold, H. Trübswetter., P.(2005). Intermediation in foreign trade: When do exporters rely on intermediaries. *Applied Economics Quarterly*, *51*(3), 267-288.

Sharma, D. D., and Blomstermo, A. (2003). The internationalization process of born globals: a network view. *International business review*, *12*(6), 739-753.

Sheppard, M., and McNaughton, R. (2012). Born global and born again global firms: a comparison of internationalization patterns. *Handbook of research on born globals*, 46-56.

Shrader, R. C., Oviatt, B. M., and McDougall, P. P. (2000). How new ventures exploit trade-offs among international risk factors: Lessons for the accelerated internationization of the 21st century. *Academy of Management journal*, *43*(6), 1227-1247.

Sousa, C. M., and Bradley, F. (2008). Cultural distance and psychic distance: refinements in conceptualisation and measurement. Journal of Marketing Management, 24(5-6), 467-488.

Street, C. T., and Cameron, A. F. (2007). External relationships and the small business: A review of small business alliance and network research. *Journal of Small Business Management*, *45*(2), 239-266.

Tadesse, B., and White, R. (2010). Cultural distance as a determinant of bilateral trade flows: Do Immigrants counter the effect of cultural differences? Applied Economics Letters, 17(2), 147–152.

Tan, A., Brewer, P., and Liesch, P. W. (2007). Before the first export decision: Internationalisation readiness in the pre-export phase. *International Business Review*, *16*(3), 294-309.

Terjesen, S., O'Gorman, C., and Acs, Z. J. (2008). Intermediated mode of internationalization: new software ventures in Ireland and India. *Entrepreneurship and Regional Development*, *20*(1), 89-109.

Terpstra, V., and Yu, C. M. J. (1990). Piggybacking: a quick road to internationalisation. *International Marketing Review*, *7*(4).

Turner. (2014). Start Your Own Import/Export Business, 4th Edition. https://www.entrepreneur.com/article/41846 [accessed 10th of November 2016]
Welch, L. S., Benito, G. R., and Petersen, B. (2008). *Foreign operation methods: Theory, analysis, strategy*. Edward Elgar Publishing.

Westhead, P. (2008). International opportunity exploitation behaviour reported by “types” of firms relating to exporting experience. *Journal of small business and enterprise development*, *15*(3), 431-456.

Westhead, P., Wright, M., and Ucbasaran, D. (2001). The internationalization of new and small firms: A resource-based view. *Journal of business venturing*, *16*(4), 333-358.

Westhead, P., Wright, M., and Ucbasaran, D. (2002). International market selection strategies selected by ‘micro’and ‘small’firms. *Omega*, *30*(1), 51-68.

Wiedersheim-Paul, F., Olson, H. C., and Welch, L. S. (1978). Pre-export activity: The first step in internationalization. *Journal of International Business Studies*, *9*(1), 47-58.

Winch, G. W., and Bianchi, C. (2006). Drivers and dynamic processes for SMEs going global. *Journal of Small Business and Enterprise Development*, *13*(1), 73-88.

Wrang, E (2016). http://www.exportfinland.fi/food-from-finland. [Accessed 29.1.2017] Additional discussions were also made to clarify some aspects of information

Zacharakis, A. (1997). Entrepreneurial entry into foreign markets: A transaction cost perspective. *Entrepreneurship: Theory and practice*, *21*(3), 23-40.

Zhou, H., and De Wit, G. (2009). Determinants and dimensions of firm growth. *SCALES EIM Research Reports (H200903)*.

Zucchella, A., Palamara, G., and Denicolai, S. (2007). The drivers of the early internationalization of the firm. *Journal of World Business*, *42*(3), 268-280.

Appendix 1

Haastattelukysymykset, ensimmäinen haastattelu

- Miten kuvailisitte yritystänne?
- Milloin yrityksenne aloitti kansainvälistymisprosessin?
    - Mitkä tekijät aktivoivat kansainvälistymisprosessin?
    - Mitkä tekijät mahdollisesti kiihdyttivät kansainvälistymistä?
    - Mitkä tekijät mahdollisesti hidastivat kansainvälistymistä?
- Millä kansainvälisillä markkinoilla toimitte nyt?
    - Mitkä tekijät vaikuttivat kyseisten markkinoiden valintaan?
    - Kuinka suuri osa tuotteistanne myydään kotimarkkinoiden ulkopuolella?
    - Mikä on tulevaisuuden tavoite kansainväliselle myynnille?

- Milloin liityitte mukaan Food from Finland ohjelmaan?
    - Mikä oli merkittävin syy, joka sai teidät liittymään?
    - Mihin tapahtumiin olette osallistuneet ohjelman puitteissa?
    - Mihin tapahtumiin aiotte osallistua?
    - Mitä pyritte saavuttamaan osana ohjelmaa?

Haastattelukysymykset toinen haastattelu

Miten kansainvälistyminen näkyy osana pienten elintarvikeyritysten kasvustrategiaa?

- Miten kansainvälistyminen näkyy osana kasvustrategiaanne?
    - Mitkä ovat siihen vaikuttavat osatekijät?
    - Miten osatekijät mahdollisesti muuttuvat tulevaisuudessa?

- Mikä on kansainvälisille markkinoille myytävien tuotteidenne jalostusaste?
    - Myydäänkö eri maihin eri jalostusasteen tuotteita?

- Onko myyntinne volyymi- vai kateohjautuvaa?
    - Vaihteleeko se maakohtaisesti?

- Luoko viennin kasvu teille:
    - Tarpeen lisätä tuotantovolyymia?
    - Merkittäviä lisäkuluja?
    - Uusia työpaikkoja?
    - Tuloksen kasvua?
    - Vaikeuksia/mahdollisuuksia kotimarkkinoilla?

- Miten Food from Finland auttaa kasvutavoitteissanne?

Kannattaako pienten elintarvikeyritysten keskittää vientiponnistelut muutamaan pääkohdemaahan ?

- Mihin eri maihin teillä on tällä hetkellä vientiä?
    - Mikä oli ensimmäinen merkittävä vientimaanne?
    - Miten päädyitte kyseiseen maahan?
    - Mitkä ovat päävientimarkkinanne?
    - Viennin osuus suhteessa muihin vientimaihin?
    - Vaihtuuko päämarkkina lähitulevaisuudessa?

- Mikä on suoran ja epäsuoran viennin osuus viennistänne?
    - Käytättekö kotimaassa / kohdemaassa toimivia välikäsiä?

- Miten eri vientimarkkinoihin kohdistetaan resursseja?
    - Koetteko, että jotkin vientikohdemaanne jäävät liian vähäiselle huomiolle?
    - Oletteko saaneet niin suuria tilauksia, että niihin vastaaminen kapasiteetillanne ei ollut/ole mahdollista?

Tarjoavatko ruokakulttuuriltaan euromarkkinaa kaukaisemmat Aasian markkinat hyvän markkinaedun suomalaisille elintarvikkeille?

Onko teillä vientiä Aasian markkinoille?

Jos, ei:

- Oletteko tutkineet vientimahdollisuuksianne?
    - Mikä mahdollisesti estää teitä aloittamasta vientiä?
    - Koetteko pitkän välimatkan ja kulttuurierojen luovan liikaa riskitekijöitä vientiin?

Jos on:

- Mikä sai teidät lähtemään Aasian markkinoille?
    - Mikä on tuotteidenne kilpailuetu Aasian markkinoilla?
    - Oletteko muuttaneet tuotepakkaustanne Aasian markkinoita paremmin palveleviksi?
- Koetteko pitkän välimatkan ja kulttuurierojen luovan lisää riskitekijöitä vientiin?
    - Teittekö Aasian markkinoita varten kattavamman markkinaselvityksen kuin läheisempiin Euroopan vientimaihin?