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Title	Internationalisation of Finnish small and medium-sized companies towards the new EU member states in the Baltic Sea region: A focus on SMEs based in Southwest Finland		
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Abstract

After the recent EU enlargement in 2004 interest in initiating business operations in the Baltic Sea region's new EU countries has increased. Little is, however, known about the internationalisation of companies based in Southwest Finland in the Baltic States and Poland. The firm base in Southwest Finland is heavily SME-oriented. Studies concerning entry mode choices of SMEs are still few. Therefore, the purpose of this study was to find answers to the following research questions:

- 1. What is the significance of the Baltic States and Poland in the internationalisation of small and medium-sized companies in Southwest Finland?*
- 2. Can Dunning's Eclectic paradigm explain or predict the entry mode choices of small and medium-sized companies in the research setting?*

This thesis uses quantitative methods for meeting the research objectives. The primary data was collected using a survey sent to the total population of 574 SMEs based in Southwest Finland that were known to be engaged in exporting activities. The response rate of the survey was 17%.

The findings confirm that the Baltic States and Poland are and will be significant export and investment destinations to the studied companies measured both in number of active companies and volume of business operations. The applicability of Eclectic paradigm in explaining and predicting entry mode choice in the research setting was partially supported. Ownership advantages were found to partially predict export entry mode. The size of the company within the SME context was found not to have an effect on the entry mode choices. Previous exporting experience in the Baltic States and Poland was found to be associated with future exporting activity in the same area. Location advantages were found to, for the most part, both explain and predict export and investment entry mode choices. Market demand and market growth in the Baltic States and Poland influence both exporting and investing activities positively. Low labour costs were found not to be a driving force of choosing investment entry mode for the studied SMEs. Baltic Sea region's new EU countries were found to be easy to access even for the smallest size category firms.

It was noted that as the Baltic Sea region as a whole is gradually developing into a home market for Finnish small and medium-sized companies and the most of the growth and opportunities exist in the eastern part of the region, it would be in the interests of all parties involved in developing Finnish economy in local and national level to support and encourage the companies to increase their involvement in the eastern part of the Baltic Sea Rim. The countries are close even for the smaller companies to operate in and offer good possibilities for those acting early on the rising opportunities.

Key words	Internationalisation, SME, Baltic States, Poland
Further information	