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Abstract

Small and medium sized enterprises (SMEs) are crucially important to national economies, and international markets, especially exports, offer great growth opportunities for the SMEs. However, SMEs face various barriers in exporting which hinder their exporting activities. Export assistance can serve as an external support to complement and develop the resources and capabilities of a firm which will enable a better success in the export markets. High context specificity and a broad variety of export assistance measures impose a need to examine different types of export assistance in more depth to understand how the provided support effects and helps SMEs. The main research question of this study is: "How can export assistance programs help SMEs overcome barriers in exporting?". To answer the question, this research explores a contact-facilitating group export project of Finnish SMEs towards the Japanese market.

This research was conducted as qualitative case study. The empirical data was collected mainly through interviews with company representatives from the SMEs who participated in the contact-facilitating group export project. The theoretical background of this study builds on export barrier, export assistance and export performance literature as well as the resource-based view of the firm. The theoretical framework is based on existing theory and is used to understand the complex indirect effect of export assistance on SMEs who receive it.

This study found that contact-facilitating export assistance in the form of a group export project can help lower barriers related to language, culture and business practice differences, contacting and establishing relationships with business partners, lack of knowledge of the target market and its opportunities, and managerial, financial and human resource barriers. These barriers can be targeted through a combination of informational and experiential knowledge measures which develop the export-related resources and capabilities. Also financial support plays a big part in enabling the participation to export assistance programs and motivating managers to export. One of the greatest value creating aspects of the export assistance case of this study was the group project approach where the SMEs benefitted especially from the peer group network in terms of knowledge sharing. A contact-facilitating group export assistance was found to best support SMEs who are experienced exporters with a limited scope.

Key words	Export assistance, contact-facilitating export assistance, group export project
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Tiivistelmä

Pienet ja keski-suuret yritykset (pk-yritykset) ovat elintärkeitä kansantalouksille. Kansainväliset markkinat ja erityisesti vienti tarjoavat merkittäviä kasvumahdollisuuksia pk-yrityksille. Pk-yritykset kohtaavat kuitenkin erilaisia viennin esteitä, jotka vaikeuttavat vientitoimintaa. Vientituki voi ulkoisena apuna täydentää ja kehittää yrityksen resursseja ja kyvykkyyksiä, jotka mahdollistavat paremman onnistumisen vientimarkkinoilla. Laaja valikoima erilaisia vientituen menetelmiä ja kontekstin merkityksellisyys korostavat tarvetta tutkia eri vientitukimenetelmiä tarkemmin, jotta voidaan ymmärtää miten annetut tuet auttavat pk-yrityksiä. Tämän tutkimuksen päätutkimuskysymys on: "Miten vientitukiohjelmat auttavat pk-yrityksiä ylittämään viennin esteitä?". Vastatakseen tähän kysymykseen, tämä tutkimus tarkastelee vientiprojektia yritysryhmälle, jonka tarkoituksena on ollut fasilitoida suomalaisten pk-yritysten kontaktien luomista Japanin markkinoilla.

Tutkimus toteutettiin kvalitatiivisena tapaustutkimuksena. Tutkimuksen empiirinen data on pääasiassa kerätty haastattelulla vientiprojektiin osallistuneiden pk-yritysten edustajien kanssa. Tutkimuksen teoreettinen tausta pohjautuu viennin esteiden, vientituen, viennin tuloksellisuuden sekä resurssiperusteiseen teoriaan. Teoreettinen viitekehys on rakennettu olemassa olevan tutkimuksen pohjalta, ja sen tarkoituksena on auttaa muodostamaan ymmärrys vientituen monitahoisesta ja epäsuorasta vaikutuksesta sitä saaviin pk-yrityksiin.

Tutkimuksen tulokset osoittavat, että kontaktien luomisen fasilitointiin tähtäävä vientitukiprojekti voi alentaa viennin esteitä liittyen kielen, kulttuurin ja liiketapojen erilaisuuteen, kontaktointiin ja suhteiden luomiseen mahdollisten kauppakumppaneiden kanssa, kohdemarkkinan ymmärryksen puutteeseen, sekä johdon, talouden sekä henkilöstön resurssinäkökulmiin. Näitä esteitä voidaan alentaa erilaisilla toimenpiteillä, jotka yhdistelevät informaation ja kokemusten kerryttämisen keinoja. Myös taloudellinen tuki on merkittävä, sillä se usein mahdollistaa vientitukiohjelmiin osallistumisen ja motivoi yritysjohtoa vientitoimiin. Yksi keskeisimmistä arvoa luovista näkökulmista vientituessa oli se, että projekti tehtiin ryhmässä, jolloin pk-yritykset hyötyivät erityisesti ryhmän sisäisen verkoston tiedonjaosta. Kontaktien luomisen fasilitointiin tähtäävä vientiprojekti yritysryhmälle sopii parhaiten pk-yrityksille, jotka ovat rajallisesti kokeneita viennin saralla.

Avainsanat	Vientituki, kontaktien luomisen fasilitointi, vientiprojekti yritysryhmälle
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**UNIVERSITY
OF TURKU**

Turku School of
Economics

EXPORT ASSISTANCE IN OVERCOMING EXPORT BARRIERS

**Case: Contact-facilitating group export project of Finnish SMEs
towards the Japanese market**

Master's Thesis
in International Business

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The originality of this thesis has been checked in accordance with the University of Turku quality assurance system using the Turnitin OriginalityCheck service.

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1 INTRODUCTION

1.1 SME exports in the international markets

Small and medium sized enterprises (SMEs) are often referred to as the backbone of a national economy as to their crucial role in a country's economic and social development (WTO 2016, 37; Small and medium enterprises – – 2021). For example, in OECD countries 95 percent of all enterprises are micro firms and SMEs, and they account for approximately two-thirds of employment (WTO 2016, 13). The national economy of an exporter's home country benefits through increased employment, contribution to technological development and higher standards of living (Leonidou et al. 2007, 736). Hence, the importance of SMEs to a nation is rather undebated.

There are no common worldwide criteria to define SMEs but many use factors such as staff headcount and turnover as determinants. The European Union defines a firm to be medium-sized if it has less than 250 employees, and the turnover is a maximum of € 50 million or balanced sheet total of maximum of € 43 million. A firm is considered to be small if the staff headcount is less than 50 and turnover or balance sheet total is a maximum of € 10 million. Firms who employ less than 10 people, and the turnover or balance sheet total is a maximum of € 2 million are on the other hand considered to be micro firms. Under this definition micro firms are considered to be a part of the SME categorization. (European Union 2021.)

In international trade SMEs cover over 90 percent of trading firms in many developed countries but they trade relatively less compared to larger companies and contribute to only 34 percent of exports (WTO 2016). Larger companies usually have a better ability, meaning resources and capabilities, to overcome different barriers in trade resulting in a competitive advantage in international markets compared to SMEs (Paul et al. 2017, 328). The barriers or constraints SMEs face more often are factors such as inexperience, lack of network and financial constraints (Leonidou 2004; Paul et al. 2017).

The structural, management and resource constraints affect the choice of entry mode into a foreign market (Steinhäuser et al. 2020, 3; Laufs & Schwens 2014, 1109). For SMEs, exporting is a frequently used mode of entry into foreign markets because it involves minimum business risks, requires low commitment of resources, and gives high flexibility of movements (Leonidou et al. 2007, 736; Pinho & Martin 2010, 255). As exporting is the most common form of entry mode, there is also an interest towards the issues and challenges faced in exporting (Leonidou 1995a; Pinho & Martins 2010; Kahiya 2018). The different obstacles faced may prevent firms from exporting at all or end in a failure of the exporting operations which in turn may possibly result in financial losses and a negative stance towards exporting (Czinkota 1996, 11; Leonidou 1995a, 29, Leonidou et al. 2011, 1). For instance, especially SMEs may have a tendency to view

international market activities as something that is too risky if management is only able to see the risks and challenges involved and thus think that it is better to stay out of the markets (Kotabe & Czinkota 1992, 640; Leonidou et al. 2011). Export barriers are defined as anything that “hinder the firm’s ability to initiate, develop or sustain business operations” in foreign markets (Leonidou 2004, 281). SMEs have also been found to be highly sensitive to external influences and challenges meaning the technological, political, and institutional environments. Thus, changes in the markets are more likely to impact them. (Cheng & Yu 2008; Schwens et al. 2011; Laufs & Schwens 2014, 1109.) This further highlights the interest toward export barriers faced by SMEs in particular.

Not only is the interest in what the barriers and their influences are but also in how those barriers can be lowered or overcome to enable and enhance SMEs’ exports. International markets offer great opportunities such as economies of scale for manufacturers, an opportunity for market diversification and a chance to learn from competitors, demand and culture (Lages and Montgomery 2001, 20). Exporting can improve a firm’s managerial skills and capabilities and enhance the ability to better utilize resources. These factors can also strengthen the performance on the home market as well. (Katsikea & Skarmas 2003, 1724.) There are various benefits of SMEs’ exports both on firm-level as well as on national level and consequently barriers hindering the realization of those benefits has been and still is a relevant topic to research. Thus, it makes sense that there is an interest from national governments to try to encourage and support exporting (Rocha et al. 2008, 105). These support efforts are usually in the form of export assistance which will be discussed in more detail in the following chapter.

1.2 Export assistance in helping overcome export barriers

Firms can mitigate challenges concerning the lack of resources and capabilities by seeking external support, such as export assistance (Faroque & Takahashi 2015, 423). Export assistance in broad definition refers to “all public policy measures that aim at enhancing exporting activities” (Seringhaus 1986, 55). Export assistance is often implemented through various export assistance programs (Fischer & Reuber 2003). Based on national trade policies and attitudes towards government intervention in business, export assistance is organized through various ways ranging from private, mixed public-private and quasi-organizations to mainly government led export assistance programs (Seringhaus & Rosson 1990, 34–37; Diamantopoulos et al. 1993, 5; Shamsuddoha et al. 2009; Njegić et al. 2020, 651). Thus, implementation of export assistance can be organized by different export assistance agencies or ministries, or through other sources and organizations such as the European Union, trade associations

and chambers of commerce (Serinhaus & Rosson 1990, 34–37; Lages & Montgomery 2005, 759; Sousa & Bradley 2009, 682; Njegić et al. 2020, 651).

On a macro level, export assistance can be international trade negotiations aiming to break down barriers of entry in the foreign markets, for instance. Micro level assistance, on the other hand, can be for example providing chances to learn about the foreign markets, export counseling and export financing. While this study is interested in micro level assistance, it is important to acknowledge the importance of having both macro and micro level assistance occur simultaneously for firms to improve their performance on the international markets. (Czinkota 1996, 13-14.) When using the term export assistance, this study refers to micro level export assistance.

There are different ways to define the aim of export assistance depending on the perspective and theoretical focus. From the perspective of policy makers, the purpose is to enhance international competitiveness of especially SMEs, and thus contribute to growing export of the national economy. From the firm perspective, export assistance can be seen to be meant to reinforce motivations to export, target specific exporting challenges, and help make exporting a positive experience for the domestic firms which ultimately are thought to affect the competitiveness of the firm (Diamantopoulos et al. 1993, 5; Shamsuddoha et al. 2009, 87; Njegić et al. 2020, 651.) Targeting specific export challenges refers to assisting in overcoming export barriers, which can thus be considered to be one of the key objectives of export assistance. The connection between export assistance and export barriers is often referred to in research (see, for example Serinhaus & Rosson 1990; Dean et al. 2000; Leonidou 2004). Export assistance usually has a strong focus on targeting SMEs since they are thought to need it the most due to limited resources and their learning potential (Serinhaus & Rosson 1990; Leonidou et al. 2015; Njegić et al. 2020) which is one of the reasons why this research is interested in SMEs in particular.

Export assistance has been a target of interest in research for decades as from a governmental perspective the use of national resources towards supporting involvement in foreign business activities needs to be justified (Serinhaus & Rosson 1990, 183; Lages & Montgomery 2001, 3). Research is also relevant because understanding the needs and struggles of firms is relevant in orders to plan for fitting policy and providing effective export assistance (Serinhaus 1986; Leonidou et al. 2015). Research has not however reached consistent result in considering the direct effect of export assistance on export performance and studying the phenomenon has lately been focused on viewing the effects as more indirect and on a conceptual level (Lages and Montgomery 2001; Wilkinson & Brouthers 2006, 237; Shamsuddoha et al. 2009; Njegić et al. 2020).

Defining measures for export assistance is difficult due to the fact that its effect is rather indirect as it is seen to facilitate firms' own activities and additionally it is only one of the factors that affects export behavior and performance of firms. (Francis & Collins-

Dodd 2004, 477.) Based on this thought and following relevant research (see, for example Seringhaus & Rosson 1990; Diamantopoulos et al. 1993; Czinkota 1996; Gençtürk and Kotabe, 2001; Francis & Collins-Dodd 2004) and the resource-based view of the firm, this research will define the goal of export assistance programs as “to enhance export performance by improving firms’ capabilities, resources, and strategies and overall competitiveness” (Francis & Collins-Dodd 2004, 474). This research will especially view the capabilities and resources considered relevant in exporting (Leonidou et al. 2011; Njegić et al. 2020). While this research does not aim to comprehensively measure the effect of export assistance on export performance, assessing the effect of export assistance through more qualitative approach of subjective measures (see, for example Katsikeas et al. 2000; Zucchella et al. 2019).

A better understanding on what types of assistance is effective and what are not would be valuable information to the policymakers as they could adjust their policies accordingly. Also managers can be assumed to benefit more from such understanding. Examining a specific type of export assistance service could allow managers to gain a better understanding of the potential forms of support available and gain a better view on how it could serve their specific needs and thus possibly motivate to seek for such support for themselves. Also for various organizations implementing and offering export assistance programs a better understanding of how their efforts impact SMEs and how companies themselves experience the received assistance can help in adjusting their services to better fit the needs of SMEs. Being able to recognize the needs of companies in order to be able to offer effective assistance is thought to be one of the keys in designing export assistance (Seringhaus 1986, 55–56).

1.3 Research questions

It has been argued that the focus of export assistance research so far has been more in viewing specific indicators of export assistance, such as programs awareness and knowledge, rather than on the impact of specific type of assistance programs on firm export activities which would be more relevant to policymakers and managers (Seringhaus 1986; Lages & Montgomery 2001). Additionally, much of research on export assistance treats it as one concept or divides the export assistance programs into high-level categories (see, for example Gençtürk and Kotabe 2001; Shamsuddoha et al. 2009; Catanzaro et al. 2019). While this is necessary and relevant in order to create an understanding of the bigger picture, it should not downplay the differences that occur not only in the purpose and content of an export assistance program but also to the firms that participate. Considering the level of context specificity, it could be argued that in order to gain an overall understanding of the phenomenon, it would be valuable to look at more

specific cases in depth. Thus, this research seeks to contribute export assistance theory by examining a specific type of export assistance program.

The case unit of this research is a group export project for Finnish SMEs who were interested in establishing contacts in the Japanese export markets. All of the SMEs who participated in the project are in design and lifestyle business sector and have well established domestic businesses as well. The project was a market development-related program which usually focus on measures that provide informational and experiential knowledge in contrast to financing and guarantee related programs. Main objective of the case project was to help SMEs establish contacts with potential business partners, thus it can be categorized as a contact-facilitating export assistance program. Additionally, the aim was to provide an opportunity to get to know the target market better.

The importance of finding potential business partners has been highlighted in the literature (see, for example Leonidou 2004) and for example Wilkinson and Brouthers (2006) found that the use of programs that identified agents and distributors correlated with higher satisfaction of export performance within the firm. However, not much research focusing on this type of export assistance exists. Thus, this research seeks to gain a deeper understanding of contact-facilitating export assistance programs.

The main research question of this research is *how export assistance programs can help SMEs overcome barriers in exporting*. The main research question is divided into further sub-questions:

- *What export barriers can export assistance programs mitigate?*
- *How do SMEs experience the effect of export assistance programs?*
- *What export-related resources and capabilities can export assistance programs enhance?*

With the help of the first sub-question, export barriers that SMEs face are explored and identified, and then reflected on what barriers export assistance programs can mitigate. The focus in this research will be in contact-facilitating group export assistance. With the second sub-question, the experiences of the effect of export assistance is more thoroughly examined. The case of contact-facilitating group export project will be viewed from the perspective of the SMEs who took part in the project. The context is in Finnish SMEs entering the Japanese market. The third question will complement the understanding of what export-related resources and capabilities are seen to mediate the effect of export assistance. With the help of these sub-questions, this research will answer its main research question and provide a more in-depth understanding of how export assistance is considered to effect firm resources and capabilities, overcoming of export barriers and eventually export performance.

The main theoretical base of this research is in export assistance literature but also export barrier and export performance research are strongly linked and relevant. Even

though much research on export assistance exists, it can be argued that the changing market and institutional scenarios may have changed the role of supporting organizational actors such as government agencies (Francioni et al. 2016). Thus, export assistance research should be continued to keep up with the changing business environments. The theoretical base still relies heavily on older research (see, for example Bilkey & Tesar 1977; Seringhaus 1986; Kotabe & Czinkota 1992; Seringhaus & Rosson 1990; Diamantopoulos et al. 1993, Leonidou 1995a) which has built its results on mainly studying manufacturing firms. The more recent research seems to still consider the theoretical base as relevant. This further highlights the need for more current research in order to validate and develop the theoretical base. By examining a recent case of export assistance in depth, this research will contribute to providing a current view on export assistance programs in SMEs' exporting. Despite the case focus of Finnish SMEs in the Japanese markets, the research intends to also contribute to general discussion on the effect of export assistance on SME exports and barriers by examining a unique case.

2 EXPORT BARRIERS FOR INTERNATIONALIZING SMES

2.1 Types of export barriers

There are various challenges that companies face on the international markets. In export research, terms such as export barriers, problems, obstacles, impediments, and constraints are used to describe these difficulties (Leonidou 1995a, 30; Kahiya 2017, 64). The export barriers can be attitudinal, functional, structural or institutional of nature (Kahiya 2017, 64). Export barriers can be real or perceived, and managerial, organizational and environmental characteristics of the organizations affect how different barriers are perceived, experienced or reacted to. For example, firm specific characteristics such as size, export involvement, previous international experience, and information-seeking ability are factors that affect the barriers that each company faces. (Leonidou 1995a, 32; Czinkota 1996, 13; Kahiya 2018.) Also, business experience of the managers and organization helps putting barriers related to competition, distribution channels, working capital, and foreign market information into proportion. Thus, SMEs who have more experience, are more likely to perceive export barriers more realistically and not as inhibiting as those who have less experience. (Leonidou 1995b, 21.)

Three different types of groups who face export barriers can be identified. First group is *non-exporters* who are not exporting but have potential to do so. Non-exporters view export barriers from a subjective perspective, and the perception of barriers is in an especially central role. Second group is *current exporters* who currently export, and view export barriers from an experiential perspective. Third group is *ex-exporters* who for some reason have stopped exporting. They view export barriers from both experiential as well as a perceptual perspective. (Leonidou 2004, 281.) All of these groups view export barriers slightly differently based on their experiences or lack of it. Export barriers exist in all stages of a company's internationalization process, and the nature and magnitude vary (Uner et al. 2013). This variation is a result of the changing and various competence, resources and strategies at each stage of internationalization (Francis & Collins-Dodd 2004, 476–477).

There is a variety of different ways literature has categorized export barriers. There has been a lack of consensus on export barrier categorization in the research field due to listing the barriers differently and not integrating the results from previous research. This has resulted in many barriers being somewhat similar in content. (Arteaga-Ortiz & Fernández-Ortiz 2010, 398.) One common way to broadly categorize export barriers is to divide them into internal and external barriers (Paul et al. 2017; Leonidou 1995a, 32; Cavusgil & Zou 1994; Tesfom & Lutz 2006; Pinho & Martins 2010; Kahiya 2013). Internal barriers are seen to be intrinsic to the organization and they are more associated with the organizational resources and capabilities of the firm and their approach to

exporting. External barriers on the other hand are seen to have their source in the industry, market and macro environment in which the company operates in, even though the barriers may rise from the firm's own operations. (Leonidou 2004, 281; Leonidou 1995a, 32; Tesfom & Lutz 2006, 263–264, 269.) Internal and external export barriers discussed in the upcoming chapters 2.2. and 2.3 are summarized in table 1.

Table 1 Export barriers

Internal barriers	<ul style="list-style-type: none"> • Lack of financial resources <ul style="list-style-type: none"> ○ Shortage of working capital to finance exports ○ Lack of finance for market research ○ Too high business risks or costs ○ Lack of resources to bear the time of investment into exporting • Insufficient production resources • Lack of human resources <ul style="list-style-type: none"> ○ Lack of skilled staff for exporting ○ Difficulty in acquiring skilled staff • Lack of relevant networks and connections • Managerial-related factors <ul style="list-style-type: none"> ○ Lack of management time ○ Focus on domestic market ○ Limited ambition on international growth ○ Unrecognized opportunities ○ Unrealistic fears ○ Management inertia ○ Lack of experience • Inability to identify business opportunities on foreign markets • Lack of information of the target market • Lack of knowledge of export assistance programs • Lack of knowledge on financing • Challenge to locate and contact foreign customers • Meeting quality expectations and working with various product images • Differences in product usages in foreign markets • Meeting product quality standards and packaging and labelling requirements • Difficulty in finding reliable foreign representation, a suitable distributor or distribution channel • Transportation costs and shipping arrangements • Adjusting marketing activities
External barriers	<ul style="list-style-type: none"> • Keen competition on the market • Language and cultural differences • Unfamiliar exporting procedures • Documentation and red tape required for the export operations • Slow collection of payments abroad • High value of the local currency • Risk from variation of the exchange rates • High tariff and non-tariff barriers • Unfavorable home rules and regulations • Lack of government assistance

Some researchers further divide internal and external barriers into various subcategories (see, for example, Kahiya 2013; Tesfom & Lutz 2006; Leonidou 2004). There is no one established categorization used in export barrier literature. However, despite the inconsistency in categorizing the barriers, the barriers themselves seem to appear repeatedly indicating on some consensus on the content of them. Thus, this research chooses to only categorize barriers as internal and external along the lines described above.

Reflecting on export assistance, this research is more focused on the internal barriers and market environment related barriers as those are targeted through micro level export assistance programs offered to firms. Thus, leaving the macro environment and industry related barriers out of main focus is justified. Additionally, it is important to keep in mind that same factors – resources and capabilities – that are thought to affect the formation of export barriers, are also same that are targeted in export assistance programs in order to enhance a firm's exporting activities.

2.2 Internal barriers

Many internal barriers are connected to having limited resources such as lack of financial, production, or human resources (Leonidou 2000; Leonidou 2004; Kahiya 2013). Resource aspects on barriers have been consistently brought up in export research and in general can be considered a common impediment (Leonidou 2000). In financial resources, the issue is often financing the exports, especially on short-term. There might be a lack of capital or credit to gain access to financing export sales, lack of finance for necessary market research, or the business risks or costs may be prohibitive. (Leonidou 2000; Leonidou 2004; Arteaga-Ortiz & Fernández-Ortiz 2010; Kahiya 2013.). Also on more medium- or long-term there might be an issue in lacking the financial resources to face the period of time that is needed to recover export-related investments (Arteaga-Ortiz & Fernández-Ortiz 2010).

Insufficient production resources in turn refer to a situation where there is no excess production capacity for exported goods (Leonidou 2004, 283, 288). This barrier includes the assumption of production for domestic markets being viewed as a primary priority. Lack of production capacity is however seen as a low impact barrier probably relating to the fact that it is unlikely for a company to pursue exports if they recognize that they do not have sufficient production capacity. Human resources barriers may result from the lack of adequate and skilled staff for exporting which can also create major challenges for SMEs. (Leonidou 2004, 286; Paul et al. 2017, 333-334.) Acquiring skilled people might also be difficult also in the sense that financial resources to train existing personnel or finding and hiring someone new might be limited.

A firm's social capital – meaning networks, informal connections, inter-firm relationships and managerial ties – have the potential to build the intangible assets of a firm. Intangible resources cover for example capabilities, managerial skills, network, information and knowledge of an organization. (Barney et al. 2001, 625; Paul et al. 2017, 334.) Social capital is seen as a resource that encourages export activities and fills voids in the institutional environment such as lack of available information opportunities. Hence, social capital resources can play a crucial role in overcoming some of the barriers. Consequently, inadequate social capital resources are recognized as one major barrier in more recent literature. (Paul et al. 2017, 334.) This research will refer to social capital mostly as networks and connections, and thus considers the lack of them as a barrier.

Managerial-related factors can be a key driver or a barrier to the firm's internationalization (Kahiya 2013, 6). From a managerial perspective on barriers, managerial orientation and perception of export market attractiveness play a crucial role (Kahiya 2013, 6). On more simpler terms these mean factors such as risk-averseness, foreign-orientation, international experience, and education which affect strategy and decision-making of firms (Leonidou 2004, 284). These factors reflect to decision making in various ways. For example, if management has a limited ambition on the company's growth this may result in management viewing domestic markets as sufficient for their business activities (Korth 1991, 21; Kahiya 2013, 6, 8; Paul et al. 2017, 333). Also, the focus on domestic market might be an issue since export markets are receiving less attention, effort and commitment. Management's time might be preoccupied in dealing with and prioritizing domestic issues. (Korth 1991, 21; Leonidou 2004, 287; Kahiya 2013.)

It might also be that the benefits of foreign markets and exporting are not properly understood. This may result from lack of knowledge on foreign opportunities or perceiving foreign markets as too small or expensive. (Korth 1991, 24–25; Kahiya 2013.) For especially non-exporting firms, there might be these kinds of motivational barriers which connect to management's perception of exporting being not as profitable as in the home markets. Exporting can be viewed as more risky, time-consuming and costly. (Seringhaus & Rosson 1990, 16–17; Kahiya 2013.) Unrealistic fears, misperception and prejudices of the challenges that may be faced culminate how perception of export barriers can be crucial in an export decision for a firm. There might be a fear or misperception of operational difficulties, risks, environmental differences and the strain that the company will face when exporting which affects how the opportunities of that foreign market are evaluated (Korth 1991, 24–25; Kahiya 2013). Management inertia might also be an issue and it refers to a negative attitude towards exporting activities which results in an unwillingness to spend and commit resources into exporting. The inertia might appear as a lack of effort and enthusiasm towards exporting. (Korth 1991,

25; Leonidou 2004, 287; Kahiya 2013.) Consequently, also financial and nonfinancial benefits of exporting may be ignored (Arteaga-Ortiz & Fernandez-Ortiz 2010). These discussed managerial-related factors are considered to be relevant barriers especially for SMEs as these factors significantly effect a company's actions regarding decision-making and export strategy. Consequently, they also affect the formation and perception of other barriers and are in that sense connected to most other barriers. Similarly connected to other barriers are those related to knowledge.

The perspective of knowledge has been of great interest in research of export barriers (see, for example. Arteaga-Ortiz & Fernandez-Ortiz 2010; Kahiya 2013). Knowledge barriers relate to lack of information, knowledge and experience on relevant exporting aspects. Common knowledge barriers are the inability to identify business opportunities on foreign markets, lack of information of the target market, and having limited information to analyze markets. (Leonidou 2004; Arteaga-Ortiz & Fernandez-Ortiz 2010; Kahiya & Dean 2016, 78.) Especially the limited information for locating and analyzing foreign markets is considered to be a barrier with very high impact. Inability or difficulty to contact overseas customers is seen as a barrier for both non-exporters and exporters which can result from distance with customer, lack of systematic market research or limited exposure to sources that would reveal potential customers. (Leonidou 2004, 286–287.) Also, lack of experience in conducting foreign business, meaning a lack of general knowledge on how to export, is considered to be a barrier (Leonidou 2000; Arteaga-Ortiz & Fernandez-Ortiz 2010). Additionally, the lack of knowledge on export assistance and financing can be considered to be a barrier as they could serve as external resources to overcome other barriers (Arteaga-Ortiz & Fernandez-Ortiz 2010).

It is seen that knowledge barriers can be overcome through either acquiring information, learning from internationalization or possession of such knowledge prior to export operations that is a result of previous experiences, an international orientation or a global mindset of the manager (Kahiya 2013, 7). As SMEs are often rather small, the owners or managers' knowledge can be considered to almost equal that of the organization's. In this sense, also the lack of experience of managers can also be considered as a barrier. Regardless of how and when knowledge is acquired, it is evident that experience is a central factor (Kahiya & Dean 2016, 78).

In addition to the managerial and organizational resources and capabilities, internal barriers could also include challenges regarding the marketing activities, including factors related to product, price, distribution, logistics and marketing (see, for example Leonidou 2004; Kahiya 2013). Different markets may have different formal and informal requirements for a product. The exporting company may face challenges regarding the differing customer habits or attitudes. (Leonidou 2004; Tesfom & Lutz 2006, 274–275.) Thus, there might be a need to adapt their product or service to meet the customers'

expectations. Also, meeting different product quality standards and packaging and labelling requirements can create challenges. (Leonidou 2004, 293; Arteaga-Ortiz & Fernandez-Ortiz 2010.)

Difficulty in finding and selecting a reliable distributor and foreign representation are also considered to be export barriers that can have a high impact on firms' export behavior (Leonidou 2004; Paul et al. 2017, 331–332). Locating a suitable distributor or distribution channel is crucial as it has been suggested as one of the keys to success in export activities (O'Cass & Julian 2003). It has been found that "suppliers with committed distributors gain greater access to market information, garner more assistance, and reduces distributors' interest in promoting competitive brands" (Kim & Oh 2002, 72). Finding such a reliable and committed distributor is not easy, however. Some are more interested in their own benefit which can be especially harmful if the exporter is less known and hence, is more connected to the image of the distributor (Karunaratna & Johnson 1997). Logistical challenges may relate to unavailability of warehousing facilities, and overall transportation costs may be high and shipping arrangements complex which create challenges in operating. (Leonidou 2004, 288–292; Arteaga-Ortiz & Fernandez-Ortiz 2010, 401–402.)

2.3 External barriers

The external barriers include barriers that can result from different environments: the industry, market and macro environment (Tesfom & Lutz 2006, 263-264, 269). The industry environment can create barriers relating to the nature of the specific industry and competition. Keen competition abroad can act as a barrier to exports (Arteaga-Ortiz and Fernandez-Ortiz 2010). This can for example result in a difficulty in matching competitors' prices especially after all the costs that might go into adjustments and arrangements such as adapting products, arranging transportation and such. (Leonidou 2004, 288–292.)

Barriers related to market environment refer to barriers related to procedural aspects (Cavusgil & Zou 1994; Tesfom & Lutz 2006, 269, 274-275). One of the often-mentioned market barriers in research is cultural and linguistic barriers (Arteaga-Ortiz & Fernandez-Ortiz 2010, 401). These include different sociocultural traits and differences in the verbal or non-verbal language. For example, problematic communication with the foreign customers may be an issue which might result in various misunderstandings, poor control over foreign activities and lacking feedback from the foreign business activities. (Leonidou 2004, 292.) These are considered to be barriers with a moderate or low impact on firms' internationalization. (Leonidou 2000; 2004.) Also, challenges with unfamiliar exporting procedures and overall complexity of documentation and red tape required for

the export operations is a barrier firms have to face quite often in a foreign market environment (Katsikeas & Morgan 1994; Leonidou 1995b; Leonidou 2004). Slow collection of payments from abroad might also be a challenge due to lack of immediate contact with the customer (Leonidou 2004, 292).

There are also external barriers that are thought to rise from the macro environment. There might be barriers due to risk from variation of the exchange rates and high value of local currency (Arteaga-Ortiz and Fernandez-Ortiz 2010; Paul et al. 2017). High tariff and nontariff barriers can also create challenges (Leonidou 2004). More recent research has found however that barriers related to tariffs as well as competitive prices – which were found to be important barriers in the past – have become less important. (Uner et al. 2013.)

Also the state of the host country's economic and political state affects the export barriers companies face. Political instability and poor or deteriorating economic conditions increase risks on many perspectives and it is seen as a barrier with very high impact (Leonidou 2004, 286, 294). Thus, it can be assumed that when looking at a potential foreign market to enter, such high risks countries might be discarded to begin with. In the research case unit this category is not seen as a central concern.

From a home country perspective, barriers can result from unfavorable home rules and regulations (Leonidou 2004) and lack of government assistance or inefficiency of such programs (Katsikeas & Morgan 1994). As a stimuli government export assistance and incentives are ranked low in overall comparison in various types of stimuli for small companies (Leonidou et al. 2007, 740) but it is consistently brought up in research (see, for example Katsikeas & Morgan 1994; Leonidou 2004). It can be argued that because export assistance can help SMEs lower other barriers, the lack of it can be a barrier itself.

2.4 Export barriers in the Japanese markets

The Japanese market has had a history of a very closed system where foreign firms have had a difficult access to the market and its distribution systems. The Japanese markets have been of interest for many, starting from the early 1990s, due to Japan's economic success and success in trade. Accessing the Japanese markets at the time was difficult, and the key reason was thought to be the structure of the Japanese channels of distribution which consisted of close relations and practices. (Czinkota & Kotabe 2000, 483–484.) Though the Japanese markets have continued to open up to this date, foreign firms still face different barriers while entering the market.

Research on Japanese barriers has found relevant barriers of entry to fall into following categories: 1) high standard expectations and bureaucratic practices, 2) high operational costs 3) differences in consumer culture, and 4) unique Japanese business practices.

(Czinkota & Kotabe 2000; Maguire 2001.) Barriers due to *high standard expectations and bureaucratic practices* are considered somewhat significant and unchanged reflecting from the 90s to a study conducted in 2000s (Czinkota & Kotabe 2000). This barrier includes for example excessive quality expectations, unreasonable standards and delays in patent or trademark processing. These aspects are thus more related to the regulatory environment rising from host country policies. Patent or trademark processing are not relevant in the case study of this research and are thus left out of the consideration.

High operational costs have been a high barrier for trade in Japan, but their importance has decreased in the past years and is expected to decrease even more. The operational costs are considered to include both cost of entry and possibly high retail prices. (Czinkota & Kotabe 2000, 486–487.) Reflecting on previous discussion on general barriers, cost of entry may be considered to include the costs of overcoming the other export barriers, such as finding the right business partners, and adapting products and marketing activities.

Differences in consumer culture includes the preference on Japan-made products as well as high quality expectations from the customers. Especially the expectation of high standard after sales service which is seen to be the producer's responsibility is pointed out. This for example is seen to raise the costs of doing business in Japan. (Maguire 2001, 246–247.) This aspect, however, is less relevant when the product has lower requirement on after sales service and the firms are only in the earlier stages of establishing their businesses in Japan as in the context of this study.

To examine the preference of Japanese products in the context of this project more specifically, the lifestyle and design business needs to be considered. The interest towards Finnish brands has been considered to be a strong niche market in Japan (Patala 2017). Additionally, there has been great evidence of the ever-rising amount of interest. As an example of that, brands such as Marimekko, Iittala and Moomin have had success in finding their place in the Japanese markets. (Patala 2017.) For example, a Moomin Valley Park was opened in 2019 by the Metsä Village which was opened a year before in Hanno City, Japan (Metsä Hanno 2021). Metsä Village aims to offer “something of the Nordic lifestyle and mindset” which seems to be appealing to the Japanese consumers. (Metsä Hanno 2021). Thus, the niche for Nordic lifestyle and design products in the Japanese markets can be considered to indicate that the preference of Japanese products is irrelevant, and the Finnish origin may serve as an advantage rather than a barrier.

Japanese business practices are considered to be the most important barrier for foreign firms. This includes close business linkages as well as cultural and language barriers, including communication and cultural characteristics. (Czinkota & Kotabe 2000.) The close business linkages represent the uniqueness of the Japanese business practices. These linkages are formalized in keiretsu networks or families of companies. (Czinkota & Kotabe 2000, 486–487.) Even if the significance of the keiretsu networks has decreased

from what they once were (Lincoln et al. 1996), relationships and networks perspective in entering the Japanese market is still relevant. Close local business linkages might make the search of reliable representation, a distributor or a distribution channel more difficult. Some of the features connected to high costs of doing business in Japan are connected to the complexity of distribution systems (Maguire 2001, 247). However, consumer goods that are more high-end and special, have a better chance to succeed in the niche market where exclusivity and quality are emphasized. (Maguire 2001, 247.)

In international business culture, language and communication always play a role. There are a few valuable notions on the differences and similarities of the Finnish and Japanese culture and communication. Despite the different cultural contexts and differences in values, Finland and Japan have a lot of similarities especially in the way of communication (Nishimura et al. 2008, 787–795). The communication style of Finns and Japanese are usually introvert, modest, quiet, not interruptive, silence using and silently thinking, disliking big talkers and using little body language (Lewis 2005, 68).

One difference that occurs is that Finns prefer truth over diplomacy which is usually the other way around for Asian cultures (Lewis 2005, 68). This can be seen to be connected to differences on the high- and low-context culture spectrum. Japan is a high-context culture in which close human relationships and a well-structured social hierarchy and norms are important which affects the style of communication (Kim et al. 1998, 512). High context cultures rely on their past more, including history, status and relationships among other things. (Nishimura et al. 2008, 785). In low-context cultures people are more individualized and communication is more explicit and nonpersonal whereas in high context cultures it is more implicit, and the role of context is more important (Hall 1976, 39; Kim et al. 1998, 509). The Finnish culture, reflecting on Scandinavian cultures (Hall & Hall 1990), would be defined as a low-context culture. Finns are for example very non-hierarchical and more individualistic (Lewis 2005, 68; Nishimura et al. 2008, 794). Reflecting on these differences and similarities in the features of Finnish and Japanese cultures and communication styles it can be expected that there is a need to adjust one's communication and pay attention to being culturally sensitive.

Reflecting back on Western cultures, there are also challenges in the negotiating process in Japan (Maguire 2001, 245). Important aspects to consider is that 1) losing face, meaning respect and dignity, is avoided at all times, 2) connections and personal relationships are important, and 3) the priority is in the group rather than the individual. These notions highlight that hierarchy needs to be considered in order to behave in a culturally appropriate manner. Hierarchy also means that there has to be consensus, approval and authorization from many levels which tends to take time and thus, requires patience. (Maguire 2001, 245.) There is a “rank” between the buyer and seller as well. Seller, in this case the exporting company, is in a lower position considering the buyer,

in this case a Japanese business partner. Thus, the seller is expected to behave in a more respective manner which highlights the need of being aware of the different business practices. (Oikawa & Tanner 1992, 68.)

In addition to rank-based relationship, personal relationships play a key role in succeeding in business relationships in Japan. Meeting face-to-face is seen to be crucial in building trust and creating a connection. Without an established relationship, the Japanese business partner will often not trust the other party and treat them and their offerings with skepticism. (Oikawa & Tanner 1992, 68.) Also, in first contacting the potential business partner it is for example important to not approach aggressively with going straight to presenting the business proposal but approach through personal connections and more formal introductions (Maguire 2001, 245). With no prior connection to the potential business partner, it is of common practice to ask a third party to arrange the initial meeting, an introduction. (Oikawa & Tanner 1992, 69). The discussed key themes on export barriers to the Japanese markets are summarized in table 2 below.

Table 2 Summary of possible export barriers on the Japanese markets

High standard expectations and bureaucratic practices	<ul style="list-style-type: none"> • Unreasonable standards • Bureaucratic practices
High operational costs	<ul style="list-style-type: none"> • High retail prices • High entry costs
Differences in consumer culture	<ul style="list-style-type: none"> • Preference on Japan-made products • Excessive quality expectations • High standard expectations of after sales service
Japanese business practices	<ul style="list-style-type: none"> • Close business linkages • Cultural & language barriers • Negotiating process

Developing a better business strategy is thought to be important in successful market entry to Japan. (Czinkota & Kotabe 2000; Maguire 2001). Useful business practices that help alleviate export barriers are thought to be market research, adaptation of products, increased service-orientation, entering in collaborative ventures, having a long-term orientation, and being responsive to changes in the market. (Czinkota & Kotabe 2000, 487-488.) Many of these practices seem to relate to finding out about the market and its customers, making sure that the product is a good fit and being willing to also change in a timely manner when needed. A collaborative venture often enables gaining missing relevant resources and capabilities (Inkpen & Beamish 1997). A long-term orientation on the other hand could be seen to be connected to importance of relationships and trust and loyalty within those in a high-context culture such as Japan (Oikawa & Tanner 1992, 70).

All in all, to consider the context of this study, it can be expected that in a contact-facilitating export assistance program challenges are face especially with the unique Japanese business practices. These including being able to work with the close business linkages, overcoming cultural and language barriers and differences in negotiating processes. The differences in consumer culture are not expected in the regard that Finnish products are considered interesting but other differences that can be seen as barriers may of course occur.

3 EXPORT ASSISTANCE PROGRAMS AS AN EXTERNAL RESOURCE FOR SMES

3.1 Defining the concept of export assistance

There are various terms in research that refer to export assistance. Such terms are export promotion, export assistance, export promotion assistance and export support. In reference to specific programs or services that implement these, terms such as export promotion programs, export assistance programs and export support services are used. (See, for example Diamantopoulos et al. 1993, 5 Gençtürk & Kotabe, 2001; Fischer & Reuber 2003.) There does not seem to be unity in which term to use but they all refer to a similar definition as introduced in the introduction: “all public policy measures that aim at enhancing exporting activities” (Serinhaus 1986, 55).

Some researchers consider that export assistance is provided by external bodies (Sousa & Bradley 2009, 682) which then would include other, non-governmental export assistance providing organizations as well. This definition however probably refers to implementation of export assistance, which can be done through various organizations ranging from public to private. Export assistance is thus defined in this research as a form of support that originates from different government policies that aim to support exporting activities of companies.

Even though export assistance is implemented in various ways in developed countries, some distinct features are visible. First, the focus is on SMEs (Serinhaus & Rosson 1990, 34; Njegić et al. 2020, 651). This is due to their limited resources as they are in more need of support. SMEs are also more likely to become new exporters and it can be argued that they have the most to gain as the experience curve in exporting is expected to be bigger (Serinhaus 1986, 55–56; Leonidou et al. 2011). This provides justification on why it makes sense to support SMEs in particular. The second distinct feature of export assistance is that export assistance programs focus on information services, market research and contact-facilitating services (Serinhaus & Rosson 1990, 34). This reflects the need of general export information, specific market related information and gaining experience and contacts that are needed for successful exporting activities.

Lastly, in the export assistance programs and services there is a clear emphasis on export market entry and planning of export involvement. (Serinhaus & Rosson 1990, 34). In their research on export promotion agencies Lederman et al. (2010) found that the effects of export promotion agencies are higher when the export barriers are high. As experience has been found to have a major effect on the impact of export barriers, it can be argued that less experienced firms face higher barriers. This would mean that export assistance is more needed and more effective when the firm is less experienced. Thus, it

can be expected that export assistance is less and less meaningful the higher in export development a firm is. (Gençtürk and Kotabe, 2001, 59.) So, it can be both conceptually and empirically argued that the need for export assistance is greater when the level of export involvement is lower. This provides explanation for both why export assistance targets SMEs and why there is an emphasis on export market entry and planning of export involvement.

However, the export literature also supports the view that higher export involvement enables better access to export assistance programs and also better use of them. This relates to a better ability to acquire necessary knowledge and expertise from secondary sources. (Samiee & Walters 1990.) More experienced firms with experience from export assistance programs can also form a habit of using the assistance even though they may have developed the necessary experience (Gençtürk & Kotabe, 2001, 59).

To be able to consider the effect of export assistance on SMEs, it needs to be noted that the theoretical background of this research will be in the resource-based approach. This decision was made reflecting on other research on export assistance which use a similar approach (Wilkinson & Brouthers 2006; Catanzaro et al. 2019; Leonidou et al. 2011). In resource-based view a firm's resources and capabilities are central in gaining a competitive advantage. Many studies have theorized that a larger pool of resources and capabilities lowers the impact of export barriers (see, for example Leonidou 1995a; Njegić et al. 2020), thus developing those resources and capabilities is a way to lower the influence of export barriers for SMEs. Firms can develop their resources and capabilities with the help of an external source, such as different expert institutions and research institutions. (Ahokangas 1998.) Export assistance programs can serve to complement the existing firm resources and capabilities and further develop them. Export assistance can help firms acquire the information, knowledge, experience and other resource and capabilities that are needed in exporting operations (Shamsuddoha et al 2009, 89). The purpose of export assistance programs in this view is to serve as a bridge between the firm's resources and capabilities and foreign market opportunities (Wilkinson 2006, 99, 102). Thus, from the resource-based view perspective, export assistance can be considered to be an external extension of resources or a source of internal resource development for a firm.

3.2 Varying needs of export assistance

Understanding the firms' needs in exporting and meeting them effectively with export assistance programs in order to achieve the greatest impact has been thought to be the key for public policy makers. This in simpler terms means being able to provide timely and well targeted assistance to firms. (Seringhaus 1986, 55–56; Czinkota 1996, 28.) In

research, there is no one generally established way to approach targeting export assistance to firms. In the past, the most often used segmentation is export development stages or stage of export involvement (see, for example Kotabe & Czinkota 1992; Leonidou & Katsikeas 1996). Different stages are assumed to have specific type of interest and commitment towards exporting. Despite being relevantly old, this type of export development stage thinking is still used in the extant research on export assistance (Francis & Collins-Dodd 2004; Leonidou 2004). This segmentation has been found to be useful and effective in the past (Diamantopoulos et al. 1993; Kotabe & Czinkota 1992).

The number of different export development stages may differ in the various definitions but essentially, they are very similar in content. A summary can be made into six stages. First stage consists of *non-exporters*, where the firm is unwilling to export, even if it is to fill unsolicited orders. The second stage of export involvement is *exploring exports* where there is an active effort towards finding out the feasibility of exporting. The third stage is firms with a *partial interest in exporting* where they would fill unsolicited orders from abroad but would not be further interested in exploring the opportunities in foreign markets. Exporting is thus sporadic. Fourth stage is *experimental exporter* where the firm begins to actively export to feasible foreign markets. Fourth stage includes the *experienced exporter with a limited scope* where the export sales are happening in foreign markets but the significance in total sales is smaller than of domestic market sales. Fifth stage is an *experienced exporter* whose export sales out of total sales is higher than domestic and explores more challenging foreign markets. (Kotabe & Czinkota 1992, 641–642; Francis & Collins-Dodd 2004, 476-478.) While these stages are presented in a specific order and position, it should be noted that the progress does not necessarily follow the stages as such. The main critique that the export involvement stage approach faces is regarding the assumption of somewhat incremental development thus raising a concern of the universal applicability of the approach (Fisher & Reuber 2003, 70–71). This would be a concern if the companies at hand would not follow a more incremental development such as born-globals or international new ventures, which is not the case in this particular research.

A newer line of research suggests segmenting based on managers and their international experience as that is seen to affect the decision-making regarding exporting. This assumption is based on the expectation that people learn through experience and in the process develop expertise and networks. These factors then reduce uncertainties associated with export decision-making. This experience is also thought to affect the business logic. If the manager – or other decision-makers of the firm – has a strong experience in exporting or internationalization, they are also expected to be more interested of exporting as a growth strategy, and more aware of the possible export barriers. Thus, the managerial experience is expected to affect the management of

exporting development and involvement. (Fisher & Reuber 2003, 71–72.) Reflecting the managerial segmentation approach to export development stages approach it could be said that both eventually deal with the level of experience that the company has, whether it is considered through the managerial or organizational lens. Thus, this research will use the level of export involvement as a partial indicator of the managerial experience in addition to the explicit managerial experience.

3.3 Export assistance programs serving as sources of knowledge

Export assistance programs can be broadly divided into *market development-related programs* and *finance and guarantee related programs*. It is argued that market development-related measures are more often designed to fit the needs of initial exporters or exporters with low export experience, including support in the form of for example workshops, seminars, trade missions, marketing assistance, assistance in establishing contacts with foreign business partners and buyers. (Shamsuddoha et al. 2009, 90.) Finance and guarantee related programs on the other hand focus on covering the financial risks related through insurance and financing arrangements, including measures such as income tax rebate, credit guarantee, insurance facilities and duty drawbacks, they are seen to be more fitted for more advanced level exporters. (Seringhaus 1986, 55; Diamantopoulos et al. 1993, 7; Shamsuddoha et al. 2009, 90.) In regard to this research, the case export assistance project is identified as a market development related-programs. Consequently, those will be the focus of this research. The project and the participating SMEs did however also receive financial support to cover a portion of the costs.

Market development-related export assistance is focused on firm's skills on exporting, information needs and motivations to export (Catanzaro et al. 2019, 438–439). The objective is to set risks and opportunities of exporting into perspective, stimulate interest in exporting, increase commitment to exporting, and function as an external source to build relevant knowledge and experience with the aim to improve export competitiveness (Seringhaus 1986, 55; Diamantopoulos et al. 1993, 6–7; Catanzaro et al. 2019, 438–439).

Market development-related programs consists of both informational and operational support (Catanzaro et al. 2019, 438-439). While informational support assists in accessing the necessary information, operational support provides the opportunity to learn and gain knowledge through experience (Gençtürk and Kotabe 2001, 57). Thus, it is seen more fitted to call operational measures *experiential knowledge measures* (Durmuşoğlu et al. 2011). Export assistance focused on *informational knowledge measures* is more about 'how to export' by supplying standardized and customized market information and advising on export practices and exporting in general. These can be done for example through workshops and seminars. Export assistance focused on experiential knowledge

provides knowledge and experiences through providing opportunities to acquire them personally through measures such as researching specific foreign markets, making market visits and prospecting missions, participating in trade shows and missions, and assisting in actual market entry. (Kotabe & Czinkota 1992, 639; Diamantopoulos et al., 1993, 7, 67; Gençtürk and Kotabe, 2001, 57; Durmuşoğlu et al. 2011; Catanzaro et al. 2019, 438–439.) Services focusing on experiential activities, have been found to positively effect a firm’s export performance for allowing fast acquiring of relevant information on export markets and export processes (Serinhaus & Rosson 1991). It is important to note here that even though only talked about information, experience and knowledge, they are thought to be the key measures to overcome export barriers that rise from the micro-environment and resource and capability constraints, not just barriers that are directly pointed at information, experience and knowledge.

Research recognizes the role of providing information and knowledge to be the central mean to achieve the objectives and aim of market development-related export assistance (see, for example Shamsuddoha et al. 2009; Lederman et al. 2010; Catanzaro et al. 2019). Export assistance programs in general facilitate the acquisition of knowledge, both informational and experiential (Shamsuddoha et al 2009, 93). The various types of informational and experiential knowledge measures are summarized in table 3 below.

Table 3 Export assistance measures (Adapted from Shamsuddoha et al. 2009 & Durmuşoğlu et al. 2011)

Informational knowledge	<ul style="list-style-type: none"> • Informational material and publications on exporting • Export training (Workshops and seminars) • Firm-level export consultation • International market research • Providing a list of agents and distributors in foreign markets • Providing sales leads
Experiential knowledge	<ul style="list-style-type: none"> • Trade fairs and missions • Trade and sales lead development • Promotion of the firm’s products • Introductions to buyers, distributors, or procurement officers in importing firms • Export planning support

Experiential knowledge can also be acquired from secondary sources. External experiential knowledge could be acquired through hiring new people or acquiring business units. (Huber 1991, 96–97.) This however is often not a feasible option resource-wise for SMEs. However, other organizations, such as export assistance providers, can

help in vicarious learning from the experience of others through enabling observing or hearing of the experiences of others (Huber 1991, 96–97).

The demand of primary or secondary personal experience in experiential knowledge indicates that experiential knowledge is tacit or at least implicit, meaning that it is harder to imitate due to its more complex nature and unique historical background. It has been argued that the experiential knowledge is the critical type of knowledge in the context of foreign market activities (Johanson and Vahlne 1977, 28). Reflecting back on resource-based view, export assistance programs that focus more on providing experiential knowledge can more likely be expected to help create a sustained competitive advantage which is necessary for long term success in the foreign markets. Experiential knowledge of managers is important as it serves as a framework for both perceiving and formulating opportunities (Johanson & Vahlne 1977, 28). This framework enables the recognition of export opportunities, their evaluation, adopting appropriate export behavior, and achievement of export objectives (Shamsuddoha et al. 2009, 93).

However, even though experiential knowledge is highlighted from a competitive advantage perspective, both informational and experiential knowledge are vital in building the necessary firm competences, knowledge, and experience, for successful export operations (Gençtürk & Kotabe 2001, 55) and they both have been found to have a positive effect on export profitability (Wang & Olsen 2002). Thus, in order to work towards the goal of improved competitiveness in exporting, it is necessary to offer export assistance programs and services that contribute to both informational and knowledge creation.

3.4 Effect of export assistance

3.4.1 Measures of export performance

There are various approaches to evaluate the effect of export assistance. The effects of export assistance are often looked at through measuring its effects on export performance (Majocchi et al. 2005, 721–722). The export performance literature overall suggests a variety of outcome measures. (Francis & Collins-Dodd 2004, 477–480.) In operationalizing the measurement of export performance, the current literature focuses mainly in two dimensions of export performance: effectiveness and efficiency. *Effectiveness* refers to the “extent to which organizational goals and objectives are achieved” whereas *efficiency* is mainly measured through profitability. (Katsikeas et al. 2000, 499.)

Export performance measures often fall into either objective or subjective measures. (Majocchi et al. 2005, 721–722; Madsen & Moen 2018). Objective measures can be

economic measures such as sales, profits and market shares, or more rarely used non-economic outcome measures such as years of exporting or number of export transactions (Katsikeas et al. 2000; Francis & Collins-Dodd 2004, 478). Subjective measures enable the assessment of a broader variety of outcomes (Francis & Collins-Dodd 2004, 479). Subjective measures can include at least *perceived export success, achievement of export objectives and satisfaction with export performance overall or with specific indicators* (Katsikeas et al. 2000, 498; Francis & Collins-Dodd 2004, 479; Madsen & Moen 2018). Perceived export success indicates the overall perception of how exporting activities succeeded. Achievement of specific export objectives is a strategic aspect and in the context of export assistance programs can include for example knowledge of export practices and opportunities, gaining a foothold in the export market, increase awareness of product or company and increasing profitability of exports (Cavusgil & Zou 1994). Exporter satisfaction indicates export effectiveness and has a positive impact on how the firm will be participating in the international markets in the future as well. Satisfaction in exporting is based on their perception of performance and the level of exceeding expectations. Furthermore, satisfaction on export success is affected by background knowledge, export expertise, and export performance. (Wang & Olsen 2002, 41–42.)

Even though more often used, objective performance measures as such may be insufficient in reflecting the overall effect of export assistance (Zucchella et al. 2019, 456). This is especially the case if the objective of that specific measure or program has not been to increase those types of values. This is for example in the case of contact-facilitating services and market visits where the aim is usually to make market entry more effective and the result may not appear in sales numbers, at least on short-term. The effect of these programs should thus be evaluated in the dimension they were aimed at. (Serinhaus 1986, 62–63; Francis & Collins-Dodd 2004, 480). Also, the firm may consider their export activities as successful, even with no financial result. Absolute numbers are also not proportional to the size, level of resources or capabilities, or any other factors that differentiate firms from each other. (Francis & Collins-Dodd 2004, 480.)

Though rarely used, the export performance literature would suggest using both subjective and objective measures to gain a better understanding of the multidimensional concept (Shoham 1998, 62; Katsikeas et al. 2000, 499; Zucchella et al. 2019, 456). This study however chooses to only use subjective measures for a couple of reasons. First, the resources of this study limit the scope of data collection. Second, subjective measures are easier to collect as managers are more hesitant to share objective performance data (Shoham 1998; Zucchella et al. 2019). Third, as the focus of the case export assistance project has been in finding and establishing business relationships in the target market, it is more purposeful to look at subjective measures.

However, it is necessary to note that the managerial assessment of export performance is as said subjective. There is little empirical evidence on what the frame of reference and timeframe the evaluation is based on. (Diamantopoulos & Kakkos 2007; Madsen & Moen 2018). Thus, the result of the evaluation is to be interpreted with the subjectivity in mind. On that note, this study does not make an attempt to evaluate the effect of export assistance on export performance in any way holistically. As the interest is in examining the studied case in depth based on the experiences of the participating SMEs, this study will use subjective measures of achievement of export objectives and satisfaction on outcomes and export success in the context of the case project. This is thought to help in gaining an understanding of how the participating SMEs perceive and experience the effectiveness of the case project.

The overall challenge in measuring the effect of export assistance on export performance lies in the fact that export assistance is not a business activity in itself but facilitates the activities of a firm, and evaluating its effects is not a simple task as the export success and performance of companies is influenced by many factors, not just export assistance. (Francis & Collins-Dodd 2004, 477.) Thus, in this sense the effect of export assistance on export performance is indirect. The indirect effect is through a contribution to a company's relevant resources and capabilities, including information gathering, knowledge and skill building, perception improvement and increasing commitments. (Shamsuddoha et al. 2009; Njegić et al. 2020.)

3.4.2 Export-related resources and capabilities as mediators

While the effect of export assistance is considered to be indirect, there are multiple factors that effect and mediate the effect on export performance. The export performance literature suggests various organizational, managerial and environmental factors to affect the effect of export assistance (Cavusgil & Zou 1994; Katsikeas et al. 2000; Njegić et al. 2020) and these have also been adapted to conceptualize the effect of export assistance on export performance (see, for example Gençtürk & Kotabe, 2001; Njegić et al. 2020).

The main export-related resources and capabilities are seen to consist of managerial, intellectual and relational resources, and relationship-building and business identification capabilities (Njegić et al. 2020; Leonidou et al. 2011). Some researchers have also included production and R&D resources and innovation capabilities in their categorization of export related-resources (Leonidou et al. 2011). However, as the project does not target these aspects, they will be left out of the scope of this study.

Managerial resources include export specific managerial knowledge and skills, experience and exposure to foreign markets, special managerial interest or commitment in exporting and favorable managerial attitude towards exporting (Leonidou et al. 2011).

Export assistance has been considered to have a significant impact on the managerial resources and capabilities (Shamsuddoha et al. 2009; Leonidou et al. 2011). Such export assistance measures include for example trainings, assistance with export procedures, export consulting, and programs supporting trade mobility, all of which aim at reducing the perceived barriers and building a positive stance towards exporting (Njegić et al. 2020, 653).

Export commitment is the level of organizational commitment as managers' willingness to dedicate adequate resources to exporting. This aspect is connected to similar aspects as in managerial attitude towards exporting and perception of the export market environment. For example, if managers view exporting as too risky, they are less likely to engage in exporting activities or devote much financial resources to it. This includes both attitudinal and behavioral aspects (Faroque & Takahashi 2015, 425). The export commitment not only defines how internal resources are utilized but also fosters the mobilization from external sources (Faroque & Takahashi 2015, 425), thus also export assistance use. Shamsuddoha et al. (2009) propose a positive relation between the use of export assistance and export commitment as well as between increased export knowledge and export commitment.

As concluded earlier, managerial-related factors can be key drivers or barriers to the firm's internationalization. The entrepreneur's or manager's experience, education, skills, relationships, networks, entrepreneurial alertness, entrepreneurial knowledge, and ability to manage resources efficiently are considered to be resources that are highly valuable but socially complex making them hard to imitate (Barney et al. 2001, 628). Indeed, intangible organizational resources are more likely to be a source of competitive advantage because they result from a unique historical background, and they are socially complex (Makhija 2003, 439). The ability to integrate knowledge of markets and technology with how organizational activities take place is thought to be especially important and that importance is especially highlighted for SMEs who have fewer resources and capabilities (Thorpe et al. 2005, 261; Wiklund & Shepherd 2003, 1308–1309). The manager's innovativeness, proactiveness and willingness to take risks also plays a role in how knowledge-based resources can translate into performance (Wiklund & Shepherd 2003). Management perception of export market environment are defined by the level of understanding and concerns of the foreign market, such as the attractiveness of the market and possible barriers (Kahiya 2013, 6; Korth 1991, 24–25; Leonidou 2004, 284). Lack of export knowledge also affects the management perception of the foreign market. Shamsuddoha et al. (2009) propose that the use of market development-related export assistance programs is related to favorable management perception of the foreign export market. Setting risks and opportunities, and thus also barriers, into perspective is one of the objectives of export assistance (Serinhaus 1986, 55). This can be done

especially by providing information and knowledge. Shamsuddoha et al. (2009) suggest a positive relation of export knowledge on management perception of a favorable foreign export market.

Intellectual resources consist of knowledge of the foreign market demand, foreign business practices, export regulations and documentation and logistic requirements (Leonidou et al. 2011). Thus, these are all factors related to informational knowledge and previous experience or exposure to foreign markets. Informational knowledge providing export assistance measures such as seminars on exporting, international market research and export consulting support firms in acquiring the information they need and also learn how to use that information. (Njegić et al. 2020, 653.) Export knowledge constitutes of knowledge on both exporting procedures as well as the foreign market, both of which are critical for a firm's export success (Wang & Olsen 2002, 45–46; Shamsuddoha et al. 2009, 92). The need of export knowledge can be targeted through export assistance programs by facilitating the acquisition of knowledge through offering and developing both informational and experiential knowledge. Shamsuddoha et al. (2009) propose that using market development related export assistance programs positively relates to a firm's export knowledge. In the case of this research, knowledge of export regulations and paperwork and knowledge of logistic requirements are assumed to be out of scope for the case project in the sense that the SMEs are not necessarily expected to proceed with actually exporting goods during the project which would be the step in which these to intellectual resources are required.

Relational resources consist of the formal and informal connections and networks that the firm establishes on the foreign markets, including business partners, distributors, agencies, and other institutions (Njegić et al. 2020, 653). Export assistance programs can significantly impact the relational resources (Haddoud et al. 2017). *Relationship-building capabilities* are also important, and they refer to being able to understand the customer requirements on the target market, obtain reliable representation in foreign markets, establish and maintain supplier relationships, and establish business ties with other organizations in the foreign markets as well (Leonidou et al. 2011). Export assistance programs provide opportunities to contact potential business partners or distributor directly, build an understanding of the foreign market requirements in regard to consumer, products and partners, and also reduce cultural barriers. (Leonidou et al. 2015). These measures include experiential knowledge through contact-facilitating services, trade fairs, trade missions, market visits, promotion events, and also sharing contact information and informational materials (Njegić et al. 2020, 653).

Business identification capabilities include locating and analyzing the potential export markets, identifying attractive foreign business opportunities, contacting potential foreign customers, and acquiring specialized information in the export market. (Leonidou et al.

2011.) Export assistance programs support in these capabilities in various ways as well, for example through providing information of foreign markets and providing opportunities to familiarize with foreign markets through trainings or market visit.

3.5 Synthesis of the theoretical framework

The export assistance in the context of this study is a contact-facilitating group export project for Finnish SMEs pursuing the Japanese market which also aims at increasing knowledge of the target market. Thus, it is expected that at least barriers related to finding business partners, distributors, agents and other relevant contacts, and knowledge of the Japanese market are targeted. To ease the discussion in analysis, from here on this research will use the term business partner to include also distributors and agencies or other representation. The context of Japan is further considered to highlight the challenges related to finding a desired business partner with the close business linkages and differences in culture and language. Based on general level export barrier literature, this research expects faced barriers to concern at least various resource constraints and lack of knowledge and experience. The faced barriers are expected to include both internal and external barriers with more of a focus on internal barriers.

The theoretical base of this research lays in resource-based view in which a firm's resources and capabilities are seen as critical in gaining a competitive advantage and thus, succeeding in export operations. Some resources and capabilities that are thought to create the export barriers or affect the ability to overcome them, are the resources and capabilities that various export assistance aim to develop. The export assistance measures that target these export-related resources and capabilities are divided into informational and experiential knowledge measures. Both types of measures are considered necessary for successful export operations, but experiential knowledge is argued to be more valuable, positively affect export profitability and a potential source of competitive advantage. How this study sees the effect of export assistance in overcoming of export barriers for SMEs is presented in figure 1 which lays out the theoretical framework of this study.

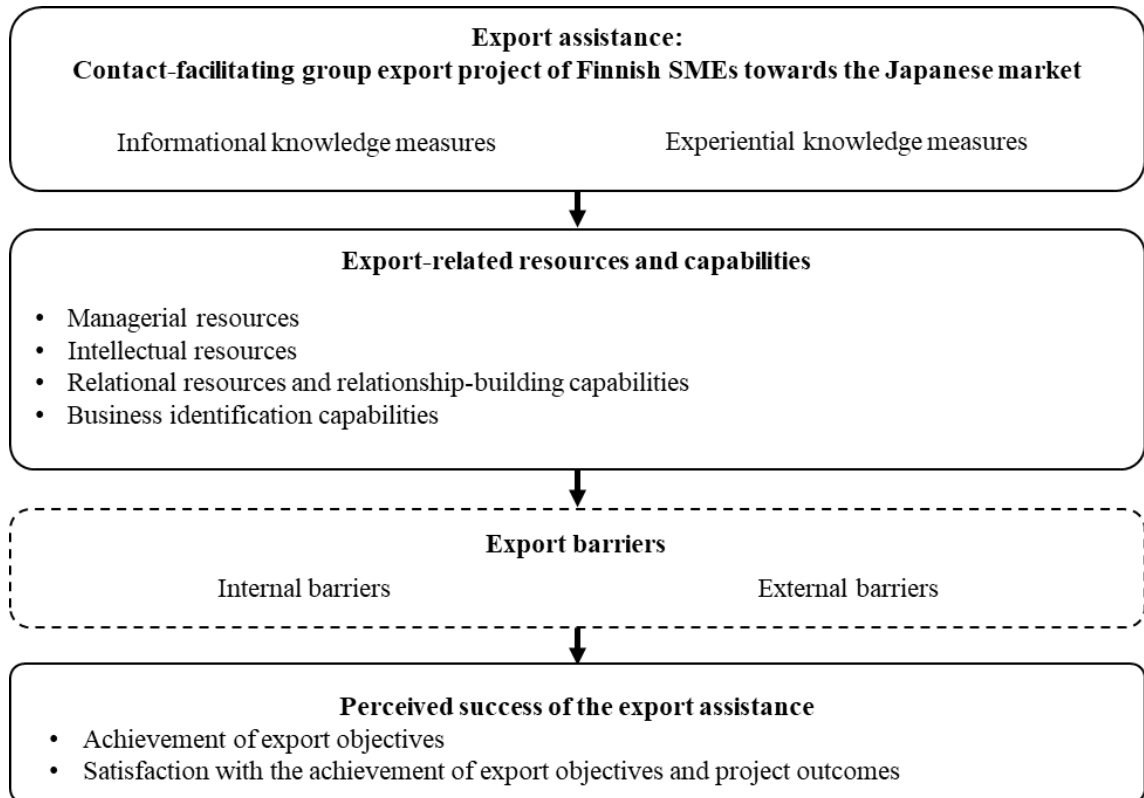


Figure 1 Theoretical framework

Different export-related resources and capabilities are seen to mediate the effect of export assistance on overcoming export barriers and on export performance. These include managerial resources, intellectual resources, relational resources and relationship-building capabilities, and business identification capabilities. Managerial resources are considered to include export specific managerial knowledge and skills, experience and exposure to foreign markets, special managerial interest or commitment in exporting, and managerial attitude towards exporting and perception of export market environment. Intellectual resources are considered to include knowledge of the foreign market demand and knowledge of foreign business practices. Relational resources refer to the formal and informal connections and networks that the firm establishes on the foreign markets, and the relationship-building capabilities include the ability to understand the customer requirements on the target market, obtain reliable representation in foreign markets, establish and maintain supplier relationship and establish business ties with other organizations in the foreign markets. Business identification capabilities refer to locating and analyzing the potential export markets, identifying attractive foreign business opportunities, contacting potential foreign customers and acquiring specialized information in the export market.

Through these export-related resources and capabilities the export assistance is thought to affect overcoming of internal and external export barriers and ultimately export performance and success. To evaluate the success of the case project, this study will draw

on subjective measures from export performance research and evaluate the perceived success of the export assistance in terms of achievement of set export objectives, and satisfaction with the achievement of the export objectives and project outcomes.

To conclude, the theoretical framework of this research is that the effect of export assistance is thought to be mediated by the various export-related resources and capabilities which are thought to also effect what export barriers are faced, and then eventually effect the export performance. The role of export assistance is to act as an external resource and help develop firm's internal resources and capabilities and hence, improve export success and overall competitiveness. This research focuses on using subjective measures to gain an in-depth understanding of the perceived success of the case project. The focus in it will be in evaluation of the effects of the group export project. Next, the

4 RESEARCH DESIGN

4.1 Research approach

Research approach of this study was selected based on its aim and the posed research questions, as advised in research design literature (see, for example Eriksson & Kovalainen 2008, 27). This research was conducted as a qualitative study. Qualitative research is a fitting choice when the research is looking into “how”, “who” and “why” questions of different actions in different times and contexts (Doz 2011, 583). It also allows to gain a deeper understanding of a phenomenon in its real life setting in all its complexity (Eriksson & Kovalainen 2016, 3–5). As this research studies a complex phenomenon including various challenges in business through asking *how* export assistance programs can help SMEs overcome barriers in exporting, a qualitative research approach was considered the most suitable choice.

Laying its base in qualitative research, this study was conducted as an intensive case study. Case study research can be considered a good research strategy when the topic is broad and highly complex, and when the context plays an important role (Dul & Hak 2007, 24). In a case study the research unit – the case export project in this research – is explored in relation to its context that constructs of historical, economic technological, social and cultural aspects. An intensive case study focuses on providing a “thick, holistic and contextualized description” of a case (Eriksson & Kovalainen 2008, 115–116).

Research questions in case studies can be descriptive, exploratory or explanatory. Descriptive case study focuses on forming a detailed, in depth understanding of the research unit at hand (Tobin 2010, 288). Exploratory case study focuses on developing hypotheses or theories to the investigated phenomenon for which preliminary research is lacking (Streb 2010, 372). Explanatory case study in turn can be used to explain the phenomenon at hand (Harder 2010, 370). This research is conducted as a descriptive case study. Descriptive research aims to advance theory development by trying to reveal and identify patterns and connections in a phenomenon with respect to the relevant theoretical constructs. (Bleijenbergh. 2010, 62; Tobin 2010, 288.) Some have argued that due to limited research unit, the findings in case studies cannot be derived into theories. However, it can also be argued that the richer and thicker descriptions researchers do, it is more likely to be free from excessive presumptions, and thus have a better chance at truly building theory (Doz 2011, 584).

4.2 Case selection

In an intensive case study, the selection of the case is central. Case selection criteria depends on the type of research at hand. Case selection is a vital part of the research design in case study research as the intensive way of data collection limits the number of cases researched. The low amount of research units highlights the importance of justification of the selected cases. As typically in a descriptive case study, the case has been selected strategically rather than randomly. That is because by being strategic about the choice of the case, the researcher was able to choose a case that was thought to give maximum amount of relevant information related to the topic. (Bleijenbergh. 2010, 62.)

For a descriptive research question of single case study the researcher selects a typical example of the phenomenon of interest or an extreme example of the phenomenon of interest. (Bleijenbergh. 2010, 62; Tobin 2010, 288.) This research selected a typical example of export assistance for SMEs that was thought to have been successful. An organization that was known to organize such export assistance projects was contacted to ask for a recent project that could be used as a case unit for this research. The project organizer is a partially publicly funded organization who aims to support local businesses, specifically SMEs, in exporting and internationalization. A particular project was presented as a successful case example, and the researcher's selection was made based on the recommendation of the project organizer. The case is a contact-facilitating group export project for Finnish SMEs which aimed at establishing contacts in the Japanese markets. Thus, this defined the focus on group export projects and contact-facilitating export assistance measures.

The main purpose of the case project was to facilitate finding, contacting, and establishing relationships with potential business partners. Seven Finnish SMEs from a specific geographical area took part in the project which also received a partial public funding. The content of the project was planned together with the participants. The main activities included training sessions, creating marketing materials, company-specific market research, contacting possible business partners, setting up meetings and facilitating them by organizing a trip to Tokyo, and other activities during the Tokyo trip. A more thorough description of the project is provided in chapter 5.

4.3 Data collection

This research mainly collected primary empirical data which was also supported by secondary data. Primary data is collected by the researchers themselves, whereas data that already existed prior to project on the other hand are called secondary data. (Eriksson & Kovalainen 2008, 29, 78, 90.) Primary empirical data in this research was collected

through interviews with the SMEs' representative who participated in the export assistance project. In an intensive case study interviewing is considered "practicable and probably essential" (Gillham 2000, 61) in order to gain access to the information that will allow an in-depth analysis and understanding of that specific case. In addition, supportive data from secondary sources were retrieved from the project organizer's and project participants' webpages, press releases, and news to gain a better understanding of the context.

As a pre-study for this research, an interview with the project organizer was held to gain an understanding of organizer's point of view on the planning and content of the project. The interview was held 1.3.2021 via the meeting app Zoom and recorded for later analysis. The understanding and formed description of the case was used in planning the interview questions for this study and in analysing the interview data. The case description is presented in chapter 5.1.

In the case of this research, it was easy to define who were the relevant parties to interview. The research was interested in the point of view of the SMEs that took part in the project and thus, data was collected through interviews with the participating SMEs. A semi-structured interview approach was chosen for this particular research as it allows to have both open and closed questions (Gillham 2000, 60, 65). It has been said that semi-structured interviewing is even "the most important form of interviewing in case study research" as it has the potential to provide rich data even if from a single source (Gillham 2000, 65). The interview being semi-structured means that the interview topics were outlined to make sure that all parts and aspects of the project were discussed but simultaneously there was also room for discussing relevant matters that come up in the interview.

While planning for the interview questions, an effort was made to keep them mostly open ended, meaning that they actually let the interviewee to answer the questions without having an indication of a preferred answer (Gillham 2000, 67). In addition to the planned interview questions, also follow-up questions and other questions that arose during the conversation were allowed in order to gain information on interesting topics that occurred during the interviews. Interview questions are specified in appendix 1. The operationalization table for the research presents the structure of the research and how it is linked to the research questions and the interview themes. The operationalization table is presented in appendix 2.

The interviews were conducted remotely due to the conditions created by the ongoing COVID-19 pandemic. Two interviews were conducted through phone calls and others via Zoom. The interviews were recorded for later analysis. During the interviews there were a couple of moments where internet connection interrupted the speech, but these interruptions did not affect the content of the interview in the researcher's opinion. To

achieve best mutual communication and minimize chances of misinterpretation, the interviews were held in Finnish, as that is the first language of both the researcher and the interviewees. All seven SMEs that participated were contacted and invited to an interview. Five of the companies agreed to an interview. Four SMEs had one person and one SME had two people who had represented their company in the project. All of these people, a total of six individuals, were interviewed. Based on the interviewees, this research anonymized content to an extent and consequently it will not reveal any names of persons or organizations. The names of the participating SMEs are coded, and the interviewees are referred to by their position at the company. Details of the interviews are summarized in table 4 below.

Table 4 Interviews

Company	Interviewee position at company	Interview date	Interview duration (minutes)
Alpha	Owner-manager	2.6.2021	45
Beta	Marketing manager	2.6.2021	63
Beta	Export sales, Board member	6.7.2021	85
Gamma	Owner-manager	8.6.2021	72
Delta	Owner-manager	15.6.2021	75
Epsilon	Owner-manager	8.7.2021	65

Thus, in the context of this research, there were several organizations and individuals involved. Collection of data also requires ethical consideration. This research follows the ethical principles presented by the Guidelines of the Finnish Advisory Board on Research Integrity (TENK) (2012) to ensure the ethical correctness of the research. The contact information of these individuals was acquired through the organization that organized the project, with the consent of the SMEs that participated. A data protection sheet was provided at initial contact by the researcher which was a part of following the EU General Data Protection Regulation (EUR-lex 2016) in the research's data collection process.

In the initial contact the purpose of the contact was explained and interest of participating in the interviews inquired. For those who agreed to participate, interviews were scheduled, and an interview consent and information form were sent to the interviewees prior to the interview. In this form the interviewees were informed of the purpose of the research and its background, they received information on what data and material is collected and its confidential handling, and it was clarified that they have a right receive further information about the research, the participation is voluntary, and they have a right to pull away from the process at any given time. This form also stated

the terms of the research to which the interviewees agreed to and requested that the interviewee inform the level of desired anonymity to researcher. The interview consent was given through email prior to interviews and the level of anonymity was agreed upon during the interview sessions or by email afterwards. The level of anonymity was thus decided based on the interviewees' request. The final level of anonymity was approved by interviewees as they got an opportunity to go over and comment a final draft of this research.

4.4 Data analysis

After the interviews were conducted, the next step was to analyze the data. The purpose of analyzing qualitative data is to clarify the data through summarizing and organizing it in such a way that the key information is restored. This data can then be used to produce new information on the research topic. (Eskola & Suoranta 1998.) As a base for analysis in this study, the case description was already formed in the prestudy interview with the project organizer before the interviews with the project participants. The case description in this research was done in a chronological order, meaning that it emphasizes the events, actors and actions as well as the processes that take place. (Eriksson & Kovalainen 2008, 131.)

The analysis of this study began with a within-case analysis. After the interviews, for the purpose of the analysis the interview recordings were repeatedly listened to, and summaries were made into text form. The interviews were translated to English only for purpose of direct quotations. Throughout the translation process, a continuous effort was made to make sure meanings were correctly translated. The preliminary case description was also reflected on the interviewees view on the content of the project. No changes were made to the case description based on the interviews with the participating SMEs. Also, a relevant background description of each interviewed company was formed to understand their setting.

Coding is a central part of the case analysis. Like much of qualitative research, this research chooses an approach of having broad, preliminary codes from previous literature while also letting codes during analysis (Eriksson & Koistinen 2014, 35). Broad categorical codes were created based on the formed theoretical framework and altered or complimented as the analysis progressed. Organizational and managerial background and project specific background information and motivation were combined in the findings into background and motivation of the SMEs, and they provided the basis for drawing conclusions on connections between background and motivation and the project objective achievement and satisfaction. Various barriers were allowed to rise as they came in interviews and they were coded and categorized into language, culture and business

practice differences in contacting and establishing relationships, lack of knowledge on the target market, and other barrier which included managerial barriers and human, production and financial resources. How the project content and activities were considered to target those barriers was also one area of analysis and discussion of results. How SMEs experienced the effect of the export project includes setting and reaching objectives, satisfaction on outcomes and the project overall mainly reflected the existing theoretical base. Additionally, considerations of the benefits of group aspect were added as they rose during the analysis. What export-related resources and capabilities are considered to have been targeted with the project is coded based on theory, and in analysis reflected through with what activities and how it was experienced that the project affected the overcoming of export barriers.

4.5 Evaluation of the study

It is necessary to discuss the trustworthiness aspects in order to evaluate research. Trustworthiness refers to “the strength of the claims to knowledge the researcher is making” (Wellington & Hammond 2020, 187). By considering different criteria a researcher can help convince others and themselves of the legitimacy and unbiasedness of the research (Lincoln & Guba 1985, 290–291). The most common criteria to evaluate qualitative research are by Lincoln and Guba (1985) which consist of four criteria: *credibility, transferability, dependability, and confirmability*.

Credibility considers how reliable the findings are and how compatible they are in relation to reality (Lincoln & Guba 1985, 296, 301). The purpose is to ensure that the study measures or tests what it intended (Shenton 2004, 64). Credibility can be improved through various activities. In this research credibility was demonstrated through familiarizing with previous research and theory on export barriers and export assistance, as well as the respondents’ companies and business fields before and during the process of conducting the study. This provides scope to the research and enables recognition and evaluation of various distortions from the respondents as well as the inquirer, meaning the researcher. (Lincoln & Guba 1985, 301–305.)

Triangulation is another way to improve credibility of the study as single sources may lead to a biased view of a phenomenon. (Lincoln & Guba 1985, 301–305). Triangulation in this study was done through interviewing multiple informants from the same perspective, and by also using secondary sources. Using multiple informants increases the credibility of a research as it allows to confirm information and recognize incoherencies in the collected data (Meyer 2001, 337; 345–346). The interviewees were also given a chance to go over the nearly final version of the study with results and findings and request corrections on possible misinterpretations in intended message

which also increases credibility (Lincoln & Guba 1985, 314). Credibility was also demonstrated through using well-established research methods of export assistance research as well as reflecting findings from previous research on the findings of the research at hand (Shenton 2004, 64, 69). An operationalization table (appendix 2) was formed to demonstrate the how theory and the study was combined.

Transferability refers to the extent to which the findings of the research are applicable to other situations (Shenton 2004, 69). Transferability is not a criterion that is only evaluated by the researcher but perhaps the bigger responsibility lies in the other person who plans to apply the findings elsewhere. From the researcher's perspective in qualitative research transferability basically means providing the data which enables such judgements of applicability. Given the highly context-based nature of qualitative case studies, transferability may be more challenging compared to other types of research. However, the goal of truly transferable results might disregard the key role of context which is evidently central to qualitative research (Shenton 2004). In this sense, especially in qualitative case study research, transferability can be demonstrated through a detailed description of research process and the context of the research.

This study has pursued transferability with providing a detailed description of the research process including for example information on data collection methods, number and location of interviewed organizations, details on data collection sessions time frame and limitations. (Lincoln & Guba 1985, 296–298; Shenton 2004, 69–71.) A detailed description was also provided on the case project and its context in Japan as well as some basic information thought to be relevant on interviewed informants and the companies they represent. These are considered to provide enough contextual information so that a reader can make a judgement whether this research and its findings apply in their own situations (Lincoln & Guba 1985, 296–298; Shenton 2004, 69–71). The case project and the interviewees and their companies were anonymized upon the request of informants, and thus some details could not be shared.

Dependability is the third criterion, and it refers to the replicability of the study. Dependability and credibility are seen to be linked, meaning that demonstrating credibility established demonstration for dependability as well. (Lincoln & Guba 1985, 316–318.) Credibility in this research has been demonstrated above which also supports the dependability criterion. Demonstrating dependability can also be done by a description of the research design and implementation of the research for example (Lincoln & Guba 1985, 316–318; Shenton 2004, 70–71). This is the strategy that this research has used to further improve its dependability: The planning and execution of the research is described in the methodology chapter.

Lastly, *confirmability* relates to making sure that the findings and interpretations are actually those of the informants and not of researcher's opinion or imagination and

findings are actually drawn from the data. This can be done by giving the reader tools with which to they can audit the confirmability. Such measures include for example giving information on how data was gathered and the identified codes or themes that rise from analysis. (Lincoln & Guba 1985, 318–328.) This research has made its effort to demonstrate confirmability by describing data collection methods and analysis, as well as providing some direct quotations to support the discussion in findings. As the research design and trustworthiness of the study have now been discussed, the following chapter will present and discuss the findings from data analysis.

5 FINDINGS

5.1 Case description

The selected case export project focused on supporting a group of SMEs in their export efforts to start or expand their exports from Finland to the Japanese market. To be able to form an understanding of how export assistance programs can help SMEs overcome barriers in exporting, it is important to provide a thorough description of the group export project. The goal of this chapter is to describe the case project. Prior to the interviews of this study, an understanding of the project content was formed through an interview with the project organizer in a prestudy.

The project was granted a partial public funding from a source that also had requirements for what kind of companies were eligible for participating in the project. Different requirements included size of company, location of company, financial stability and preparedness for exporting. The funding of the project was purposed for overall development of the specific region, to which supporting exporting activities of the region's SMEs fits well into. Thus, the funds were not necessarily directly aimed to be export assistance but served the purpose through the organization that organized the project.

Seven SMEs took part in the project, all of which are somewhat in lifestyle or design business. The main pre-defined aim of the project was to help find new and potential business partners in the target market. Thus, the project can be seen to mainly be a contact-facilitating service, even though it includes many other support measures such as acquiring information of the target market and providing an opportunity to familiarize with the target market personally. The decision to focus on the Japanese market was inspired by one of the SMEs who had earlier reached out to ask if any projects were available to that market. The organizer made a decision to form the group within the same business field of design and lifestyle to gain synergy. The organizer contacted approximately 30 different SMEs to check for interest in joining the project. An understanding of the project content was formed through an interview with the project organizer in a prestudy. To be able to form an understanding of how export assistance programs can help SMEs overcome barriers in exporting, it is important to provide a thorough description of the group export project which is summarized in figure 2.

Seven SMEs took part in the project, all of which are somewhat in lifestyle or design business. The main pre-defined aim of the project was to help find new and potential business partners in the target market. Thus, the project can be seen to mainly be a contact-facilitating service, even though it includes many other support measures such as acquiring information of the target market and providing an opportunity to familiarize with the target market personally. The decision to focus on the Japanese market was

inspired by one of the SMEs who had earlier reached out to ask if any projects were available to that market. The organizer made a decision to form the group within the same business field of design and lifestyle to gain synergy.

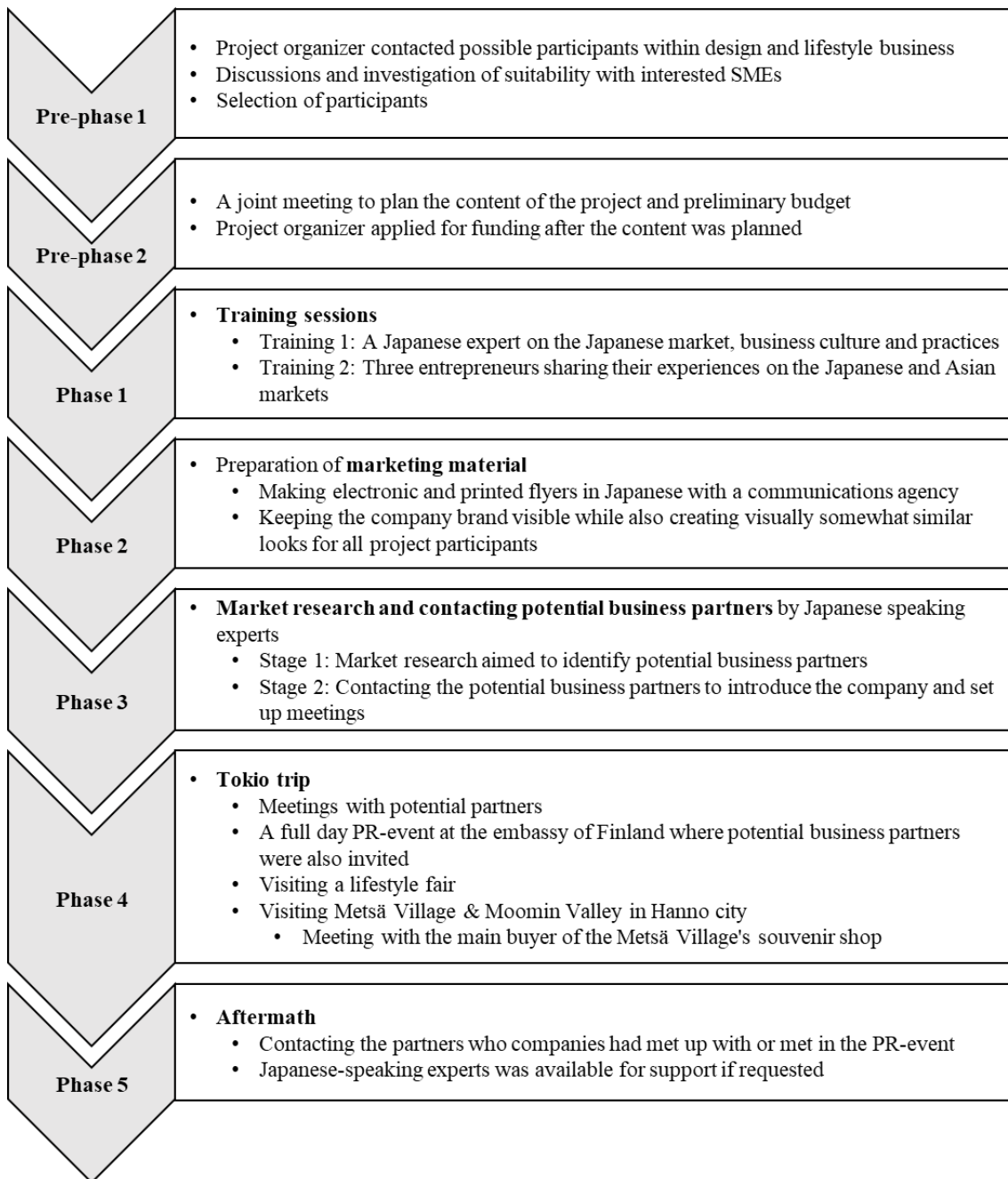


Figure 2 Project description

In the first step of the process (pre-phase 1), the project organizer contacted approximately 30 different SMEs to check for interest in joining the project. Discussions were continued with interested companies and their suitability for the project and funding was evaluated before confirming participation. In the next stage (pre-phase 2), the project kicked off in early 2019 with a joint initial meeting where everyone agreed on the content of the project and a preliminary budget. This means that also SMEs who participated got

a chance to influence what they would like to have in the project. The funding was applied for after gathering all the participating SMEs and planning the project content. Funding for the project was applied for by the project organizer.

Once the funding was granted, the activities began with a joint training session (phase 1). First training included a Japanese expert who spoke about the Japanese business culture and practices, and at the second training three entrepreneurs came to share their experiences on the Japanese and Asian markets.

Next (phase 2), marketing materials for the companies were created. Multiple communications agencies took part in tendering out and one was chosen for the execution of planned flyers. Flyers were in Japanese in order to reach the customers in the best possible way. Flyers were both printed and electronic. The goal was to have a common basic visual look for all companies in the project, while also storing the brand image of the companies. The common look was decided upon the fact that some companies would have same potential partners and cohesion on the visual perspective was thought to be beneficial.

The next phase (phase 3) can be divided into two steps: Market research and contacting of potential business partners which were both company-specific. Two outside professionals with experience and knowledge of the Japanese markets and language were hired to conduct market research and contact possible partners. For both steps about a week's worth of working hours were reserved for each company. In market research the focus was on recognizing the most interesting partners for that specific company. In the second step these partners of interest were contacted to introduce the Finnish companies and to set up meetings for the upcoming trip to Japan. Electronic versions of the flyers were sent out to these companies as well. Contacting was done in Japanese.

Next in turn (phase 4) was a week-long trip to Tokyo, Japan. The main purpose of the trip was to be able to connect with possible business partners and create relationships to local networks. Throughout the week, companies had the scheduled meetings with their possible business partners. Also, a day long PR-event was organized at the embassy of Finland. The potential partners had been invited to join the event as well as some other Finnish companies who already had operations in Japan. The project group also visited a consumer lifestyle fair. A bigger visit was to the Metsä Village & Moomin Valley in Hanno city. Metsä Village has a souvenir shop with very broad selection of Finnish products and a meeting with the main buyer had been set up.

After the trip became the so-called "aftermath" phase (phase 5) where companies contacted the possible partners that they had met up with or who had come to visit the PR-event. This included sending of the company introductions. The Japanese-

speaking experts were at their disposal if the companies requested help. The project ended as planned in early spring of 2020 around the time that COVID-19 situation became evident.

5.2 Background and motivations of the participating SMEs

As export barriers and exporting support needs are so context specific, it is necessary to lay out the understanding of the starting point of each company and manager. Thus, this chapter presents the organizational and managerial background which also reflect the existing export-related resources and capabilities. Table 5 summarizes the organizational background by presenting categorization of the SMEs in regard to their size and level of export involvement as well as the role and meaning of exports and previous experience to exporting to Japan. It is also important to understand the motivation that each company had to participate in the project to gain a better understanding of the overall picture and expectations and be able to reflect them to the export objectives everyone set for themselves.

Table 5 Organizational background

Company	Company size	Role and meaning of exports	Level of export involvement	Exports to Japan prior to project
<i>Alpha</i>	Small	<ul style="list-style-type: none"> - Approximately 18-19% of sales from exports - Growth opportunity 	<ul style="list-style-type: none"> - Experienced exporter with a limited scope 	<ul style="list-style-type: none"> - Some efforts but no clear routes were considered to be open
<i>Beta</i>	Small	<ul style="list-style-type: none"> - Approximately 10% of sales from exports - Growing meaning with growth opportunities abroad 	<ul style="list-style-type: none"> - Experienced exporter with a limited scope 	<ul style="list-style-type: none"> - A customer but no further exporting activities or experience
<i>Gamma</i>	Small	<ul style="list-style-type: none"> - 80-85% of sales from exports - Vitally important 	<ul style="list-style-type: none"> - Experienced exporter 	<ul style="list-style-type: none"> - Multiple clients - Up to 4% of all sales
<i>Delta</i>	Micro	<ul style="list-style-type: none"> - Very small share of total sales volume - Increase credibility 	<ul style="list-style-type: none"> - Experimental exporter 	<ul style="list-style-type: none"> - None
<i>Epsilon</i>	Small	<ul style="list-style-type: none"> - Approximately 20% of sales from exports - A profitable and thus integral part of business 	<ul style="list-style-type: none"> - Experienced exporter with a limited scope 	<ul style="list-style-type: none"> - Established exports through an importer

In addition to the interviewed companies there were two SMEs who were not interviewed. Those companies were micro firms with low or no experience in exports. Additionally, also one company was unofficially a part of the project. That company did not fulfill the location requirement of the funding. The SME took part in the project activities but funded itself entirely. This company was not interviewed.

Company Alpha is defined as a small-sized enterprise and sells internationally both to consumers through its website, and to other businesses such as wholesalers. The company's interviewed owner-manager had no prior relevant international experience before the exporting experience gained through the position at company Alpha for almost a decade at the time of the interview. The company received unsolicited orders from abroad at an early stage which set the mindset of the owner-manager to develop the business in such way that it could also expand to international markets. The company is categorized as an experienced exporter with a limited scope with exports to approximately 30 different countries, both near and far. The share of exports varies as while it currently is set around 19%, a half a decade earlier it was up to 75%. The domestic market is however considered to be the priority as the production resources tries to keep up with the growth that the company faces. It was also considered that the exporting strategy could use some more attention to more clearly define what should be done and where

Company Alpha had had some small efforts to explore the Japanese markets but no significant routes were considered to be open. The company considered that it was a market they should explore in the sense that there might be a demand for their products. The company Alpha was contacted a couple of times by the project organizer before the decision to join the project. The main motivation for company Alpha to participate was that the export measures done prior had not reached the Japanese market in a desired way, and that the Japanese market was new and there would be a need to build from the ground up anyway with no existing contacts. The overall expectations for project were however quite low due to a prior participation in a trade fair mission which did not really lead up to anything and thus, participation to the case project was done more in an experimental mindset.

Company Beta is defined as a small-sized business. Two people from the company were involved in the project. Interviewees were held with the marketing manager of the company and a board member in export sales whose main focus was on online sales and customer service. Both had background in business and marketing. The company has gained international experience from their own importing activities, including experience from trade fairs and distributors for instance. The company is defined as an experienced exporter with a limited scope. Some exports have been done from which much through online sales for both customers and businesses. Exports became more relevant and in focus when the company's own production started. Annual participation to a wholesaler

trade fair has been one of the main active export efforts before participation to the project. The current share of exports in total sales volume is around 10% but its role is thought to be growing and important in the sense that while the domestic market for own production is near to market saturation, in the international markets the product is still very new and receives interest. Thus, exporting is a potential route to continue to grow own production.

Company Beta was contacted by the project organizer and as the company had previous experience with export assistance projects – in which they had been very satisfied with – they were eager to join the project. The company had participated in export development programs where they had received support in developing their export approach and plan. In regard to the motivation to participate in this project, the fact that the group was formed with companies that were from the same region was a motivating factor in addition to the financial support that the project received. One of the main motivations to participate in the project was to be able to find out if there would be potential wholesalers, and more importantly whether there is actual interest to their products on the Japanese market. The company had one existing customer in Japan before the project, but this customer was not a wholesaler or distributor.

Company Gamma is defined as a small-sized enterprise. The company's interviewed owner-manager had international experience of the field in both education and employment history which was partly acquired because exports and the international markets are considered so important in that specific business. This international experience had also built field specific international networks. Currently the export covers 80-85% of all sales and the role of export is consequently considered vital. Thus, the company is defined as an experienced exporter. The company had prior experience from export assistance in the form of trade fair support and export networks (export rings).

The company had prior experience and exports to the Japanese market. The organizer of the project reached out to ask about interest to join the project. The company said to have been a bit sceptic on whether it would be possible to find any new contacts through the project as their activities towards the Japanese market and trade fair representation had been quite extensive already. Their field of business is rather small and thus they thought the chances to find any new prospects was quite low. However it was considered that perhaps something could be learnt from the project and the market visit could be used to at least visit and strengthen the existing connections which was the motivation to join the project. Another main motivation to participate was that the project provided to chance to get to know other companies, network and hear other people experiences.

Company Delta is defined as a micro-sized business. The company's interviewed owner-manager had no specific relevant background for international business. Prior to the project the company has had international sales for consumers through its website and by visiting international fairs, and it will fulfill unsolicited orders for wholesalers. Thus,

the company is defined as an experimental exporter. The role of exports has however been very small and increasing it would require an effort in differentiating products, branding, and production capacity. The main market was considered to be the domestic market with the limited resources available, and risk aversiveness has perhaps limited the willingness to try exports more actively.

Nevertheless, the owner-manager of company Delta is rather interested in being more active in exports and considers that exporting increases the credibility of the company which was also the motivation behind participating in the project. It was also considered that the project is a possibility to learn about exports in general and gain an understanding of the system. Thus, a big part of the motivation was in learning about exports in general rather than a specific interest to the target market. The company had no prior efforts to the Japanese markets, but on a general level perceived the Japanese market as somewhat interesting as it is such a big market.

Company Epsilon is defined as a small-sized enterprise. The company's interviewed owner-manager has extensive experience in international business and especially exports. The company itself also has a long history in exports and has regular exporting activities to various different countries. The company is defined as an experienced exporter with a limited scope. The share of export in sales is around 20% and considered to be as profitable and purposeful as the domestic sales. The offering that the company sells domestically and internationally are different, and they have also created two separate strategies to support each offering.

Company Epsilon had a longer history in doing business in Japan and they were looking to change their importer at the time and also map out the Japanese market in their field more which seemed to function as the main motivation to participate in the project as well. The company was familiar with the project organizer, and they had inquired for upcoming projects to Japan. Thus, once such a project was organized, they were contacted by the project organizer and the company was willing to join the project. The company also had prior experience from different export assistance measures in for example export networks (export rings) which they had found useful in the past and would also be very open to them in the future as well.

5.3 Identified export barriers faced by the participating SMEs

The following chapter is divided on the basis of what export barriers the interviewed SMEs faced, both in general and in the case project. The main identified barriers were language, culture and business practice differences especially in the context of contacting and establishing business partners, lack of knowledge of the target market, managerial related barriers and human, production and financial resource barriers. Managerial related

barriers and human, production and financial resource barriers were perhaps considered more on a general level, but they are also expected to impose challenges in a specific export market, such as the case context of Japan.

5.3.1 Language, culture and business practice differences in contacting and establishing relationships

While considering the challenges in culture, language and business practice differences and contacting and establishing relationships it was found that the two topics are intertwined. Both were considered to be barriers prior to, during and after the project. Culture and business practices were considered highly important in contacting and establishing a relationship with the Japanese businesses. It was considered important to meet in person for the first time. Building a relationship was the main objective for the initial encounters in addition to presenting some basic business information.

It was rather interesting as I was meeting a wholesale company's president, we didn't necessarily talk that much about the products but about we talked about going to sauna and listened to Finlandia on Youtube and such. In that way, for them, it is more important to build relationships and who you do business with matters. (Owner-manager, Company Alpha 2.6.2021)

This also well demonstrates the experienced interest towards Finland and Finnish culture which was even mentioned as one of the main reasons why most business partners were interested in meeting the SMEs. For one of the interviewed SMEs, Finnishness was not to be a particular selling point or advantage. Their product however was an intermediate product which is less directly associated with Finnishness.

Building a relationship in the Japanese market takes time and requires continuity. While the purpose of the project was mainly to facilitate contacts with potential business partners, it was also considered that relationships cannot perhaps be established on the first try. The significance of business relationships also highlighted the fact that it was important that someone from the company represents it, instead of an external hire for example. It was also found that it also takes time for the Japanese to reach a decision and predicting the outcome is difficult as social cues are not that visible.

The Japanese are slow to decide on everything. They want to think about things for quite some time and that kind of gets yourself doubting, as you don't really know, because you can't really tell from their faces, if they are

going to accept or refuse something. (Owner-manager, Company Alpha 2.6.2021)

While it might take time and effort to find a good contact and establish a relationship, once a connection is made, Japanese are considered to be loyal and committed to the relationship. This can also open up many more connections, which in turn can also create new business opportunities. It was also experienced that finding right connections helps in modifying the product according to export market consumer expectations and acquire other specialized information of the export market.

At least for us it was not easy to get to the negotiations, as everything was much more formal and the business community tighter... the fact that you get there and get to meet distributors is already a big thing. Then again on the other hand I'm surprised that now that we have been doing business with the distributor, we have noticed how effective the networking is. Now, through [the distributor], even though our business field was completely new to them, we have gained connections to Japanese businesses in the same field with whom we are planning collaboration with... You get a connection to one distributor, things start rolling and you gain many new different possibilities. (Marketing manager, Company Beta 2.6.2021)

It also seemed that a distributor or agent through which the export sales take place was the route to gain access to the market properly. For example, like often done in Finland, selling directly to small shops was not considered to be a feasible option. Another interesting factor related to building relationships and finding a distributor in Japan is that loyalty to a distributor is a prerequisite. The best way to export to Japan with a distributor or agent, is to be exclusive and loyal.

First, we kind of went in our pace and had multiple importers, but it just didn't work there, they didn't really trust us while we had other importers. (Owner-manager, Company Epsilon 8.7.2021)

Finding a new replacement to an existing distributor was considered to require a lot of diplomacy to avoid indignation. Loyalty and respect were also important in terms of business-customer relationships. This refers to sticking to a once established price on the market which further highlights the importance of choosing the right partner.

If we have once exported a product to the market and if we are selling it to a new firm, the first question is that 'what is the consumer price?' ... The

first time I heard a question like that I got scared and wondered what they are trying to find out. But it is actually related to the fact that the once set consumer price is respected so much that if another wants to sell the same product, under no circumstance, do they want to sell above or below the established price but at exactly the same... It is some kind of respect to the customer. But then they start to target the margins which is kind of hard then, but it is easier when you have an agent who is exclusive. (Owner-manager, Company Epsilon 8.7.2021)

Overall the language and cultural barriers were not considered to be insurmountable. There were varying experiences on whether using English was feasible in doing business. While some considered that one may be able to get by with English, the general level of English was considered to be poor. Thus, in addition to having a translator also the marketing materials should be in the local language and currency. The Japanese communication style was also considered to be very formal which was visible in for example that the Japanese expect to follow a certain formal structure in emails. It was considered that the differences in culture and business practices could also be a positive thing in the sense that it allows mistakes better.

Of course it was completely different, but that is exactly why it is also so forgiving: if you do something wrong, it is not such a huge catastrophe when the other party knows that that is how Scandinavian people do things. (Owner-manager, Company Alpha 2.6.2021)

All in all, cultural differences which are especially reflected on the differences in the Japanese business practices were considerable, which creates challenges in communication and interaction with the Japanese businesses. Consequently, it was found challenging to also establish relationships.

5.3.2 Knowledge of the target market and its opportunities

Lack of knowledge of the Japanese markets and market opportunities was considered to be one of the main barriers prior to the project. There was uncertainty on whether there are any opportunities and demand for the products. It was also considered that there was not enough knowledge on how the market works and how to do business there, thus imposing a need for an external support. Increasing understanding of the target market and how a company's product would fit into the market – if at all – was the objective for many of the participating SMEs.

During market research one company found that it was relevantly difficult to find information and data online at least to one of their side-line products.

When we did the market research for our products, I was surprised by how hard it was to find information, how the internet is kind of pretty much not utilized [in Japan]. Internet and home pages are not somehow fitted into the culture. And that was also touched upon a bit [in the trainings], that the internet is not the number one thing for the Japanese. Unlike to us who always google everything, you must have webpages, and there needs to be information... It was hard to find information and data even to [the Japanese expert in the project] who is Japanese. Eventually we found out very little of the potential market which was surprising. (Owner-manager, Company Gamma 8.6.2021)

Also other challenges were discovered during the project after gaining a better understanding of the market. One company found that in that specific area in Japan, the products that they would have liked to export were not at all a fit due to climate conditions. There simply was no feasible market. Also different requirements for products were found. One company learnt that they needed to adjust their product to fit the market needs in regard to packaging size. Another company found that for one of their product ranges the consumer expectations and requirements were very different which strengthened the export focus to other products. Also regulation was found to impose limitations on one of the companies' sideline products.

5.3.3 Resource and managerial related barriers

Other identified barriers were resource related barriers and managerial related barriers. Export barriers that the interviewed SMEs faced in exporting in general, were mainly related to resources. Financial resources can be seen to be a barrier both specifically to the Japanese market and overall. This was seen through the fact that the participating SMEs considered the funding to play a big part in motivating in participating the project and exploring the Japanese markets.

Human resources were brought up in a couple different point of views. First, in general there are challenges to find or train and retain people in general which effected the production capacity and willingness to take risks. Second, while being in the early stages of internationalization it was recognized that after the project sparked some continued exporting activities, organizing of the human resources had to be carefully thought

through to ensure the functionality of the export processes. This was however less considered to be an impediment but rather a smaller challenge of internally ensuring correct organization with the new development.

Also, production resources were brought up multiple times. Production resources were tied to the human resource challenges and scaling the production to match the overall growth of a company. However, it is important to note that all companies who mentioned production resources as a challenge also understood that sufficient production capacity is a prerequisite for exporting. Most also considered that when it comes to prioritizing production resources, domestic market is served first.

The domestic market is number one, it must be in order for us to be able to meet the demand and scale production in such a way that some looseness is created. Otherwise the [export] efforts would be quite expensive if we suddenly couldn't deliver what was wanted to buy. (Owner-manager, Company Alpha 2.6.2021)

This focus on domestic market can also be viewed as a barrier related to the managerial factors. Domestic focus was however not considered to be a negative thing by any of the participants, nor the project organizer. Thus, while considering that the interviewed SME were perhaps more focused on incremental development and growth, domestic focus will not be seen as a barrier.

Another managerial related factor for export barriers is risk-taking. One company directly brought up overall risk aversiveness which was for example reflected in not being willing to fund exports with borrowed capital. One managerial barrier that is also quite central is the lack of experience in exporting in general as well as on the target market. Experience in exporting in general helps to understand what aspects need to be considered when exporting and what type of procedures there are to name a few examples. Thus, the lack of it may create challenges that are related to lack of knowledge on how to export. The lack of experience on the target market is reflected on the other barriers such as the lack of knowledge on the target market and differences in culture and business practice barriers as the experience is considered to be a mean to alleviate those barriers.

5.4 Experienced effect of the group export project

This chapter presents the experienced effect of the group export project from the participating SMEs' perspective. First, the export barriers that were considered to be targeted through the project activities are discussed. Second, satisfaction on project, outcomes and reaching of the export objectives will be discussed to form an

understanding on how the participating SMEs experienced the effect of project on a higher, overall level. Third, the benefits of group project approach are discussed as that is one of the defining features of the case project and centrally also discussed during interviews from various perspectives.

5.4.1 Targeted export barriers

Culture, language and business practices were thought to be highly important in contacting and establishing relationships with the Japanese businesses. Both the *differences in language, culture and business practices*, and *difficulty in finding suitable business partners* were targeted in the project. Both were addressed separately but enhancing understanding of culture and business practices is thought to be one of the most central ways to also support contacting business partners and establishing successful relationships.

First phase of the project included the training sessions where the companies received information on the Japanese culture and business practices and heard experiences from the Japanese or Asian market from other companies who had pursued exporting there. Hearing others' experiences is an opportunity for vicarious learning and gaining access to second hand experiential knowledge. The training on culture and business practices was however brought up more often and as more useful during interviews. For one company who already had experience in the Japanese market, the training sessions were not considered to be that useful as they did not bring new information to them. Then again, another company who also had extensive experience from the Japanese market did find them useful. Learning about the Japanese culture, communication and business practices continued during the trip to Tokyo where the SMEs got an opportunity to gain first-hand experience in doing business in Japan.

Language and communication related challenges were targeted with access to Japanese-speaking experts throughout the project and translators who attended the meetings with potential business partners in Tokyo. Also the cultural understanding that comes with being a native speaker was an advantage in the translation support during business meetings. It was also considered that the marketing materials should be in the local language and currency. The project helped in these challenges by creating marketing materials in Japanese for the companies. However, the recommendation on also having the price list in Japanese and in yens was not provided by the project. Consequently, at least one of the companies experienced struggles with not having the price list in the expected language and currency as they had not come to think of that aspect themselves.

Finding suitable business partners was targeted in many ways and facilitating such contacts was one of the main purposes of the project. In the market research process

possibly interesting business partners were identified and contacted for each company. Meetings with the potential business partners were set up for the Tokyo trip. The first connection to the potential business partners was done by the Japanese expert in the project who knows the Japanese business, context and expectations, and also knows how to make initial contact in the appropriate manner. This is especially important in a high-context and hierarchical society such as Japan. Also, as formal introductions are important in the Japanese culture, this project also created an opportunity to be introduced by someone. Thus, establishing initial contact did not require much input or skills from the participating companies. The market visit to Tokyo enabled meeting the potential business partners in person, which was considered important in establishing a relationship and building trust.

Also a PR event was organized to facilitate meeting interested business partners. It was considered valuable that the PR event was organized at the Finnish Embassy. In hierarchical society connections are valued, and connections to government officials such as an embassy can be important. Connections within the project enabled that the Finnish Embassy also sent the invitations to the PR event. This made the invitations “more official and better” in the eyes of the invited Japanese companies. It was also important for the Finnish companies to establish connections with the Finnish embassy. As an example, after the project while making a deal with the new importer, company Epsilon offered to organize a meeting with the ambassador of Finland in Tokyo when the importer wanted to discuss with the embassy prior making a deal. This was also considered to increase trust between the importer and exporting company.

The importer was ever thankful about the fact that they get to meet with the ambassador in particular to discuss the topic which is something us Finns don't really appreciate in the same way but there it had a huge meaning, and our negotiations were consequently also closed much faster.
(Owner-manager, Company Epsilon 8.7.2021)

A few of the interviewees experienced that it would have been useful for the project to continue to support the aftermath of contacts after the Tokyo visit. The project supported in the sending company introductions after the market visit, and the Japanese-speaking support was still available upon request after the project. However, it appears that the companies would have wished for more specific information or set activities on dealing with the contacts after the market visit.

The project was kind of left unfinished in the sense that everything worked really well until the trip to Japan but then again after it, how you should

continue the contacting efforts was kind of left open. (Owner-manager, Company Delta 15.6.2021)

Lack of knowledge of the target market and market opportunities was also targeted in the project. One of the measures to target this was by conducting market research for each company. The focus was in finding the potential partners. For all participants, potential partners were found and contacted. Perhaps not all were considered to be the most fitted in the sense that it turned out in the meetings that they were not as interested as they were assumed to be, the product was not a good fit as such or other reasons. For example, many of the SMEs have very specific products, and thus many lifestyle distributors were not found to be such good fits.

The most fruitful part of the project in terms of gaining a better understanding of the Japanese market and its feasibility for the companies was the market visit itself which included various activities. The main activity was meeting with the potential partners through which the companies learnt what the Japanese companies were interested in and what kind of requirements there are for products. Together with the opportunities to see and experience the local shops and consumer culture, many relevant aspects were learnt.

Feasibility of market, different product and packaging requirements, and restricting regulations were export barriers discovered during the project as understanding of the target market grew. While these barriers were not targeted by the project, learning of these differences and challenges is important in order to effectively adjust exporting operations and offering. These challenges were also considered to be such challenges that the SMEs were or will be able to deal with without external support. The market was also considered more different than what was expected beforehand. The market visit was considered to be crucial in this sense.

It was kind of surprising how different the market is and what the differences are in our field and in that sense being able to physically visit there was really, really important in this case. Getting to see how things work in your field of business tackled a lot of thoughts that would have not enabled us to get very far if we had just gone ahead and began exporting without a market research visit. (Marketing manager, Company Beta 2.6.2021)

Overall, thanks to the increased understanding of the target market and its opportunities that the project enabled, the preferred options on how to continue, or not to continue, exports to Japan became clearer to the participating SMEs.

Some of the activities in the market visit were considered perhaps less central or useful, those including the visit to the lifestyle fair, visiting the Metsä Village and Moomin

Valley and meeting with the Metsä Village's souvenir shops main buyer. Metsä Village and Moomin Valley related activities were considered interesting on a general level, but nothing really came out of them. The visited lifestyle fair was targeted at consumers, and it was considered useful in the sense that it showed that that is not the most suitable option.

I wouldn't go on a trade fair. In that way it was a pretty good experience that too, that you get to see what not to do. (Owner-manager, Company Delta 15.6.2021)

It could also be considered that external experts, including the project organizer and the Japanese experts, are external human resources that provide temporary help for *human resource challenges* for the participating SMEs. On short term the project was considered to at least save time and resources of the participating SMEs in regard to organizing the market visit. Organizing the travel, events and meetings for the trip was done by the project organizer. This was considered to be a huge help in the sense that it would have required a lot of time and effort from the companies if they had done it on their own. In this sense, it can be considered that the project provided an additional extension of human resources. Also, existing human resources, meaning the people who participated in the project, can be considered to have been further trained and relevant skill developed during the project. Thus, the project can be considered to have helped in human resource challenges in that sense as well.

The project can also be considered to have targeted *managerial barriers*. One major aspect was facilitating acquisition of knowledge and experience. One participating company with low prior experience in exporting also pointed out that they learnt to view the international markets in a different way in regard to using the limited resources of managerial time and effort. The company decided not to continue efforts in the Japanese market. It was considered that it could be better to redirect resources to focus on markets that are "easier" and require less work. Even if the project did not result in continuing exporting efforts to Japan, the project was considered as a good way to learn about exporting in general and it also sparked an interest to start putting more effort into exporting. Thus, the project can be considered to have targeted motivational barriers and general lack of knowledge on exporting.

By exploring a market through the project, also the risks were considered to be lower. Having an external party in supporting in planning and viewing things was considered to lower the perception of risk.

...As such it would be considered too big of an investment; it is easier to control it in this type of a project than if you'd do it alone. There is kind of

more than one person thinking about it and constructing the core and so on. (Owner-manager, Company Epsilon 8.7.2021)

Also financial support of the project helped in reducing the perceived risk in exploring an unfamiliar market. The less experienced SMEs thought the financial support was significant in motivating to try out Japan as an export market at all, and the ones who already had some exporting business in Japan considered it to enable a bigger investment or a boost of performance on the market. The financial support was considered to be “very significant for small businesses”, and at least to have some sort of a psychological effect. The financial support is consequently considered to target motivational barriers and *financial barriers*. Thus, this aspect is seen to target both financial and managerial barriers as from a risk-taking and motivational perspective those two are intertwined.

5.4.2 Satisfaction on project outcomes and reaching of export objectives

Due to the experimental approach, *company Alpha* did not have any clear set objectives but considered that even one good contact would be an accomplishment. This objective was reached as a suitable agent was found. Another more implicit objective was to explore the target market and to learn more about how to approach it effectively. Both objectives were reached as also more information of the market was successfully acquired. Company Alpha was satisfied with the results “in a way”, but COVID-19 put everything on hold after the project which made it hard to evaluate the satisfaction on outcome after the project. Company Alpha continues to pursue the Japanese market and the established connections. Overall satisfaction with the project was rather good.

As a whole I am very satisfied with the project, they were able to find the right measures and they had clear targets and those were met, and we learnt a lot and got many experiences. (Owner-manager, Company Alpha 2.6.2021)

Similarly *company Beta* had no set objectives, but the wish was to find contacts and map out potential distributors, as well as learn more about the market. Company Beta achieved its objective in market research and found out that there is indeed a market and interest for their products. They were also able to establish a contact with a distributor who at the time of the interview had a test batch of the company’s products and the relationship was being built. The current potential business partner for Company Beta was not actually a result from the market research of the project, but a tip from a governmental trade promotion agency, but the Tokyo trip enabled and supported the in person meeting to be organized. Good contacts were found and established during the

market research phase and market visit and those have further opened new possibilities for collaboration and development. Company Beta had learnt a great deal about their possibilities on the market and the different adjustment in products that had to be made in order to succeed. Company Beta was satisfied with the outcomes it achieved and is planning to continue its efforts towards the Japanese export market. As establishing contacts was successful, things have been moving forward but also required time and resources. Further help was considered perhaps crucial in being able to continue with same level of pressure and speed of establishing the export market. Overall, company Beta thought that the project had been suited to their situation.

Overall [this type of project is] very good for this kind of a starting company in an early stage when exports are done to a new market where you kind of need to get the basic information of the market, the first level of how to move forward and gain knowledge there, and you get contacts mapped... And especially this type of a group project where you get these practices and ways of working from other companies and you get to share that information... The fact that you would organize these kinds of meetings and travel arrangements in your everyday work would be a lot, so the fact that a project like this does it for you and organizes everything – embassy events and contacts a huge amount of people – is a huge deal. (Marketing manager, Company Beta 2.6.2021)

Company Gamma had a concrete objective of making connections that would result in a specific number of annual sales. This objective was not reached however as not even truly potential connections were found. During the market research some prospects were found and contacted but the company made a decision that it was not necessary for them to go on the market visit at all as they felt they would not get value for the money from that activity. Company Gamma's other objective was to learn more about the Japanese business practices which was reached. Overall to be satisfied with the outcomes would have required reaching all of the objectives.

What you actually got from it was the information. And in my opinion, it was interesting to hear from [the Japanese expert] who is Japanese and has lived in Finland too for quite a while so they can mirror the cultural differences and I thought that was very interesting... I can't be satisfied [overall] because I didn't reach all of my targets... It wasn't a waste of time, but I can't be satisfied. (Owner-manager, Company Gamma 8.6.2021)

For *company Delta*, the objective for the project was to get a small contact or experiment but it was discovered and considered already during the project that it was not really possible to reach that objective as building the relationships requires continuity which was not possible to create in the first contact. Some interested contacts were found but things were not considered to run smoothly. There were some plans for trade fair visits after project but those were cancelled due to COVID-19. Thus, export objectives were not reached even though the project was thought to support them well. Company Delta does not plan to continue pursuing exports to Japan but plans to redirect resources to focus on other markets. Satisfaction on export performance was considered to be low as per the low export sales. However, overall satisfaction on participating the project was still good. It was considered that the project allowed to gain a broader view on what the Japanese market is, and through it also think of future export markets, activities and marketing in a different way, especially on where it would be feasible to start with the resources and capabilities at hand. One major aspect that was thought to affect the overall positive experience was networking, especially with the other Finnish SMEs through which peer support and knowledge was shared. Also learning about marketing in general and gaining the experience were considered to make it worth the trip.

The other overall benefits on how to do marketing, networking, and the amount of gained contacts and as an experience we go to good if not excellent [in regard to satisfaction] ... On a scale from 4 to 10 I would give an 8 on satisfaction – the networking perspective improved it that much. (Owner-manager, Company Delta 15.6.2021)

For *company Epsilon*, the objective for the project was to explore the market more and to find a potential new importer to replace the previous one. The company was very active in making an effort to find the right new importer and as the company also had prior experience and business in Japan, they also organized and made contacts to potential business partners themselves. Eventually the found new importer was not any of the companies that were met up with through the project during the Tokyo visit. However, it was considered that it was eventually the project that enabled it, and the new deal was considered to be the biggest outcome that was led up to after the project. The company thought to have reached both of their project objectives in finding a new exclusive importer and in exploring the market opportunities more.

In the amount that it was possible to gather information, we got the picture of what [the Japanese market] was all about. (Owner-manager, Company Epsilon 8.7.2021)

At the time of the interview the deal with the importer had been done, and thus Company Epsilon was satisfied with the outcome. The next step was considered to get the exports up and running in order to be fully satisfied in the exporting efforts to Japan. They also considered that the project was successful and especially highlighted the organization of the project in the sense that it was implemented in the agreed scheduled, finished up and had a good firm lead from the project organizer.

[The project] was successful. It was kind of also gone through in the agreed timeframe – it did not stretch and it was delivered until the end. In that sense it was very good. (Owner-manager, Company Epsilon 8.7.2021)

To conclude, most SMEs were satisfied with the project overall. Satisfaction with the achievement of export objectives and project outcomes seemed to be more complex. Even though export objectives were achieved, satisfaction was expressed together with terms such as “somewhat” and “quite” implicating room for improvement. Evaluations on satisfaction on achieved export objectives and project outcomes was often continued with how the COVID-19 pandemic had slowed or stopped follow-up activities after the project ended.

5.4.3 Benefits of the group project approach

One of the main benefits of participating in the project was related to the fact that it was done as a group. This included many aspects. First, as a group the project and the participating SMEs were able to get more attention on the target market, and thus attract more potential business partners. This also enabled organizing events in places such as the embassy where the SMEs had a chance to build network with both potential business partners and the representatives of the embassy and Finnish Institute.

The second aspect is the internal network of the group. Interviewed companies considered that one of the key takeaways of the export project was the exchange of thoughts, ideas and ways of operating with the peer companies and this was considered to be beneficial even if the company was more experienced than others. The internal network and connections were thought to be one of the most positive unexpected indirect effects in the project, not just in regard to the Japanese market but also overall exports and running a business.

As an extra addition you got a network of Finnish companies. We sparred ideas and thoughts with each other and that is something you cannot really expect to get. (Owner-manager, Company Alpha 2.6.2021)

Company Gamma even mentioned the networking aspect to be one of the main motivations to participate, highlighting the value of experience and the chance to learn those of others.

There was also the goal that you get to know other companies... Kind of network at the same time which was interesting and hear others' experiences... What really matters is experience, those actually mean something [as opposed to just having opinions]. That was what I wanted to get from this project as well; get some experience and hear what experiences others have about exports, what they do, and what their everyday life as an entrepreneur or manager in a company looks like. (Owner-manager, Company Gamma 8.6.2021)

Internal group knowledge sharing was done on a general level in at least marketing efforts and PR. Japan specific experiences were also shared. If for example a company would meet with a distributor who was not a fit for them but had potential for another company in the project, contacts were shared. Also, for example some companies learnt that their field was more regulated, and the importer of those products needed to have license that was slightly difficult to get. This knowledge was shared and one of the other companies who has sideline products in that product category benefitted from learning the knowledge. Consequently, they were better able to decide what products to offer for specific distributors or importers.

While asking for feedback on what could have been done differently it was brought up that there could have been more company specific activities. Then again it was simultaneously understood that in a group project the key is to do many of the activities together to gain the benefits from working as a group and serving very company specific activities is rather impossible. Thus, while participating in a group export project there will most likely be activities that will not be as much of interest to everyone, and at the same time you have to participate in such costs that are not directly linked to your priorities.

While the group aspect was considered to be a good thing on a general level, a couple of examples rose where the difference in experience levels were noticed. For example, a less experienced exporter would have wished for more support and guidance on what to do after the market visit.

I can imagine that a company who has done foreign marketing before would have known that 'hey this is how we will continue' [with contacting efforts]. (Owner-manager, Company Delta 15.6.2021)

On the other hand, also the most experienced exporter felt like that it could have been good if the project continued for a bit after the market visit. The most experienced exporter found that the differences in export experience levels limited the possibility to optimize the project content.

Whether the project is meant for companies that are making their first export efforts or for companies that already practice extensive international trade and have experience in exports, sales and marketing on international markets could have been planned from the beginning ... Because then it is like how do you plan pitching training or marketing and such as it is quite different for people that are basically startups and people who have not perhaps done exports before? And then again to those already experienced? So, the needs weren't really same for all which I thought was difficult and, in that sense, considering the circumstances, it wasn't possible to fully successfully optimize the offering. (Owner-manager, Company Gamma 8.6.2021)

While it was specified that all of the SMEs could be categorized into lifestyle and business, the companies were relatively different with very different offerings. The differences were considered to be a good thing in terms of not having a competitive position with each other which enabled a freer exchange of thoughts. From the perspective of gaining synergy in terms of clients, the group composition was not considered to be too off. It was however considered that it may have been more useful in contacting possible business partners to have more similar companies. Then again, many of the companies had very specific field so this may not have been feasible.

5.5 How export assistance programs can help SMEs overcome barriers in exporting

The purpose of this chapter is to draw the answer to the main research question of this research which is *how export assistance programs can help SMEs overcome barriers in exporting*. This is done by answering the three sub-questions on *what export barriers export assistance programs can mitigate, how SMEs experience the effect of export assistance programs* and *what export-related resources and capabilities export assistance programs can enhance*. The findings from the empirical part of this study for the first two questions are presented in the previous sub-chapters and this chapter will further analyze them. Enhancement of export-related resources and capabilities are

discussed in this chapter based on the findings of the first two sub-questions and the extant literature.

The SMEs were found to face various export barriers. The main discussed barriers related to lack of knowledge on the target market and language, culture and business practice differences in contacting possible business partners and establishing relationships. These barriers are well aligned with the purpose of the project which was to facilitate contacts and allow the project group to get to know the market better. Thus, the project planned to target these specific barriers. Additionally, other identified barriers that were targeted were a general lack of knowledge on how to export, and lack of human and financial resources. Also barriers related to managerial characteristics in risk aversiveness and motivation were targeted in addition to lack of relevant managerial experience.

The main measures to target the export barriers were to provide and facilitate the acquisition of both informational and experiential knowledge to which market development-related programs usually aim at. The project included informational knowledge measures in the form of export training, market research on target market and also firm-level export consultation in the sense that market research was company specific and the selection process of the project included evaluation of the financial stability of the companies for exports. Prior going to visit the market, this study considers that it is important for Finnish companies to familiarize with the possible differences in not only the market but also the culture and business practices especially when doing business in a hierarchical, high-context society like Japan. This study considers that acquiring specific knowledge of the target market serves as the base for more efficient experiential knowledge gaining. Informational knowledge on these aspects were provided in the project prior to the market visit in the form of training sessions. These sessions were considered mainly interesting and useful and thus they are interpreted to have filled their purpose.

The most important measure that the case project provided was the opportunity for building firsthand experiential knowledge by organizing a market visit, facilitating contacts and introducing the companies to various potential business partners. Also the training sessions can be thought to have provided some secondary experiential knowledge: There were other SMEs sharing their prior experiences on the Japanese and Asian markets, and the expert on culture and business practices has personal experience on the culture differences between Finland and Japan.

The increasing knowledge of the target market through the market visit also allowed the companies to find out whether there was a feasible market or potential interest towards their products in Japan, and if so, how the local consumer preferences and regulation would have to be taken into consideration in exporting efforts. Some gained a more

specified view on what to export to the market and one company also found the market to be non-feasible. Thus, it can be concluded that the project reached one of the market development-related programs' objectives of setting risks and opportunities of exports into perspective.

Establishing contacts and relationships in the Japanese market was considered difficult because of the language, culture and business practice differences. The Finnish and Japanese ways of communicating and doing business were found to be rather different in terms of high-context culture features where relationships and hierarchies are important. The way of communication was considered to be formal and filled with important norms. It was found that it is relevant to be able to communicate in Japanese and in the Japanese way whether it was in the form of Japanese marketing materials, having a translator or writing an email. It was also found that properly establishing a relationship with a business partner, preferably face-to-face, is necessary in order to do business in Japan. The project supported in these aspects by enabling an increased understanding of the differences through both informational and experiential knowledge measures and supporting meetings with providing translation support.

The role of financial support as an external funding can help in lowering the perceived risk and thus motivate managers and their companies to put effort into exporting. A lower requirement on commitment of own internal resources can play a significant role in the decision on whether or not to export to a specific market or put effort into exporting at all. Consequently, managerial barriers in motivation and risk perception are tackled in addition to the financial resource limitations.

A similar effect can be thought to come from being able to minimize risks through receiving non-financial external support as well. It was found that as an investment to an export market may feel substantial, also having an external party to support throughout the project as an additional set of eyes and brains lowers the experience of exporting efforts as a risk. Thus, risks are also put into perspective in this aspect. Based on both financial and non-financial support aspects, the case export project is considered to function as a motivation to export for those who have less exporting activities in a target market and increase commitment to put more effort into the export market for those who already have some experience and motivation.

While one of the main aims of export assistance is to motivate and promote exporting to domestic companies, a question can be raised on what the impact on longer term commitment or genuine motivation for that specific market is. That, however, in a sense is at the core of export assistance: lowering barriers and supporting exports of companies who face difficult markets. Then again, the goal should not be to encourage entering such markets that the companies will not be able to survive in on their own. The case project supported in finding out the feasibility of the target market for many of the SMEs, and

thus this type of an export assistance project is considered to support the acquisition of knowledge on whether a market is too challenging.

Three out of the five interviewed companies reached their set objective for the project. The satisfaction on the outcomes was relatively equivalent to the reaching of the objectives. Two out of three companies that reached their objective had been able to reach concrete accomplishments in the form of making a deal and sending out test sales batches, and the satisfaction was seen to be tied to or at least reflected upon those concrete achievements. Also the other companies reflected their satisfaction levels on achievement of concrete things. Thus, while acquiring informational and experiential knowledge and developing various export-related resources and capabilities, the satisfaction on the outcome is still very much reflected upon the achievement of more tangible targets.

There was a division on how the more experienced and less experienced exporters experienced the benefits of the project. The companies that did not reach their objective were the most and least experienced exporters. For the most experienced SME the project was not able to provide enough new insights and contacts in addition to their already existing network. The satisfaction for the share of the activities that the company did take part in were experienced to be relatively good, however.

For the least experienced SME, the market in Tokyo turned out to not be a good fit for the products that the company wanted to export considering the human and production resources available. The company however experienced that the project gave out many other benefits in gaining experience first-hand and also from the internal group network that was formed. This was especially related to learning about exporting in general. The project was considered to spark the manager's interest and motivation to export which can be considered to enhance the export-related managerial resources and reach the goal of export assistance in motivating firms to export. This can be thought to influence exporting activities in the future on a longer term. Thus, for exporters with low experience a group export project that offers both experiential and informational knowledge can be seen to boost the overall level of export knowledge regardless of the target market. In target market specific view, it could be concluded that the case project was most useful in regard to those SMEs who were experienced exporters with a limited scope. The less experienced SME also benefitted from the project by gaining exporting experience in general, but in the context of the Japanese market and the business practices, having some prior experience and contacts were possibly a crucial enabler of being able to establish contacts.

In the project, while it could be interpreted that it targeted companies with little or no experience on the Japanese market more as to the contact-facilitating nature, the group itself had companies with various background levels in doing exports to the Japanese market as well as exporting in general. It was considered to be a positive thing that the

companies in the group were not too similar in the sense that they would be competing with each other but being in the same field was considered to bring some synergies. However, in terms of planning and executing the project, the research found that more consideration could have been put into the experiential background of the company on a general level in exports and in regard to the Japanese market. That would have allowed to take the existing export-related resources and capabilities more into consideration and better target them with the support measures.

Based on the case project it could be said that regardless of what the theoretical or planned logic behind segmentation of export assistance programs is, practicalities probably define much of it: Whether it is choosing the segmentation based on having particular participants in mind, being able to find participants that fit the desired segmentation or other requirements such as funding.

The funding requirements included that the company had to be an SME, located in a specific area, and that it had the financial stability to be a good candidate for exporting. While these requirements help to ensure that support is provided to companies who more likely need it and have growth potential, and effect the economic development is for a specific area, they also narrow down the range of possible participants. This probably leaving out candidates that would have been otherwise very suitable and potential. This was also the case in this project, where one company was not officially part of the project because they were not located in the required area, and they paid for their own share of expenses in full. This company however contributed to for example the internal network building of the group. For example, after the project that company did a collaboration with another company in the project. Thus, technicalities such as specific requirements that are not relevant in the regards to the exporting potential of a company, are rather pointless as also agreed by the project organizer. Requirements also make the specific segmentation of companies more difficult and thus hinder the optimization of export assistance programs.

To argue how various project activities targeted the *export-related resources and capabilities*, many connections can be drawn. To start off with the very beginning of the project, by approaching and suggesting participation to the project which aimed at the Japanese market, it could be seen that the project organizer already helped in business identification capabilities by locating a potential export market for them. This capability was further supported by assisting in analyzing the potential export market through company specific market research and acquiring specialized information in the export market especially on the market visit. The ability to identify attractive business opportunities can also be considered to increase as companies gain a better understanding of the market by experience which this project facilitated. By increasing the knowledge of foreign market and its demand, intellectual resources are also enhanced and could be

thought to also improve the ability to acquire specialized information in the export market.

The market research facilitated contacts with possible business partners and other connections helping the participating SMEs to build their connections and network, thus also targeting the relational resources, as well as business identification capabilities in the form of contacting potential foreign customers. The market visit which included meetings with potential distributors were at the core of the project targeting at contact-facilitation by enabling meeting face-to-face with potential business partners and establishing other valuable contacts such as the Finnish embassy.

The training sessions in the beginning of the project can be thought have increased intellectual resources by providing knowledge on foreign business practices. Also the market visit can be thought to have increased knowledge of the Japanese business practices as well as develop managerial resources through adding exposure and increasing experience in foreign markets. Increased intellectual resources in understanding of business culture and practices can also be thought to develop the relationship-building capabilities of a firm by affecting the ability to obtain reliable representation in foreign markets, establish and maintain supplier relationships and to establish business ties with other organizations in the foreign markets especially in a high-context, hierarchical society such as Japan. During the project the participating SMEs were also able to gain a better understanding of the customer requirements on the Japanese market which is also an important part of relationship-building capabilities. Thus, the project further supported building of relational resources by not only organizing the meetings and making introductions but also overall enabling the development of relationship-building capabilities.

Managerial resources were also developed from various perspectives. Overall, experience and exposure to foreign markets was facilitated by the market visit which together with the training sessions and market research also developed export specific managerial knowledge and skills. At least some special managerial interest in exporting was sparked in the case of the least experienced exporter. All of the managers' – at least temporary – increased commitment in exporting can be seen in the sense that the project support and the financial support within it was one of the main motivations to start exploring or further explore the Japanese market. It can also be argued that the managerial attitude towards exporting, and the perception of export market environment may have been affected while managers had an opportunity to gain more experience on exporting and export market environments.

Overall, it can be concluded that export assistance in the form of contact-facilitating group export project can support SMEs to overcome export barriers in various ways. To tie the connection to the theoretical framework of this study, findings are summarized

into figure 3. The provided measures can be informational or experiential knowledge, both of which are considered to be crucial for successful exporting operations. In the case of the contact-facilitating group export project in this study, it was seen that contacting SMEs for participation, providing training sessions, preparing marketing materials and conducting market research are informational knowledge measures that were found to target the export barriers the SMEs faced. Contacting potential business partners, a market visit, meetings with potential business partners and PR-event for potential business partners on the other hand are experiential knowledge measures that were considered to support overcoming of identified export barriers.

All barriers that were identified were targeted, except for production resource barriers which was not in the intended scope of the project either. Most identified and targeted barriers were internal including contacting and establishing relationships with business partners, lack of knowledge of the target market and its opportunities, managerial barriers, financial resource barriers and human resource barriers. Contacting and establishing relationships with business partners was supported with market research, preparing marketing materials, increasing understanding of language, culture and business practice differences through trainings and market visit, actually contacting potential business partners, and organizing meetings and PR-event during the market visit. Acquisition of knowledge of the target market was supported by market research, training sessions and the market visit. Targeted managerial barriers include motivation, lack of experience in exporting and risk-aversiveness. Human resource barriers on the other hand were mainly seen to be developed though the increased managerial knowledge, skills and experience. The project provided temporary extension of human resources by supporting in the exporting activities and organizing the project. This, however, does not count as developing of managerial resources as such. Financial resource barrier refers to the cost and risk of putting effort into exploring export opportunities to a market in which success or sales is not guaranteed.

Only one of the identified and targeted barriers within the scope of the project was external: the language, culture and business practice differences. This barrier was targeted by the various training sessions, preparing marketing materials, contacting potential business partners, and market visit during which the SMEs had an opportunity to gain firsthand experience. Thus, as expected, this project targeted internal and market environment related barriers as expected as a micro level export assistance program.

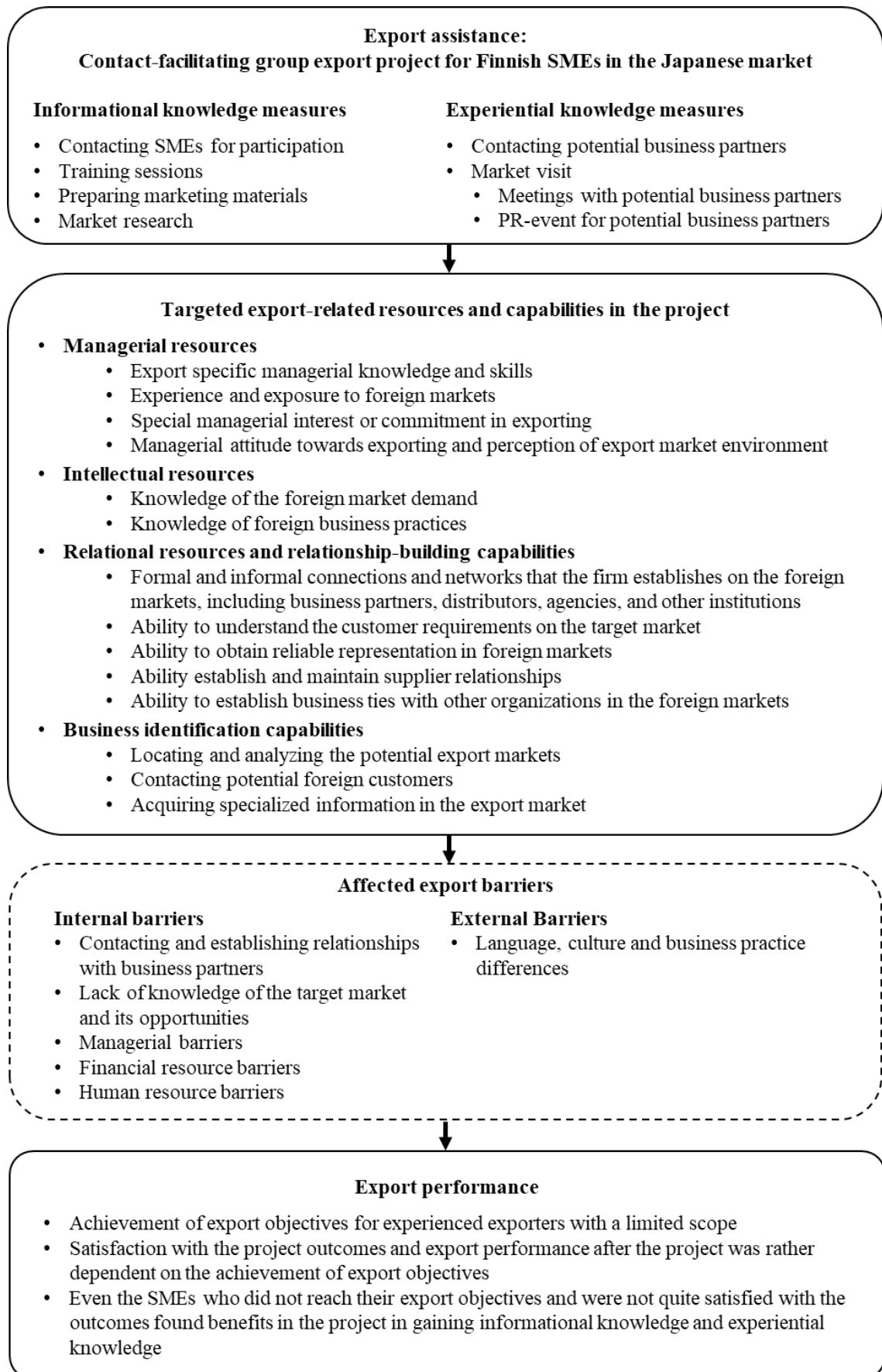


Figure 3 Findings of the research

Trust, respect and loyalty were defining characteristics in the export experiences of the Japanese markets. The Japanese culture was especially visible in business practice differences including introductions, building a relationship, negotiation process and emphasized value of networks and connections. Due to these special features in Japanese business practices, finding the right business partner may be challenging but highly important.

In cultures where formality and connections are highly valued, export assistance can be especially helpful. It allows access to an extended network and connections, including formal connections such as embassies. These can help in making the formal introductions which are traditionally required as well as help to build trust into relationships which is the base for a successful business partnership. Export assistance also enables easier access to experts and translators, who will be able to help and in navigating the culture and communication differences, and thus have better chances at successfully finding the right connections and establishing business relationships. The right connections and well-established business relationships in turn grant access to the network of the business partner which allow greater access to specialized market information. While establishing a relationship was considered to be difficult for Finnish SMEs in Japan, once succeeded in, the networking is rather effective.

This research argues that the effect of project is through all of the export-related resources and capabilities identified in the theoretical framework of this study including developing managerial, intellectual and relations resources, as well as relationship-building and business identification capabilities. Using subjective measures on achievement of export objectives and satisfaction with performance, this research finds that the contact-facilitating group export project affected the experienced exporters with a limited scope the most. This refers to exporters who have some level of systematic export sales in foreign markets but the significance in total sales is smaller than the domestic market. The satisfaction on the project outcomes and export performance in the Japanese market was found to be strongly tied to the achievement of the export objectives. The most experienced exporter only participated in the first half of the project before the market visit and found some experienced benefit from participating in the training sessions. The least experienced firm on the other hand found benefits in both informational and experiential knowledge measures with a highlight on the benefits of the peer group network in the project.

All in all, it can be concluded that a contact-facilitating group export project can support SMEs in overcoming export barriers. Contact-facilitation in the case project considered to include both facilitating the contacting and establishing relationships with potential business partners and enabling the gaining of a better understanding of the target market. To support these, also understanding of culture and business practice differences

were increased. During the project, export-related resources and capabilities are developed and many of these resources and capabilities are eventually tied to the mindset, experience and skills of the managers as key decision-makers in SMEs. Financial support that the project received played a crucial role in motivating exporting and lowering perceived risk that would have otherwise inhibited or reduced the Finnish SMEs' effort put into exporting to Japan.

6 CONCLUSIONS

6.1 Theoretical contribution

The theoretical base of this research is in export barriers, export assistance and export performance, and the findings are reflected on the extant literature. To first consider the aspect on export barriers in the context of this study, in addition to the barriers the project was planned to target, mainly resource barriers were identified on a general level as expected based on the literature review which revealed them to be one of the common barriers SMES face in exporting.

This study found that finding the right contacts and establishing relationships in the Japanese market were considered difficult due to the language, culture and business practice differences. The experiences on the Japanese context confirmed Czinkota and Kotabe's (2000) consideration that the most important barrier on the Japanese market are the unique Japanese business practices which are seen to also include the culture and language differences. Thus, the findings of this study support the pre-assumptions that were made based on research on 1) need for adjustment in Finnish companies in terms of interaction and communication when entering the Japanese market, 2) using the local language and 3) the importance of having face-to-face initial meetings in establishing a relationship and not being solely focused on business on the first meeting. The key in all of these aspects is considered to be trust that needs to be built for successful export operations in Japan. While there was no experience of close business linkages in the sense of keiretsu networks, it was considered that networks and relationship still have a major role in the Japanese business. The difficult part is to find a connection and establish a relationship through which access to networking on the market is gained. The network aspect is still relevant even though it supports the results of research done in the early 2000s (see, for example Czinkota & Kotabe 2000; Maguire 2001).

In the context of export assistance research, overall the project still validates the notion of Seringhaus and Rosson (1990) made over three decades ago on common features of export assistance and its programs: The export project was aimed at SMEs in early stages of exporting and the focus was in providing information services, market research and contact-facilitating services. The project is considered to have been a typical market development-related export assistance program by focusing on firm's skills on exporting, information needs and motivations to export. Also, the objective of market development-related programs in setting exporting-related risks and opportunities into perspective, stimulating interest in exporting, increasing commitment to exporting as well as functioning as an external source for building the knowledge and experience relevant to exporting are well aligned with the project outcomes.

The project combined various measures that offer experiential and informational knowledge. The opportunity for building firsthand experiential knowledge by organizing a market visit was central in the success of the project. Experiential knowledge is also specifically highlighted in the literature. The literature suggests that informational knowledge is more useful for those with less experienced firms. However, this study found varying experiences and thus results on that aspect are inconclusive.

Despite the varying experiences on whether the informational knowledge measure brought anything new to the SMEs, this study agrees with the notion that for example Gençtürk & Kotabe (2001) made that both informational and experiential knowledge are needed in building the export-relevant firm competences, knowledge, and experience. For example Spence (2003) found that on specific knowledge, including informational knowledge, of the target market should be acquired before a going into a market as it provides a base for more efficient learning which this study supports.

The less experienced SME also gained from the project by gaining exporting experience in general, but in the context of the Japanese market and the business practices, having some prior experience and contacts were possibly a crucial enabler of being able to establish contacts. However, the most experienced exporter of the project experienced lowest effect from the group export project. The less experienced firms are seen to benefit more from export assistance than more experienced firms. Thus, this study supports Francis & Collins-Dodd (2004) who found that firms who are experimental exporter and experienced exporters with a limited scope gain most from export assistance programs whereas for the experienced exporters the impact is rather small at least on short term.

This research found that even in a market development-related export assistance program, financial support has a very central role. Neither Leonidou et al. (2011) nor Njegić et al. (2020) in their consideration of export related-resources included financial resources. However, it seems that most market development-related programs and export assistance receive and provide funding to the participating companies, but this aspect is less discussed in research which focuses on the activity types or outcomes. Both the financial and non-financial support that an export assistance program provides can function as major motivators for SMEs to put more effort into exporting which was one of the overall targets of export assistance. However, financial support is more seen to be a strong enabler for the development of export related-resources and capabilities through informational and experiential knowledge measures.

One of the key benefits that the project offered was the group approach. A group export project can serve in creating networks especially in peer groups. Benefits of these types of networks can be for both international and domestic market as this study has showed. In literature, peer groups are considered to be social capital and a source of information and knowledge that was previously unavailable (Paul et al. 2017). The findings of this

research fully support this statement and considers the project to have provided vicarious learning of both general and export specific knowledge, both of which are needed in successful export operations.

6.2 Practical implications

For organizers of export assistance this study increases the understanding of how the participating SMEs have experienced the effect and effectiveness of the support measures. This understanding should be used in planning the projects and their organization. This study especially found value in the fact that the project was done in a group, and thus, by organizing contact-facilitating export assistance in the form of group project, the organizer can create a platform for acquiring tacit knowledge through network. This network perspective is thought to increase satisfaction on export assistance programs. This should motivate the project organizer to pay special attention to facilitating the forming of meaningful connections and networks.

Based on the case export project of this study, there are two main development areas in terms of export assistance program planning that the organizers should take into consideration. First, it should be ensured that the project ends in a way that the participating SMEs have a clear view on how they will continue the next steps of exporting operations after the project. Second, in terms of segmenting the export assistance programs, more attention should be paid to criteria in forming the group. This study suggests segmenting export assistance based the exporting experience of the managers to be able to optimize the content of the program. Then again as concluded earlier, the research acknowledges the limitations of practice that impose constraints on following a strictly define segmentation criteria.

In this study it is found that a contact-facilitating export assistance can support SMEs in overcoming export barriers in various ways to develop the core export-related resources and capabilities that will help in building long-term export success. This should motivate SMEs to seek contact-facilitating group export assistance if they need support in gaining a better understanding of a target market and its cultural and business practice differences, in finding and meeting suitable business partner, and in managing perceived export risks with non-financial and financial support. Export assistance that offer both experiential knowledge and informational knowledge measures should be preferred. The network value of the group project should also be taken into consideration when seeking for the most suitable form of export assistance. Additionally, export assistance should be especially considered when entering or functioning in an export market in which hierarchy and relationships matter as it can grant access to more formal networks such as the embassies.

The idea for the project focus on the Japanese market came from one of the participating SMEs who was eager to start exporting to Japan but wanted to have some support on it. Thus, the lifestyle and design business focus of the project was somewhat based on that request. This should encourage SMEs to be proactive in searching for external support from export assistance program organizer, as they can create a response to their specific needs.

A few clear practical implications on doing business in the Japanese markets also rose in this study. Trust, which is highly valued, is also connected to the requirement of loyalty to distributor. Thus, best way to do exports in Japan is to be exclusive with an agent or distributor. Loyalty and respect to consumers are shown in sticking to a once established retail price shifting the negotiation pressure to profit margins. This combined with exclusivity highlights the crucial nature of finding and choosing the right business partner for SMEs. Thus, this step should be done with careful consideration.

6.3 Limitations and suggestions for future research

This study was conducted as a qualitative research based on existing literature and research. However, there are some limitations that should be addressed. These limitations also highlight some of the suggestions this research has for future research. Firstly, regardless that it is possible to draw theory from case studies, it does only give the perspective of one case and a small number of SMEs. While these perspectives do hold value as such, to build a more exhaustive view, more research should be done to support the findings. Thus, the same topic should be studied repetitively to validate the views. Also, a broader approach which would also include objective measure of export performance would be recommended as the export performance literature also suggests.

Secondly, regarding the evaluation of the effect of export assistance, the purpose in using subjective measures is to be able to evaluate the more subjective objectives such as establishing relationships and gaining an understanding of the market. However, the satisfaction with the project outcomes and export performance afterwards was thought to be very tied to reaching of more tangible things such as a contract with distributor or sample sales. Thus, the evaluation of the effect on export performance in this research may not have been evaluated on the aspects of purely reaching the set objectives. One factor that may have affected this is that the export objectives set for the project were not very well defined.

Additionally, as the purpose of the export project was to facilitate contacts and establishing relationships, and gaining information of the target market, which do not translate into export performance or success on short term, to assess the longer-term effects a longitudinal study would have been appropriate. Assessing the satisfaction on

export performance after a year after the project was not really feasible as the ongoing COVID-19 stopped or interfered much of the export efforts for the companies in this project as well as worldwide.

Thirdly, a lot of the extant literature on export assistance is based on more traditional manufacturing firms who benefit from for example mass production. Current research however still consistently refers to these older research and literature, as can be seen of the sources used in this study as well. In recent export assistance literature there is a rising interest toward high-techs and born global which is creating newer theoretical base, but others still rely on the older theory base. To consider SMEs in fields such as design and lifestyle, they do not – past a certain extent – even aim for huge mass production and focus more on specialized and differentiated products. Thus, some of the oldest research may not be appropriate. This highlights the need for more explorative research on export assistance in the modern-day business world.

Fourthly, this study only focused on segmenting of export assistance from the perspective and experience of the participating companies. There is no one clear way on how various export assistance should be segmented in current literature, and the research on it is somewhat scarce. Based on this research it can be said though that segmenting does affect how the export assistance fits the needs of the participants, and thus the topic should be further studied.

Lastly, while a network-based approach has become of interest in export assistance and internationalization literature, this study chose to use the resource-based view approach. However, based on findings regarding the effect of the internal network of the group and the highlighted importance of relationships as a gateway to the efficient networks in the Japanese market, the network-based approach could have also been suitable choice for this study. These two network perspectives can be considered to be some of the most interesting findings in this research, and thus future research on the effect of peer group aspect in export assistance programs and the networking in the Japanese business context could be valuable.

7 SUMMARY

This study has analyzed how export assistance programs can help SMEs overcome barriers in exporting. This was approached through gaining an understanding of the case project content and the participating SMEs, the barriers faced and targeted and the experienced effect of the project. The study was conducted as a qualitative study with an intense case study approach providing in-depth insights on one specific export project. The case project was a contact-facilitating export assistance with the main purpose to offer assistance in establishing contacts with foreign business partners and buyers through providing resources to market research and by organizing a market visit to Japan and meet with the contacted potential business partners.

Export barriers are highly dependent on the organizational and managerial characteristics which form the export-related resources and capabilities. Thus, overcoming of the barriers require the enhancement of these resources and capabilities. The main faced export barriers in the case related directly to the objectives of the project. The barriers related to lack of knowledge of the target market, and language, cultural and business practice differences which difficult the establishing of relationships. The case project supported SMEs in these barriers by providing and facilitating acquisition of informational and experiential knowledge. These measures are also conceptually argued to enhance various export-related resources and capabilities especially thorough providing experiential knowledge.

The contact-facilitating group export project was thought to increase relevant understanding of target market, understanding of cultural and business practice differences, network and connections in both Japan and domestically, provide and outsider view support on how to do exports, and to motivate exports or increasing efforts to exports to Japan. The financial support that the project received was considered central in the decision to participate in the project and motivating exports to the Japanese markets. One of the main experienced benefits was that the project was done in a group in which exchange of experiences and information was made both on Japan's export market and exporting and doing business in general. Indeed, peer groups are also an affiliation that can produce social capital.

Based on the subjective measures of export performance, this study can conclude that a contact-facilitating group export project to Japan is best suited for Finnish SMEs that are experienced exporters with a limited scope. Also the SMEs with little experience on exports can gain crucial knowledge on general exports that will affect the manager's interest and commitment to exporting.

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APPENDICES

APPENDIX 1: Interview questions

Organizational and managerial background

1. Please tell about your own background and role at the company?
2. What size is your company? (Staff headcount and turnover)
3. What kind of a background does your company have in exports or international markets?
4. What is the significance or role of exporting for your company?

Project specific background information and motivation

5. What kind of business did you have in Japan before the project?
6. Did you have plans to start exporting to or expanding your exports in Japan prior to the project?
7. How did you end up participating in the project?
8. Why did you decide to participate in the project?
 - a. Did the financial support affect your decision to participate?
9. What kind of experience did you have with export assistance before the project?

Project description

10. With your own words, would you please describe the project and its contents?

Export barriers

11. What are the biggest challenges for your company in exporting?
12. What challenges did you have in exporting to the Japanese markets before the project?
13. Did your view of the challenges change during the project?
14. How do you see that the export project specifically helped you in your exporting challenges?

Objectives and effect of export project

15. What kind of objectives did you have for exports in regard to participating to this project?
16. How do you see that the export project specifically supported your objectives?
 - a. Is there anything that you think could have been done differently?
 - b. What worked especially well for you?
 - c. Did you experience any unexpected effects?
17. Did you reach your objectives?
18. How satisfied are you with the project outcomes?

19. How would you evaluate the project overall?
20. What kind of an effect did it have that the project was done in a group?

Post-project export development

21. The project ended more than a year ago. How has your exports to Japan developed after the project ended?
 - a. How did COVID-19 pandemic affect the development?
22. How do you see that the support and knowledge from the project helped in this post-project development?
23. Would you like to participate in similar projects in the future, either in the same or a new market?

APPENDIX 2: Operationalization table

Research question	Sub research questions	Theoretical background	Interview themes
How can export assistance programs help SMEs overcome barriers in exporting?	What export barriers can export assistance programs mitigate?	Export barriers	Export barriers
		Export assistance	Export barriers Project description
	How do SMEs experience the effect of export assistance programs?	Export assistance	Export barriers Project description
		Export performance	Objectives and effect of export project; Post-project export development
	What export-related resources and capabilities can export assistance programs enhance?	Export barriers	Export barriers
		Export assistance	Export barriers Project description
		Export performance	Objectives and effect of export project; Post-project export development