

# **The Critical Incidents of Micro-enterprises' Internationalisation in Rural Area**

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## **Abstract**

*The aim of this study is to clarify the early internationalization of micro-enterprises in the rural area. Microenterprises are the most common type of enterprise size group, accounting over 93% of all enterprises in the European Union (Muller et al., 2018). Microenterprises, a subgroup of small- and medium-sized enterprises (SMEs), are considered an important business actors of European Union's (EU) economy, creating jobs, and contributing to economic growth. They are a very dynamic group of firms characterised by a large share of young firms, higher growth rates, and high exit rates (Falk et al., 2014). Microenterprises face challenges derived from the lack of resources, e.g. difficulties of accessing funding and technology, and limited management capabilities. These problems become more critical regarding the internationalization process of*

*microenterprises. In small countries, like Finland, domestic markets are limited, and many growing enterprises consider that internationalization is a only possible way of expanding business.*

*There are multiple approaches in the literature that seek to clarify firms' early internationalization processes including e.g. Uppsala model, network based approach and born global model. Internationalisation can be explored gradually in accordance Uppsala model (Johanson and Vahlne, 1977), starting with low commitment of resources, and obtaining support and accompaniment along the exporting phase from experts from both private and public organizations. The network approach stems from Johanson and Mattsson (1988), who argued that a firm internationalises by considering its environment in relation to business networks and markets. A network is defined as an evolutionary process where firm first establishes its positions in new networks and then develops existing positions to increase its resource commitments (Hermel and Khayat, 2011). Born global firms can be defined as the nearly founded company that immediately starts seeking superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries (Knight and Cavusgil, 2004).*

*Anyhow, there is a lack of studies focused on the internationalisation of microenterprises as a special group of enterprises (Falk et al., 2014; Lehtinen et al., 2021 [forthcoming]). This study aims to bridge the above-described gap by opening the characteristics of internationalization as experienced by the owner-managers of micro-sized enterprises located in the sparsely populated area. The above described can be condensed into the following research question: What are the drivers and barriers of the early internationalization experienced by the managers of SPA micro-sized firms? This study utilises an exploratory cross-sectional case study (Yin 1989) strategy to open the internationalization process in ten Finnish micro-sized enterprises located in sparsely populated area. The data collection technique of this study is Critical Incident Technique (Chell, 2014; Edvardsson & Roos, 2001; Fisher & Oulton, 1999; Flanagan, 1954). The data was collected in early 2020 by semi-structured interviews.*

*This study opens the understudied internationalization process from the perspective of micro-sized enterprises'. This study opens the internationalization process from the perspective of the owner-managers of the micro-sized firms. On the basis of the analysis, the key critical incidents of the internationalization process relate to the following categories: operations, quality of products and services, networks, resources, market penetration, language and cultural barriers and export strategy. Moreover, this study opens the motivation of the owner managers of the micro-enterprises towards internationalization as well as the experiences from the support actions provided by the public business agencies and other relevant support instruments.*

**Keywords:** internationalisation, micro-sized enterprises, microenterprises, export, rural area