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The Drivers of Export in Microenterprises

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Abstract:

Microenterprises represent most of all businesses and are an essential enabler of any nation's renewal and sustainable growth. Despite its practical and scientific importance, little is known about what drives microenterprise managers to export. This study aims to bridge this gap by elaborating the export drivers from the perspective of microenterprises. The above-described can be condensed to the following research question: *What are the drivers for exporting perceived by the managers of microenterprises?* This multiple case study answers the research question by analysing export drivers in ten Finnish microenterprises. A framework of export drivers (Leonidou et al., 2007) was devised in this analysis. This study provided an in-depth analysis of the export drivers in a microenterprise context and summarised the findings in a preliminary framework. Based on this analysis, the drivers related to human resources, marketing, domestic market, foreign market, home government and customers are central to microenterprise export.

Keywords: internationalisation, export, drivers, microenterprises, micro-sized enterprises

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1. Introduction

Microenterprises are the predominant form of all businesses (OECD, 2019), accounting for over 23.3 million enterprises and 93% of all enterprises in the European Union (EU) (Muller et al., 2018). As a subgroup of small- and medium-sized enterprises (SMEs), microenterprises (fewer than 10 employees) are an essential group in an economy: one-third of all employees working work in microenterprises (OECD, 2019). In recent years, microenterprises have made a solid contribution to the European economy. They have recorded by far the most robust value-added and employment growth of all SME size classes (Hope, 2019). They are a dynamic group of enterprises characterised by high birth and death rates (Falk et al., 2014; Hope, 2019).

The main difference between microenterprises and larger firms is the dominant role of the entrepreneur, who is often the solo entrepreneur or leads a handful of employees (Gherhes, Williams and Vorley, 2016; McCormick and Fernhaber, 2018). The entrepreneur is usually responsible for all decisions within the microenterprise (Kelliher and Reinl 2009; Palvia et al., 1994). These enterprises' growth potential is largely dependent on entrepreneurs' business capabilities and growth ambition (Gherhes, Williams and Vorley, 2016). As microenterprises are intrinsically different in their organisational characteristics and approach to business meaning, the theories derived from studies of larger businesses can be inappropriate when applied to microenterprises (Kelliher and Reinl, 2009).

Even though exporting is the most common and often easiest way to enter foreign markets (Leonidou and Katsikeas, 1996; Leonidou et al., 2007; Morais and Ferreira, 2020), it can offer numerous benefits for business (Leonidou et al., 2007; Paul, 2020). Empirical evidence shows that larger firms are more likely to export than smaller ones (Biggs, 2002; European Commission, 2014; Paul, 2020, Wagner, 2001). Microenterprises, particularly solo entrepreneurs (Falk et al., 2014), have significantly lower export participation rates than larger firms (Falk and de Lemos, 2019). A presented explanation of this is that microenterprises have fewer resources for financing, knowledge, managerial experience, and other capabilities (European Commission, 2014; Gherhes, Williams and Vorley, 2016; Perren 1999; Saarela et al., 2016) and have higher transaction costs per unit of transaction than large firms (Nooteboom, 1993).

However, despite a lack of resources, many microenterprises aim to set up activities beyond their home markets (Falk and Hagsten, 2015; Hermel and Khayat, 2011; McCormick and Fernhaber, 2018). In small countries, such as Finland, domestic markets are limited, and growing microenterprises may consider that internationalisation is the only opportunity for expanding business. Simultaneously, digitalisation and technological advances, such as manufacturing, transportation, and communications, have made internationalisation strategies more accessible to small firms (OECD, 2019; Dabić, Maley and Dana, 2020). Digitalisation can create effective mechanisms to reduce disadvantages related to small internationalisation by lowering the costs associated with transport and border operations (OECD, 2019; Paul, 2020).

Despite its practical and scientific importance, little is known about the export activities of microenterprises (European Commission, 2014; McCormick and Fernhaber, 2018). McCormick and Fernhaber (2018) posited that microenterprises had been mainly dismissed

in international entrepreneurship research. Given the uniqueness of characteristics of microenterprises (Kelliher and Henderson, 2006; Kelliher and Reinl, 2009), it is an astounding observation that microenterprises are generally omitted in empirical analyses of business internationalisation (Lehtinen et al., 2021; McCormick and Fernhaber, 2018). Moreover, in the cases that microenterprises are involved in the study, they are most often not discerned from larger SMEs (over 10 employees) (e.g., Falk et al., 2014; Lehtinen et al., 2021; McCormick and Fernhaber, 2018), resulting in lack of empirical evidence specifically focused on microenterprises.

This study aimed to bridge the above-described gap by elaborating on the characteristics of export activities of microenterprises. Hence, this study investigates the drivers that impede the internalisation as experienced by the owner-managers of microenterprises. The above-described can be condensed into the following research question:

What are the drivers for export perceived by the managers of microenterprises?

This study contributes to international entrepreneurship. Moreover, the study is part of a broader effort within the entrepreneurship literature to investigate characteristics of micro-entrepreneurship. This paper, which presents the study's findings, is structured as follows. Section 2 presents the literature on businesses' drivers for internalisation, Section 3 describes the research methods and process, and Section 4 presents the analysis results. The study's findings are discussed in Section 5.

2. Drivers of firms' internationalisation

The international entrepreneurship (IE) stream has a decades-long history. This body of knowledge has provided multiple approaches to clarify companies' internationalisation processes, including the Uppsala model, network-based system, and born global model. Moreover, drivers of enterprises' internationalisation have been of great interest to researchers, and many IE studies have been created from these viewpoints as review studies of Paul, Parthasarathy, and Gupta (2017), and Francioni, Pagano, and Castellani (2016) have pointed out.

Enterprises' internationalisation is a complex phenomenon influenced by several enabling factors. Thus those, at least the main ones, are necessary to understand the internationalisation process (Mejri and Umemoto, 2010; Paul, 2020). The motivation to export is recognised as the critical factor in SMEs' internationalisation (Wilson, 2006, p. 47). Export drivers are companies' motivators that foster their capabilities to initiate, develop or sustain business operations in foreign markets. Moreover, secondary export drivers should also be considered as they complement and augment the role of more significant main export drivers. (Leonidou et al., 2007).

As companies are motivated internally and externally to export (Leonidou et al., 2007), IE studies have typically classified drivers as internal or external (Francioni, Pagano and Castellani, 2016; Leonidou et al., 2007; OECD, 2009). Prior research has not focused on microenterprises specifically, but the literature has revealed SME drivers from different contexts and industries.

Often, the entry into foreign markets is a function of the internal capabilities as knowledge accumulation, organisational abilities, financial resources, and other resources that enable firms to perform in foreign markets (Zucchella et al., 2007; Morgan et al., 2004). It is recognised that entrepreneur-specific drivers have a significant role in leading small enterprises to internationalise (Zucchella et al., 2007). The importance of managers'

international orientation and global mindset (Zucchella et al., 2007; McCormick and Fernhaber, 2018; Acedo and Galan, 2011; Kyvik et al., 2013; Felício et al., 2013; Pope, 2002), previous international experience (Fernandez-Ortiz and Lombardo, 2009; Zucchella et al., 2007; Hilmersson and Jansson, 2012; Rodriguez, 2007), management commitment (Bianchi and Wickramasekera, 2016; Javalgi and Todd, 2011), entrepreneurship mindset (Javalgi and Todd, 2011; Kaur and Singh, 2013; Mostafa et al., 2006), language proficiency (Musteen et al., 2014; Fernandez-Ortiz and Lombardo, 2009; Rodriguez, 2007) have been identified as export drivers in the literature. Previous importing and sourcing experience (Holmlund et al., 2007; Ottaviano and Volpe Martincus, 2011) also drive SMEs. Human factors also play an essential part in SMEs' export prosperity in a broader sense. That is because of SME's human capital (Javalgi and Todd, 2011; Onkelinx et al., 2015; Cerrato and Piva, 2012); deployment of external managers (D'Angelo et al., 2013) and workforce productivity (Falk and Hagsten, 2015; Falk and de Lemos, 2019; Eliasson et al., 2012), which drive them to export. In family firms, family involvement tend to increase the scale and scope of international activities (Campos-García et al., 2021).

Market orientation (Boso, Cadogan and Story, 2013; Frishammar and Andersson, 2009) and market capabilities (Gupta & Chauhan, 2021) positively affect SMEs' export. An internationalising SMEs may be motivated by market differentiation (Belso-Martínez, 2006), market extension (Svetličič et al., 2007; Rodriguez, 2007), growth opportunities (Crick, 2007), the saturated domestic market (Leonidou et al., 2007; Pope, 2002) or online marketing opportunities (Loane, 2006; Mostafa et al., 2006; Sinkovics et al., 2013). Competitive pressure from local and international competitors motivates SMEs to export (Korsakienė et al., 2015). If the domestic market is shrinking, SMEs are more motivated to export to maintain their existing market share (Svetličič et al., 2007). SMEs located inside the industrial districts tend to show higher export intensity and performance (Belso-Martínez, 2006; D'Angelo et al., 2013). Kraus et al. (2017) has pointed out that financial support, like equity financing, may also drive SMEs to export.

Networking provides exporting opportunities and plays an essential role in enabling SMEs exporting activities (see, e.g., Davidsson et al., 2010; D'Angelo et al., 2013; Francioni et al. 2016; Rodriguez, 2007; Zucchella et al., 2007, Bembom and Schwens, 2018). SMEs' network competence and ability to develop and manage relations and interact with the stakeholders drive them to export. SMEs with more robust existing client networks (Belso-Martínez, 2006) and foreign shareholders (Cerrato and Piva, 2012) are more motivated to export. SMEs which have access to information and advice of appropriate foreign market positionings and competitive strategies through social networks are more driven to internationalise (Xie and Amine, 2009; Bembom and Schwens, 2018). Networking provides intangible resources e.g. into target market knowledge and exploitation of opportunities and entry-mode selection (Bembom and Schwens, 2018). Moreover, exporting is proportional to SMEs communication capabilities (Torkkeli et al., 2012; Kuhlmeier and Knight, 2010).

SMEs innovation activities also facilitate export (Autio et al. 2000; D'Angelo et al., 2013; Love and Roper, 2015; Gupta & Chauhan, 2021). A unique product or firm's technological advantage over competitors motivates small firms to export (Pope, 2002). Research and Development (RandD) activities, like R&D co-operation with external partners, increase SMEs' export prosperity (D'Angelo, 2012; Falk and de Lemos, 2019). Moreover, it is pointed out that SMEs international competitiveness is highly connected to the quality of their products (Sass, 2012). Product innovation increases small non-exporting companies' productivity and drives them to enter the export market (Cassiman et al., 2010; Cassiman and Golovko, 2011; D'Angelo et al., 2013). The technological advancement of

SMEs affects how they use the Internet in the internationalisation process and gain advantages in international customer interactions (Tseng and Johnsen, 2011).

3. Method and data collection

A qualitative approach and multiple case studies were employed to achieve the study objectives, as numerous case studies can generate and test explanations (Herriott and Firestone, 1983). Ten cases from Finland were analysed using the critical incident technique (CIT; Chell, 2004; Flanagan, 1954) to clarify the drivers for internationalisation as experienced by the managers of ten microenterprises. A critical incident is defined as extreme behaviour that is either outstandingly effective or outstandingly ineffective related to the overall objectives of an activity (Fisher and Oulton, 1999). CIT facilitates studying important occurrences identified by the interviewee, managing them, and the experienced outcomes (Chell and Pittaway, 1998). CIT is a valuable method for analysing factors that result in unsuccessful and successful performance.

The data was collected in 2020 using semi-structured interviews. Cases were selected based on their international focus and size category (micro-sized). The interview framework consisted of three thematic sections: (1) initiating export activities, (2) the current state of export activities, and (3) plans related to future exports. Both open-ended and semi-structured questions were asked. One hour was scheduled for each interview, and the data collected were supplemented later by e-mail where necessary. The characteristics of the cases are summarised in Table 1.

Table 1. The case companies.

Case	Founded (year)	Number of employees (class)	Revenues class (€)	Person interviewed
Case 1	2019	0-4	0-199,999	CEO
Case 2	2012	0-4	0-199,999	Member of Board
Case 3	1978	0-4	1,000,000 -1,999,999	CEO and Marketing Manager
Case 4	2018	0-4	0-199,999	CEO
Case 5	2006	0-4	400,000-999,999	CEO
Case 6	2015	0-4	0-199,999	CEO
Case 7	1992	0-4	0-199,999	CEO
Case 8	1990	5-9	1,000,000 -1,999,999	CEO
Case 9	1955	10-19*	400,000-999,999	Marketing Manager
Case 10	2012	5-9	0-199,999	CEO

*The case was a micro-sized company during the internationalisation process.

All interviews were audio-recorded and transcribed. Each transcript was reviewed several times and coded by three researchers to improve the coding reliability and confirm findings. Transcriptions were analysed qualitatively using a deductive approach (Crabtree and Miller, 1999) and the framework of export drivers by Leonidou et al. (2007) (Table 2).

Table 2. The framework for analysing the drivers (Modified from Leonidou et al., 2007)

Internal drivers	Examples
Human resources	Managerial interest/urge, special managerial talent, skills, time, and overseas management trips.

Financial	Stagnation/decline in domestic sales profits, potential growth of sales/profits from export and possession of competitive financial advantage.
Production	Unsold inventory, economies of scale, utilisation of unused production capacity, smoothing of seasonal variance.
Research and development	Proprietary technical knowledge, unique and patented product, and extending life cycle of domestic products.
Marketing	Possession of a competitive marketing advantage and ability to easily adapt marketing for foreign markets.
External drivers	Examples
Domestic market	Saturation/shrinkage of the domestic market, need to reduce dependence on and risk of the domestic market, the possibility of reducing the power of domestic customers, unfavourable state of domestic economy and favourable foreign exchange rates.
Foreign market	The utilisation of exclusive information on foreign markets, identifying better opportunities abroad and close physical proximity to foreign markets.
Home government	Government export assistance/incentives, government commerce/trade mission activity, and encouragement by government agencies.
Foreign government	Relax foreign rules and regulations in specific foreign markets and reduce tariffs/non-tariffs in certain overseas countries.
Intermediaries	Encouragement by industry, trade, and other associations, motivation by banks/financial institutions, and encouragement by brokers/agents/distributors.
Competition	Intense domestic competition, initiation of exports by domestic competitors, entry of a foreign competitor in the home market, and gaining foreign expertise to improve domestic competitiveness.
Customers	Receipt of unsolicited orders from foreign customers and receipt of orders after participation in trade fairs.
Miscellaneous	Proximity to international ports/airports and patriotic duty of local firms.

The drivers were identified based on the critical incidents perceived by the interviewees, and the shared experiences were investigated through cross-case analysis. Each driver was deductively reflected through the evidence-based thematic frameworks focused on drivers. The research identifies and classifies the drivers perceived by the managers of micro-sized firms. The analysis depicts how different internationalisation related drivers are emphasised among the critical incidents experienced by managers. In the following section, the cases are first summarised, and the essential incidents regarding each internationalisation driver are discussed (Leonidou et al., 2007).

4. Results

4.1 The ten cases in a nutshell

4.1.1 Case 1

A recently established self-employed training service business is 100% owned by the entrepreneur. The business model is based on the entrepreneur's strong know-how, with proven demand abroad. The first foreign contacts came through social media channels and eventually led to a one-year training export project. Export operations are in the early stages, but the entrepreneur plans to focus intensely on service exports in the future.

4.1.2 Case 2

A privately-owned company, partly funded by external investors, seeks to develop and commercialise new technology. The firm sees that the Finnish market is too small for a growth-oriented company in this technology field. It has conducted research in several countries to support market and product development. Simultaneous product development and export to several markets enabled reacting quickly to the different market needs. However, it led to cash flow challenges. A joint venture was established during the first export experiments, and an international distribution agreement was signed to speed up exports.

4.1.3 Case 3

A 40-year old family business in the wood industry initially started exports primarily to gain experience. Later, domestic demand declined, and the company hired a part-time employee to boost exports. The company's products have been presented in many trade fairs; export countries, customers and export forms have varied. In some target markets, a local agent was deemed necessary. Thanks to their efforts, several new customers were found; potential customers were identified, contacted, and the products introduced. The export was crucial for the company due to the limited domestic market.

4.1.4 Case 4

A 100% privately-owned metal company was established in 2018. The company's direct customers are domestic companies, but almost half of the products are exported through customers. The company has also started planning export operations to expand the customer base. The entrepreneur sees that the domestic market offers limited growth potential. A newly recruited foreign employee has been actively looking for partners in the target market, but the COVID-19 pandemic has significantly slowed the export activities. The entrepreneur sees exports as significant for the company's future to, for example, smooth out cyclical fluctuations.

4.1.5 Case 5

A 100% privately-owned company established in 2006 supports its own product business by importing and distributing related goods (about 50% of turnover). The products are sold online. The entrepreneur made the first product to order for an acquaintance, and after that, demand increased because similar products were not available. Currently, about 15% of the products are exported. Export operations started with market research in a target country and exhibitions in carefully selected trade fairs. Later, the online store was expanded to other countries. The reason exports were limited was the gradual saturation of the domestic market. Over the last three years, the share of exports has grown steadily, and the company seeks future growth solely through export.

4.1.6 Case 6

A company founded in 2015 manufactures products for a specific hobby. The manager owns the company, with two partners having small shares. Since the company's establishment, the demand in the domestic market has not been sufficient to meet the growth targets. The entrepreneur started to invest in export activities by translating the company's website into English language and search engine optimisation. The marketing began with the industry discussion forums, and currently, the products have a reseller in several countries. About 20% of the turnover comes from exports. Recently the growth of domestic demand and the COVID-19 pandemic has led to a reduced share of exports.

4.1.7 Case 7

The current owner-manager of a company established in 1990 acquired the company in 1992. The company manufactures plastic components for the domestic market for various industries. The company also developed niche products for maintenance operations that had demand abroad. Exports started several years ago, as similar products were not available. The company has not actively marketed its products abroad, but information spread through satisfied customers. About 20% of the revenue comes from exports. Depending on the target market, products are sold directly or through importers. The company has also established an online store. The entrepreneur believes that product development will increase the demand, although competition has increased.

4.1.8 Case 8

A 30-year-old family business with two founders sells speciality products through local and online stores. In addition to resale, the company develops and sells its own products manufactured by subcontractors. Export operations started 10 years ago when the first deals were made through referrals. Participation in the industry trade fairs has enabled entering agreements with foreign dealers, and currently, dealers exist in several countries. The export start was based on the idea that the company's products were ready for the international market. The subcontracting also required larger production batches, and domestic demand was insufficient. Over the last three years, the export value has doubled annually, but the share of exports is still small. However, the export activities are seen important, and the strategy is to move to new target markets. The COVID-19 pandemic increased the company's turnover, and closing new deals with foreign contacts became challenging without face-to-face meetings.

4.1.9 Case 9

A company founded in 1955 had a change in ownership five years ago. The company manufactures products sold to consumers through a brick-and-mortar store, a mobile trailer and an online store. The company also has resellers in Finland and abroad and a few direct corporate customers. An entrepreneur couple owns the company through personal ownership and a holding company. Owners also include one external person. The entrepreneur couple sought to enhance the company's brand and seek significant growth in the domestic market and exports. Over the past three years, the company has participated in international trade fairs, which have resulted in finding most of the company's current resellers in various target markets. Exports are currently about five per cent of the turnover.

4.1.10 Case 10

A company founded in 2012 is owned by the founder, private equity investors and current staff. The company has been strongly export-oriented since its establishment. It has participated in several international trade fairs to seek partners. In addition to trade fairs, partners have been actively sought through the Internet. About four-fifths of the products are currently sold in the export markets, aiming to increase the share of exports in the future. Exports of products are vital because the domestic market is too small. At present, the company's products are exported to ten countries. Negotiations with new resellers are ongoing.

4.2 Drivers

4.2.1. Internal drivers

Human resources

Leonidou et al. (2007) highlighted human-resource-related drivers, including managerial interest/urge, special managerial talent, skills, time, and overseas management trips. In the interviews, most cases mentioned language skills as a driver for export (primarily English, but also French, German, Swedish). The language barrier was overcome by self-education, providing language training for critical persons, hiring export professionals with language skills (e.g., from the United States), or hiring an English-speaking part-time employee. According to the entrepreneur, “without language skills, things would not work out” (Case 7).

In some microenterprises, experimental learning, called the “lean export” strategy, was a critical enabler of rapid internationalisation. “Our main export strategy has been: find a customer, get in touch, go visit, and learn” (Case 3). Some took a more systematic approach by focusing on export strategy and competence development through management training.

The managers highlighted the owner-manager’s personal traits, such as right attitude, goal-orientation, strong intuition, and courage to leave the comfort zone. Personal contacts were mentioned too. One interviewee recalled a strong personal overseas interest since the company’s early days: “Initially, export activity was encouraged only by the inner excitement and the fact that you can get on a trip” (Case 3).

Financial

Leonidou et al. (2007) highlighted financial resource-related drivers, such as stagnation/decline in domestic sales profits, potential growth of sales/profits from export and possession of economic, competitive advantage. Microenterprises have limited financial resources and must keep the “affordable loss” principle in mind. Their financial resources do not allow broad market surveys or other tools applicable to large companies. Microenterprises often need to initiate international activities with the resources they have generated, e.g., domestic sales profits. However, that was seen as a driver for building something more substantial. Only one interviewee mentioned an external funding package as a driver for starting export activities.

Production

Production related drivers for internationalisation include, for example, unsold inventory, economies of scale, utilisation of unused production capacity, smoothing of seasonal variance (Leonidou et al., 2007). Managers of two case companies said that the capability and ability to produce high-quality products ready for the foreign market encouraged starting export. The interviewed manager of one exporting microenterprise described the capabilities and resources of the current personnel to respond to international demand as a driver for creating export activities. The home market did not require all the available capacity.

Research and development

Leonidou et al. (2007) highlighted R&D related drivers for internationalisation, such as proprietary technical knowledge, unique and patented product, and extending the life cycle of domestic products. This R&D push is a unique character of the Finnish business context. This affected these case companies in two ways. First, managers in some research and

development-oriented case companies recalled their unique, patented, or high-quality products as a starting point for international business (Cases 1, 3, and 8). Second, the pure demand for difficult-to-copy expertise in foreign markets was recalled as a driver for internationalisation - focusing on core competencies boosted international business (Case 1). One way to monetise this difficult-to-copy expertise was to provide education abroad, which was profitable.

Marketing

For marketing, Leonidou et al. (2007) highlighted drivers such as a competitive marketing advantage and quickly adapting marketing for foreign markets. Networks play an important role in export. On the one hand, the interviewees highlighted the importance of direct contacts of the managers to the customers and partners at the target market. The direct approach requires a skilled export-focused person actively looking for partners in the target market. Strong and reliable partnerships were found to boost international business in the long run. On the other hand, some interviewees mentioned using agents in some target markets. Moreover, some companies found trade fairs as an excellent gateway to new target markets "After the fair, sales have been easy, and deliveries have been made to other countries as well" (Case 9).

Digital marketing strategies mentioned by the interviewees included investing in English websites, search engine optimisation, active "spamming" in industry forums and posting in diverse social media platforms. The case study companies' marketing approaches are either experimental or strategic. One of the interviewees described the experimental approach, "The customer must be verified first - sell where there is demand" (Case 7). Rapid pivoting required by the experimental method is possible as "The advantage of a small organisation is that there are no middlemen in the company, but those who know things take care of customer service" (Case 7). The strategic approach is more systematic and used in these micro-sized firms parallel to the experimentation. The managers found that formal export strategy with carefully considered target markets has clarified thoughts. "Carefully planned market entry in a specific target market" (Case 8) has paid back.

4.2.2 External drivers

Domestic market

Leonidou et al. (2007) highlighted domestic market-related drivers for internationalisation. They included saturation/shrinkage of the domestic market, need to reduce dependence on and risk of the domestic market, and the possibility of reducing the power of domestic customers, unfavourable state of domestic economy and favourable foreign exchange rates.

For many microenterprises, the key driver and a starting point for export were that the home market became too small. The limited size of the Finnish market is inevitable for many niche products and certain types of capital-intensive subcontracting businesses: "The limits of the domestic market were met" (Case 2). Subsequently, exports have been sought to offset the decline in domestic demand or because there was not enough growth potential in the domestic market. For one microenterprise, the home market provided a boost when Finnish customers provided good references by using the product abroad. For another, the example and positive experiences of the other peer entrepreneurs related to international business encouraged starting export.

Foreign markets

Leonidou et al. (2007) highlighted foreign market-related drivers, including utilising exclusive information on foreign markets, identifying better opportunities abroad and close physical proximity to foreign markets. Export markets provide opportunities to expand the customer base beyond the domestic market and build a bigger business. For one interviewee, the driver was a pure interest in opportunities provided by a large target market, “The different operating environment interested me – it offered more opportunities through a wider playing field” (Case 2). Other foreign market-related drivers included interested and reliable partners. The new market also offered the opportunity to smooth out cyclical fluctuations and consolidate the order backlog.

Experiences from some target markets were more positive than from others: “Going to the Swedish market felt easy after Russia” (Case 6). As a unique character of this data, the global COVID-19 pandemic, with severe effects on global value chains, increased demand for the products of some microenterprises in foreign target markets.

Home government

Leonidou et al. (2007) highlighted home government-related drivers for internationalisation, such as government export assistance/incentives, government commerce/trade mission activity, and encouragement by government agencies. In Finland, there is a multi-layered public support system for business development. The managers of these microenterprises received support from the regional business agency, the government agency for innovation funding and trade, the government-funded centre for economic development, the universities of applied sciences and different projects run by those organisations. For example, support was received for setting up a business, business model planning, export strategy planning, aid and hands-on support for planning and participating in international trade fairs and export missions, aid for market surveys, assistance in hiring, project aid, student’s theses and more generic daily encouragement towards export (Case 7). Much of the support provided by the home government and regions was provided through various projects funded by various EU and home government-funded funding instruments and programmes.

The support from a regional business development agency as experienced by one manager: “[Regional Public Business Agency] provided assistance in setting up a company, planning a business model and formulating a strategy. Special assistance for trade fairs has been obtained from [Regional Public Business Agency]’s Business Services Manager” (Case 1). For example, the government-funded programme supports the “company to improve its capabilities for international growth, test the functioning of the business concept, obtain feedback from potential customers, and identify demand in new international markets” (Case 8).

Foreign government

Leonidou et al. (2007) highlighted examples of foreign government-related drivers for internationalisation, including government export assistance/incentives, government commerce/trade mission activity, and encouragement by government agencies. According to the experience of one owner-manager, export inside the EU is simple and works fine. According to this experience, the EU single market strategy seems to work reasonably well from an exporting micro-sized enterprise. However, the empirical data did not include anything related to a foreign government (both intra- and extra EU governments were

mentioned), export assistance, incentives, trade mission activity or encouragement by government agencies in the target market. These cases provided no evidence of such support. Microenterprises may still be below the radar for the government level actors of the target market.

Intermediaries

Leonidou et al. (2007) highlighted examples of intermediaries related drivers for internationalisation, such as encouragement by industry, trade, and other associations, encouragement of banks/financial institutions, and support by brokers/agents/distributors. The owner-managers of the case companies did not recall much about institutional intermediaries within their target markets. Micro-sized enterprises are minor or below the radar, from the perspective of the banks and financial institutions, brokers, and industry and trade associations. In contrast, these services are expensive and time-consuming from the micro entrepreneurs' perspective. However, the intermediation in the context of microenterprises occurs on a more personal level. The case study companies were encouraged by the agents, distributors, existing business contacts or friends in the target market. Those personal contacts were agile and reliable and provided good links to potential customers.

Competition

Leonidou et al. (2007) highlighted drivers related to competition, including intense domestic competition, initiation of exports by domestic competitors, entry of a foreign competitor in the home market, and gaining foreign expertise to improve domestic competitiveness. For some managers, the Finnish competitors made market entry easier for them as the quality of the Finnish products is well known in the target market. According to some interviewees, the clients trusted the quality based on their earlier experiences. For others, they found the competitors example in successful market entry, encouraging drivers to start their own foreign operations.

Customers

Leonidou et al. (2007) highlighted drivers for internationalisation, such as receipt of unsolicited orders from foreign customers and receipt of orders after participation in trade fairs. Customers are a crucial driver for starting international operations. Demand from the market is reached through various channels. Trade fairs play a significant role in exporting microenterprises. Trade fair visits function as a starting point for customer interest. "At the subcontracting fair, a presentation of the products through which customers contacted us" (Case 1). Some participated in trade fairs through government-funded projects, providing e.g. market research and product presentation support. For some, information on the high-quality product was spread from one industrial customer to another. For some managers, the contacts to the entrepreneurs in the target market encouraged starting export projects through a joint venture model. Some received orders directly from foreign customers as there was no similar product in the market. One contact started from the student exchange programme as "Friends daughter was visiting an exchange student in France and introduced products to the future customers" (Case 6).

For the interviewed microenterprises, the existing customer network has gradually expanded. Constant communication with customers was found essential to keep the business relationship going.

Miscellaneous

Leonidou et al. (2007) highlighted examples of miscellaneous drivers for internationalisation, such as proximity to international ports/airports and the patriotic duty of local firms. As a unique character of this data, the global COVID-19 pandemic, with severe effects on global value chains, increased demand for the products of some microenterprises in foreign target markets.

5. Discussion

As pointed out at the beginning of this paper, there is a lack of studies focused on the internationalisation of microenterprises as a particular group of enterprises (See, e.g., McCormick and Fernhaber, 2018; and European Commission, 2014), despite its practical and scientific importance. This study aimed to bridge this gap by opening the drivers of the internationalisation of micro-sized enterprises and clarifying the drivers for starting export activities in micro-sized enterprises by answering the research question: What are the drivers for export perceived by microenterprise managers?

Based on the critical incident analysis results presented in Section 4, the essential export drivers experienced by the microenterprise managers are summarised in Table 4.

Table 4. The summary of drivers for export perceived by the managers of microenterprises

Driver categories		Drivers for export	Cases
Internal	Human resources*	Language skills (not only English), experimental learning, management training, owner-managers' personal characteristics (international interest, goal-orientation, strong intuition, courage), and personal international contacts.	2,3,5, 6,7,8, 9,10
	Financial	International growth opportunity, domestic sales profit as an enabler of export, concrete global sales from day one, export with "affordable loss" principle, and available export funding.	2,9
	Production	Excess capacity and capability, ready-to-export products and production, and personnel with the solid ability to respond to international demand.	7,8,9
	Research and development	Strong R&D push, unique, patented and high-quality products, demand for hard-to-copy expertise in foreign markets, and internationally competitive core competencies.	1,3,8
	Marketing*	Direct contacts of the owner-managers to the target market (short run), solid and reliable partnerships (long run), agents, trade fairs as a gateway to the target market, digital marketing strategies, parallel usage of experimental (sell, pivot, scale) and strategic (formal strategy, selected markets) marketing approaches.	1,3,4, 5,6,7, 8,10

External	Domestic market*	Limits of the small home market met, the decline in domestic demand, not enough growth potential in the domestic market, domestic customers provided good references by using the product abroad, and positive export experiences of the domestic peers.	1,2,3, 5,6,7, 8,9
	Foreign market*	Opportunity to expand customer base and build a bigger business, owner-manager's interest in the operating environment, large target market, interested potential partners, and opportunity to smooth out cyclical fluctuations and consolidate the order backlog.	1,2,3, 5,6,8
	Home government*	A multi-layered public support system for business development includes a regional business agency, the government agency for innovation funding and trade, the government centre for economic development, the university of applied sciences, and projects funded by various EU and home government-funded funding instruments and programmes.	1,2,4, 5,6,7, 8,9
	Foreign government	Export inside the EU is considered simple – the EU single market strategy seems to work reasonably well.	1
	Intermediaries	Intermediation at a personal level. Encouragement by the agents, distributors, contacts and friends in the target market with direct links to potential customers.	4,6,7
	Competition	Domestic competitors made market entry easier - the customers trusted the quality based on their earlier experiences. Domestic competitors' success encouraged them to start exporting.	8,9
	Customers*	Customers were considered a key driver for starting export. Examples are active participation in trade fairs, direct contacts, other customers' recommendations, a strong network, and unique products that may be a starting point for profitable customer relationships. Constant communication was described as a key to maintaining and developing customer relations.	1,2,3, 4,5,6, 7,9
	Miscellaneous	As a unique character of this data, the global COVID-19 pandemic, with severe effects on global value chains, increased demand for the products of some microenterprises in foreign target markets.	5,7

* Central export driver categories replicated in the majority of the cases.

Leonidou et al. (2007) provided a suitable foundation for analysing the export drivers in microenterprises - the managers of the exporting microenterprises recalled export drivers related to all its categories. All drivers reported fit into the predefined categories. The following export driver categories can be considered as central for these microenterprises, as a majority of the studied cases reported drivers related to these: human resources (8 cases), marketing (8 cases), domestic market (8 cases), foreign market (6 cases), home government (8 cases) and customers (8 cases).

Among the export drivers related to *human resources*, the manager-dependency of the early-stage export activities was highlighted. In the studied microenterprises, the personal skills (e.g., language skills), personal characteristics (e.g., international interest, goal-orientation, strong intuition, courage) of the managers) and personal contacts were described as central drivers for export. Among the export drivers related to *marketing*, direct contacts of the owner-managers, partners, agents, and trade fairs functioned as a gateway to the target market. Digital marketing strategies combined with experimental (sell, pivot, scale) and strategic (formal strategy, selected markets) marketing approaches accelerated export in these microenterprises. This reinforces the prevailing view that marketing capabilities positively influence export of small firms (Gupta and Chauhan, 2021). On the one hand, in the domestic market, limited size and growth potential of the home market or decline in domestic demand were met, forcing niche microenterprises towards starting export. On the other hand, good domestic references and positive export experiences of the domestic peers encouraged towards own export experiments. In the *foreign market*, the opportunity to expand the customer base, scale-up business, smooth out cyclical fluctuations and consolidate the order backlog in a bigger market functioned as drivers for microenterprise export. Moreover, managers' personal interest in the foreign operating environment and interested potential partners in the foreign market drove towards export.

Among the export drivers related to the *home government*, a multi-layered public support system for business development functioned as a driver for export: The managers reported support received from a government agency for innovation funding and trade, government centre for economic development, a regional business agency, a university of applied sciences, and projects funded by a variety of EU and home government-funded funding instruments and programmes. These are useful for microenterprises with limited human and financial resources. Finally, *customers* were considered a key driver for starting export. Active participation in trade fairs, direct contacts, other customer's recommendations, strong network, and unique product functioned as a starting point for export. The importance of constant communication was a key to maintaining and developing customer relations.

A minority of the cases reported drivers related to the following categories: financial (2 cases), production (3 cases), research and development (3 cases), foreign government (1 cases), intermediaries (3 cases), competition (2 cases), and miscellaneous (2 cases). Some perspectives related to these driver categories offered by Leonidou et al. (2007) provide additional light to the particular characteristics of the microenterprise export.

The financial resources of the microenterprises are limited. Financially, microenterprises export was financed by domestic sales profit, external export funding, and organic international sales profit from day one. *Production* functioned as a driver only in the microenterprises having ready-to-export products and production and excess capacity and capability to respond to global demand. As *research and development* is concerned, innovation capabilities enhance small firms' export performance (Gupta and Chauhan, 2021) and research development and innovation plays an important role in

internationalisation (Morais and Ferreira, 2020) – these cases were no exception. High-class competencies combined with unique, patented and high-quality products functioned as a driver for export in three of the studied microenterprises.

Only one case recalled export drivers related to a *foreign government*. The one mentioned was the simplicity of the intra-EU trade, a result of the European single market policy. Governments do have investment policies focused on large corporations. Microenterprises seem to be below the radar of the government level market entry policies. The *intermediaries* influence on export happened at a very personal, rather than organisational, level in these microenterprises. The intermediaries included agents, distributors, contacts or friends and had direct links to potential customers. Industry associations and banks/financial institutions were not mentioned as intermediaries by the managers. For two microenterprises, domestic *competitors* lowered the barrier by providing encouraging examples of successful export and good references for the potential international customers about the general quality of Finnish suppliers. As a particular *miscellaneous* driver, the global COVID-19 pandemic, with severe effects on global value chains, increased demand for near sourcing products from European microenterprises.

This study utilised the framework of Leonidou et al. (2007) to analyse the drivers for export within the context of the microenterprises. Ten microenterprise case studies were evaluated to provide a context-specific understanding of export drivers. The managers recalled drivers related to every main category of the framework. As far as the primary categories (Leonidou et al. 2007) are concerned, the internal and the external export drivers were equally recalled by the managers. Within the studied microenterprises, the export drivers related to human resources, marketing, domestic market, foreign market, home government, and customers seem central. Financial, production, research and development, foreign government, intermediaries, competition, and miscellaneous export drivers were replicated in only a few cases.

The primary contribution of this study is in describing the drivers for export as identified by the microenterprise managers; these drivers provide a fresh, in-depth and context-specific view of what drives export in microenterprises. This study showed that the export drivers have context-specific characters. As described by the European Commission (2014), Gherhes et al. (2016), Perren (1999), and Saarela et al. (2016), microenterprises have lower resources for financing, knowledge, managerial experience, and capabilities. Financially, microenterprise export was financed organically by domestic sales profit, international sales profit, or external (public) export funding. Moreover, the analysis showed that knowledge, managerial experience, and capabilities play a critical role as drivers for export in the studied microenterprises.

The results highlight the centrality of entrepreneurs in microenterprise decision-making (Gherhes et al. 2016) and confirm the previous understanding that entrepreneur-specific drivers, as managerial abilities (Hermel and Khayat, 2011), play a significant role in leading small enterprises to internationalise (Zucchella et al., 2007). Growth opportunities abroad and the domestic market becoming too small are drivers, which are previously identified in larger companies (Crick, 2007; Leonidou et al., 2007; Pope, 2002; Svetličič et al., 2007; Rodriguez, 2007), and seem to have a clear impact on the exports of microenterprises as well. Our findings reinforce the perception that networking plays an essential role in exporting (Bembom and Schwens, 2018; Davidsson et al., 2010; Francioni et al. 2016; Gupta and Chauhan, 2021; Hermel and Khayat, 2011; Zucchella et al., 2007). This appears in many driver categories (Leonidou et al., 2007): human resources, marketing, customers and intermediaries.

Managers and entrepreneurs of microenterprises that are considering export can use the export drivers described in this study for reflecting the entrepreneurial and managerial

drivers/motivations with the recent experiences of the peer entrepreneurs and managers – the managers that prepare for export are more likely to succeed than the ones that do not. Moreover, the organisations concerned with microenterprise export promotion can analyse these drivers from the perspective of their target businesses; these provide microenterprise-specific understanding. In these organisations, it is essential to understand what drives microenterprises to export to reach their targets effectively and efficiently.

The case study approach using CIT proved effective for analysing export drivers. The study's validity is based on a sound research plan, multiple sources of evidence, a synergy between quantitative and qualitative data and an established chain of evidence. An analytic generalisation (generalisation to a theory) is possible in the case of building a context-specific understanding of what drives export in microenterprises. The research focus of this study was limited to the context studied. The study's findings cannot be directly generalised to other contexts, and they partly depend on the time of data collection (e.g., the COVID-19 pandemic). Reproducing the same case study in the same environment later would change some of the findings. Regardless, the case study protocol was followed, and a database was established, allowing further testing of the results when necessary.

This study represents one step in clarifying the context-specific perspectives on the export drivers in different contexts. What drives export is a heterogeneous and multidimensional phenomenon. Its study should not be limited to the universal level; there remain many to be studied when the drivers for export are opened in different company size categories, developmental stages, industries, countries, and cultures.

In future studies, more contexts can be opened. Opening other regional or industry-specific business contexts to a similar methodology would offer a broad range of opportunities for framework testing and identifying context-specific issues. This study focused on and was limited to the drivers for export – the export barriers were not included in this analysis. The obstacles to microenterprise export have lowered during recent decades through globalisation and digitalisation. Therefore, it would be essential to open the barriers in future studies. Moreover, the role of export promotion organisations in this challenging area requires closer examination. New knowledge and actions are needed to support microenterprise exports and remove structural and context-specific export barriers.

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