To Invest, or Divest, the Eternal Internationalization Question?

The impact of external factors on Swedish SMEs

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Abstract

The purpose of this thesis is to provide the reader with a deeper understanding of what impact external factors could have on international active Swedish SME’s. Since these factors influence the firm throughout the internationalization process we will investigate how firms mitigates the impact of external factors at later stages in the internationalization process. Furthermore, we will investigate how companies prepare themselves when it comes to external factors. To conduct this research, we have decided to use a qualitative research approach so that we as researcher can receive a deeper understanding of the international business environment. The thesis will use the abductive research approach since we match the theory regarding external factors with the empirical findings.

The Literature review has been conducted to conclude theories regarding external factors, internationalization, export performance and finally a theory regarding divestment. This has resulted in a conceptual framework, which show how the theories are linked to each other. The conceptual framework has later been used to analyze the empirical data. The empirical data has been gathered through four case companies, which has been presented in thechapter empirical findings.

The analysis includes a discussion that compares the differences and similarities between the theoretical framework and the empirical findings. It also includes the differences and similarities between our respondents and their experience from external factors and its impact. The final chapter concludes the thesis with results from our resource questions and further includes implications, recommendations, limitations and suggestions for further research in this subject. The main theoretical implication is the filling of the research gap regarding external factors and their impacts for Swedish SMEs. Furthermore, the thesis concluded that it would be beneficial for companies to develop a strategy to overcome the obstacles that come from external factors when a company is internationalized. Our thesis has concluded that it is better to be proactive to external changes rather than be reactive on the international market.

Keywords: External factors; Swedish SMEs; Internationalization; Export performance; Investment; Divestment
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1. Introduction
This chapter covers an introduction and background regarding our research area. It also includes a discussion about the problems and relevance of our research area. After introducing the background and problem discussion we will present our research questions and purpose for this thesis. The last part of this chapter will be on how we will limit our research for a better focus on the research questions.

1.1 Background

The world is a changing place with different views on how the world should develop. We live in a world where we are constantly close to each other via social media and the business environment. This is not something new but has been brought to light due to the political changes that have occurred. Recently, major changes in the political environment have happened. The 23rd of June 2016 a vote in Britain took place. The vote was held to decide if United Kingdom should leave the EU or still be a part of it. With a result of 51.9 percent voting to leave the EU and 48.1 percent voting to stay. Brexit (a combination between Britain and exit) was now a fact (BBC News, 2018).

This has caused companies to relocate their headquarters to other countries since the companies are not aware of what Brexit will bring for consequences (Ramiro, 2018). According to Business Sweden’s chief economist, Lena Sellgren (2018), a long time of uncertainty lay ahead for the UK and the other EU countries. No other country has ever left EU and therefore it is almost impossible to predict what will happen. However, some economists think that Brexit will have negative consequences for the UK but also on EU. Swedish firms doing business in the UK has to be prepared because it is going to be harder in one way or another because of Brexit. This is explained by Anneli Wengelin, an expert at Kommerskollegium which is a Swedish institution focusing on foreign trade. “The firms that are in a hurry are the firms who do not trade with third countries, in other words outside the EU. This is usually small and medium-sized companies because big companies are used to this” - Wengelin (SVD, 2017). As a consequence of Brexit and the uncertainty that it brings we will look to what plans the firms has in their arsenal to tackle these factors.

The business environment is changing constantly and rapidly (BBC, 2014). Firms are facing both internal and external factors, which affect the company in the international business world. Sometimes it could be the internal factors, for example, employees, money and company culture, which fails a company in their international process (Sherman, 2018). Sometimes it could be the external factors, for example, the economic environment, the legal environment, and the political environment, which makes firms struggle in their international process (Johnson, 2017). The main difference between internal and external factors is that internal factors firms can control while external factors are hard to predict and control for firms (Beers, 2018). Johnson (2017) explains that the fundamental issue when doing business abroad is to minimize risk and these risks are external factors. The author considers the most important external factors as the economic, legal and political environments. The economic factor includes the
economic system and how a company will act in a liberal economic system versus a highly statist one. Johnson (2017) further argues on how the political factor is close to the economic factor. The political factor includes on how politically stable a country is, the roles of state-owned firms and if there is an international conflict existing the country. Lastly, the legal environment takes corruption and local values in consideration.

The fact that SMEs are more influenced when it regards bigger changes in the world comes from the fact that they do not have the same financial resources as large companies have. During 2006 the definition of Micro, Small, and Medium-sized (fewer than 500 employees) enterprises where revisited and changed. Small and Medium-sized enterprises are highly active on the European Business market since they stand for 99% of the enterprises (European Commission, 2005). In Sweden, where it is very common for people to run their own business, SMEs has a total of 99.9% of the entire business market. Only 0.1% are large (over 250 employees) corporations in the Swedish market (Ekonomifakta, 2018). Even though that SMEs in Sweden stands for 99.9% According to European Commission (2005) SMEs help to create wealth and growth on the European market. The European Commission (2005) also argues for that SMEs helps to provide innovation and create a more entrepreneurial aspect to the corporations that are considered to be SMEs. Swedish SMEs in the service industry is growing and are gaining appreciation in the world market since they are innovative and forward (SVD, 2018). According to Katarina Hedström Klarin CEO at LRF, the Swedish SMEs are important for Sweden. She states that when the Swedish SMEs are doing well, then so is Sweden as a country. In 2017 the companies reported a good year after a few years of not doing so well, starting in 2012 (Lrfkonsult, 2018). The most common way for SMEs to become international is to export. According to Lages and Montgomery (2004), this has to do with the flexible structure of the organization SMEs have which allow the firms to adapt themselves to the ever-changing international environment. Despite their lack of resource, SMEs can quickly adapt to the international markets and their demands (ibid). Consequently, export performance has been introduced to measure how firms or nations performance in export is going. Both internal and external factors are considered when export performance is discussed. Lages and Montgomery (2004) mention competitiveness, business environment and product characteristics as external factors affecting the export performance of a firm.

External factors, SMEs, export performance and Brexit are all a part of the phenomena internationalization in one way or another. When talking about internationalization, the general meaning is that internationalization is a stage process that could contain everything from setting up an office in another country to export and import of goods (de Haan, 2013). Companies that sell products or services in a country that is not their home country, are considered to be internationalized (Freeman, 2002). According to Servais (2018) firms internationalize in various stages and therefore, the concept is wide and contains everything that is international as de Haan (2013) explained. Internationalization has been viewed as a phenomenon that always means that a
company is growing and increasing it is turned over but Turcan (2011) argues that this is not always true.

Since internationalization is a non-linear process firms’ international commitment vary, hence some companies’ de-internationalize. Different authors throughout the years have explained the concept of de-internationalization. Welch and Luostarinen (1988) was the first to mention de-internationalization and explained it as “once a company has embarked on the process (of internationalization) there is no inevitability about its continuance” (ibid, p37). Calof and Beamish (1995) discussed de-internationalization as a series of actions where the firm chooses to cut down their internationalization process. The authors have explained de-internationalization from three perspectives: economic, strategic management and internationalization-management. De-Internationalization is often referred in a negative way when discussing international business. This has put de-internationalization in a negative view and it is seen as a failure to de-internationalize. Nevertheless, can de-internationalization be seen as an action to fix a problem which has occurred when a company is not mature enough to internationalize. Continuously, de-internationalization could lead to a more focus on the home market. Due to this, the ongoing foreign activities will be more focused and could increase. This means that de-internationalization is always present even if a company is not using it constantly (Turcan, 2011).

1.2 Problem Discussion
1.2.1 The Practical Problem
The international environment where international firms operate in is never static. All international organizations are participating in this highly changing, chaotic and turbulent environment that is unpredictable what will happen or when it will happen. (Ndungu, 2012). Mintzberg and Quinn (1988) acknowledge consequences of this unpredictable environment raise both opportunities and challenges. Ndungu (2012) identifies six different external environmental factors affecting the international business; legal, political, economic, social, technological and environmental. Furthermore, the author argues that competitors and external factors influence a company to the same extent. Therefore, the external factors are important to consider during the development of the business strategy. Within external factors there are political factors, the changes in government and policies and their influence in companies has gained a new importance among companies (Ndungu, 2012). Companies that operate inside of the European Union have to consider the policies that are set and not only look at the country they are looking to expand into. Hufbauer, Smith and Vukmanic (1981) state that when changes in the economy occur and the wealth of people is increased, it will lead to an increase in product demands. The authors continue to argue that when the demand for a product increases the price for said product also increases. Also, when the economy fluctuates and goes down, the demand for the product will decrease and it will lead to a decrease in price for said product (ibid). The social factors within a country are also important to take into consideration when expanding and/or construct a business strategy. The social factors are the behavior, the
general tastes and how the lifestyle pattern of a population (Dent, 1999). The author
continues to argue that it is also important to understand that a person’s gender, age and
upbringing is all important factors to consider (ibid). Technological factors, such as new
innovation and how easy it now is to communicate with employees and business
associates all influence the business strategy. When a new innovation occurs, the
company could implement this to their already existing strategy and thus, grow even
further. Since the new technologies have created the chance to securely exchange
information it has improved the reaction time on changes for a company (Stopford,
Strange and Henley, 1991). Since new innovations occur every day the companies have
to always stay in front and be ready to adapt or overcome the technological advances
that occur. Even if a company may not use the new innovation their competitors could
and therefore Stopford et al., (1991) argues that a company has to take a close look at
every new innovation. The legal factors are close to the political factors, in the way that
laws and regulation are set by the government. This will influence what a company is
allowed to do and what has to be done. For a company, it is also important to know
where and how a legal issue is dealt with. For example, where does the company go to
settle a dispute with a legal problem and so on (ibid). The last external factor that
influences a company is the environment. Changes in the climate, such as, increase in
temperature and rain periods for example, influence the company and how they conduct
their business. Many industries must take the global warming and the awareness people
now have into consideration. The global warming has influenced the production and
transportation for companies (Ndungu, 2012).

Factors influencing SMEs success or failure on the international market have been
widely researched throughout the years. The last decade in particular. Philip (2010)
studied the factors affecting business success of SMEs in Bangladesh. The author
examined six different factors that influence SMEs in Bangladesh, these factors were:
characteristics of SMEs, management and know-how, products and services, the way of
doing business and cooperation, resources and findings and external environment. The
result showed that the most significant factors were the way of doing business, products
and services, external environment and management know-how (ibid).

Another research concerning factors that are affecting SMEs in Asia is the research by
Chittithaworn, Islam, Keawchana and Yusuf (2011) where the researchers tested eight
different factors affecting SMEs in Thailand. The eight factors Chittithaworn et al.
(2011) examined was SMEs characteristics, management and know-how, products and
services, customer and market, the way of doing business and cooperation, resource and
finance, strategy and external environment. Five of these factors had the most
significant effects on SMEs in Thailand: SMEs characteristics, customer and market,
the way of doing business, resource and finance and external environment.

Similar research has been done by Jankovic, Mihajlovic and Cvetkovic (2016). The
authors did a research on how internal and external factors affect 60 Serbian companies.
The main goal of their paper was to show which external factor that had the most
negative effect on Serbian companies. Jankovic et al. (2016) used the economic, social, political and legal environment as their external factors. The results showed that the legal and political environment in Serbia had the most negative impact on Serbian companies.

1.2.2 Research Gap
Based on previous research on factors influencing SMEs in their internationalization process we have identified a research gap within the field. Since the subject of factors influencing small and medium-sized enterprises is common in international business research we have focused on the external factors to hopefully add to the previous research. In this thesis, the focus will be on Swedish SMEs since the previous research mostly has been on SMEs from other countries. The lack of research on Swedish SMEs and the external factors is the gap we have identified and base our thesis on. The previous researchers we have found have used the term external environment for all the different components of the external factors. In this thesis, the focus will be on the political, economic, sociological, environmental and legal, which we consider, being the external factors and the external environment.

1.3 Problem Definition
After reading the available information that exists about external factors we have concluded that there is a need for companies to understand what it is that influence their company. Furthermore, it is our opinion that the information and conclusion that this thesis will come to could be of interest for managers and executives in Swedish SMEs. We believe that this is interesting for managers and executives because it will help them make better decisions depending on the external factors that influence their company.
Main research question
Our main research question has become clear to us after reading the information that is relevant for our problem and being discussed among ourselves.

What could be the impact from external factors on Swedish SMEs when they are internationalized?

To be able to answer the main research question we have come up with one sub questions which includes how Swedish SMEs prepare for the challenges of external factors.

Sub question A

How does Swedish SMEs prepare for the challenges of external factors?

1.4 Purpose
The purpose of this thesis is to investigate the outcomes from external factors that influence Swedish SMEs. Both positive and negative outcomes. Furthermore, the thesis will be focusing on how the preparation looks like when Swedish SMEs face the challenges with external factors if they prepare to any extent.

1.5 Delimitations
We will limit ourselves to Swedish B2B SMEs, in other words; our research will not include large corporations. It will also exclude B2C companies. We will restrict our research to Swedish SMEs with foreign market activities. This thesis will only focus on external factors in the international business and not the internal factors. We will take a Swedish perspective in the thesis, since we conduct our research on Swedish companies, which has internationalized their operations. In our theory, we will only focus on three main theories, internationalization, SMEs internationalization process, export performance and de-internationalization in an international context.
1.6 Outline

Chapter 1
- Introduction
  In chapter one we will describe the background of our chosen topic and present a problem discussion. At the end we will present our research question, the purpose for our research and our limitations.

Chapter 2
- Literature Review
  Here our literature review will be presented on the subject we have chosen. We will also provide the relevant information needed to be able and analyse the empirical data.

Chapter 3
- Methodology
  In order to do our research we will present what methods and the our motives behind those choices.

Chapter 4
- Empirical Findings
  In chapter four we will present our empirical findings that are relevant for the upcoming analysis.

Chapter 5
- Analysis
  In the analysis we will combine the empirical findings with the already existing theory along with our own voice in order to present a reasonable analysis on the theory.

Chapter 6
- Conclusion
  In the conclusion we will present our main arguments and summarize what has been found during the research. After this has been done we will be able to answer our research questions.
2 Literature review

In this chapter, the theory we base our thesis on will be presented. Internationalization will be our starting point, including entry strategies such as the Uppsala-model. In addition to the internationalization theory, the internationalization process of SMEs will be presented. Entry modes such as export and joint ventures will then be discussed. Consequently, the theory about divestment will be defined together with exit strategies, which could be used when a company divest. Export performance will be presented to show that the internationalization process is a non-linear process. To show how and why external factors affect companies in the international business environment the theory about it will be presented. Finally, a conceptual framework will be presented to create an understanding of how the theories are related to each other.

2.1 Internationalization

In the first step Freeman (2002) argues that companies become “aware” of the international market and how to be a part of it. This could be accomplished through export or by any other FME (Foreign Market Entry) mode. She continues to comment that firms start to see how internal and external forces along with their network, are ultimately the forces that determine how they should accomplish the internationalization process. Even though the management is aware of these factors they are not committed enough to become international. “These companies are still domestic market-oriented [...].” (Fletcher, 2001, p.8).

After becoming aware of the outside world and the markets that exist, the second stage is expressed in the International Interest. Lim, Sharkey and Kim (1991) mean that this part of the process is the most important one since they are now looking at the possibility to internationalize through different methods. The company searches for information from both their partners but is also looking to themselves and what they know and how to utilize this in the process of becoming international. Freeman (2002) also highlights the fact that the network a company has, is relevant and important in determining how a company becomes international.

When completing stage one and stage two the third part of the process becomes relevant and the third stage is called, International Trial (Freeman, 2002). The management looks at the available information and from there they can decide if more information is needed or if they have enough to start a trial (ibid). There are different ways for “trial”, one being a “mental trial” and the other to actually try and internationalize in some way, export or online sales. These trials are conducted on a time period and after having tried these different scenarios, a new decision is made, whether to continue or to scrap their internationalization process (ibid).

If after the three initial stages, the companies decide to continue with their process they start to look at the information they gained during the process in order to see where, how and what needs to be changed in order to become successful international (ibid). This last stage is called International Adoption. If the information gathered gives
enough background to adapt, they can take bigger “leaps” in their internationalization process instead of gradually internationalize. These leaps could be, either starting with a strategic alliance with a foreign partner or a joint venture in order to be even more committed to the foreign market (Oviatt and McDougall, 1994).

During all these stages the management has the option to reject the process and either start over or determine to stay in their home market (Blankenburg, 1995). After each stage, they also go back to see what they learned and what new information they received. Both internal and external forces influence the internationalization process as Blankenburg (1995) explains. These factors could lead to a firm deciding to either de-internationalize or to pull out of their designated market. If they decide to do so, it could be either for the time being or forever.

From internationalization comes globalization and along with globalization the debate about standardization from Levitt (1983). If companies expand to markets that may appear to be similar and they try and make their mark on these, Levitt (1983) comes to the conclusion that the companies have to standardize their products and marketing programs. Even though, according to Solberg (1997), this can be debated and questioned since there is no global customer due to cultural and social differences. Furthermore, this is not applicable to every industry since a huge amount of industries has taken different steps towards becoming more globalized. Due to Levitt and his article, Solberg (1997) argues that an important discussion started about globalization and their companies’ strategies. He continues to state that in a global market the companies affect each other due to their market strategy. This does not affect SMEs in the same way since they are more niched in their markets (due to size) and therefore, are not dealt with in the same way by management (ibid).

2.1.1 Internationalization Models
2.1.2 The Uppsala Model
In the 1970s there where researchers at the Uppsala University in Sweden that focused on how companies became international. During their study, they focused on Swedish manufacturing companies and their process for internationalization (Johanson and Wiedersheim-Paul, 1975). After their study, they formed a model that displayed their findings for how a company went abroad. In their model, they came to the conclusion that there are four steps that applied to Swedish manufacturing companies (ibid).

Stage 1: Some export, occurring at rare occasions
Stage 2: Exporting on a regular basis via export agents
Stage 3: Starting a foreign sales office
Stage 4: Starting with production in a foreign market

They also stated that they saw a trend that companies started with nearby markets, for example, exporting to Denmark, Norway or Germany, markets that are closer to us,
both geographically and culture wise (Johanson and Vahlne, 1990). As the second stage states, they start with exports via agents/partners in the prospective market instead of starting up an office and/or production straight away. When doing their study, they saw that it was not very common for the Swedish manufacturing companies to set up factories directly. It was not until after several years of exporting to the foreign market that they went into stage three and started with an office in the foreign market (Johanson and Wiedersheim-Paul (1975). The final stage shows the most commitment from the company and there are two factors that influence in stage 4. The level of commitment comes from the number of resources that a company enters in within the new market and how hard they commit to using these resources in a different way (Johanson and Vahlne, 1990). They continued to say that to become international it requires knowledge that is general and for the market, a very specific knowledge is required. The general knowledge is about the operations that are transferable between markets. Knowledge such as people and information could be replaced and applied to the new market. The other aspect of general information is the market specific knowledge that has to be learned through experience (Johanson and Wiedersheim-Paul, 1975).

Johanson and Vahlne (1990) have stated that there are three different exceptions to the stages above. There are in fact some firms, with a large amount of resources that could take larger steps in their internationalization process and not feel the consequences of this in the same way as a firm with smaller resources. The second exception is that if the market is stable and equal the companies can learn and gain knowledge through other ways than experience. They do not specify in which other way this could be achieved. The third and final exception according to Johanson and Vahlne (1990) is that when markets are similar, and companies have experience from these markets their approach can be standardized.

The criticism of the Uppsala model is represented by Reid (1983), Turnbull (1987) and Johanson and Mattson (1988). Reid (1983) and Turnbull (1987) argue that the model is to be predetermined and is too incompatible with the way export business is perceived. Johanson and Mattson (1988) speaks about the markets and that they don’t believe that a company is truly internationalized if they see countries as completely separate markets. Instead they argue that a company that is truly internationalized sees markets as interdependent and that they influence each other. When Sharma and Johanson (1987) argue about the process it does not cover the service business. Since the model covers an evolving process and that has been shown to be absent in the service companies that has been researched. The criticism that has been put forward has also been backed up by the fact that new companies have decided to skip stages or as it is called, leapfrog. The fact that companies, instead of going to the markets that is similar to the one that they originated from, has decided to try with markets that have a larger psychic distance (Nordström, 1990). Not only do companies skip stages in the stage model but use other methods of entry instead of exports and are keener to implement a foreign investment as a result. According to Nordström (1990) the world has become less distanced and that the psychic distance is no longer that eminent as it was before.
This leads to companies being able to skip stages and go for markets that are further away than before (ibid).

Johanson and Vahlne (2009) did an updated model of the Uppsala Model that focused more on the networks that a company has. They meant that this has a far more important role when gaining new information about new markets than to just learn specific knowledge in a certain market. Johanson and Vahlne (2009) mean that it is more important to become closer to their partners and relationships to see opportunities and to overcome problems.

2.1.3 Born Global

In contrast to the Uppsala model (Stage Model) is Born Globals. Firms that are born globals go after the international/global market straight away or at least within the next few years after being created (Oviatt and McDougall, 1994). The scope is set to be global. Born globals do not follow the traditional process as the Uppsala model is (Oviatt and McDougall, 1994). Instead they are, from birth, looking to the global market and do not view different countries as different markets in the traditional way. Due to the Internet and the evolution within the IT department we are now able to do trades all over the globe within seconds if the infrastructure and knowledge is there (Törnroos, 2002). This has created a chance for newborn companies to become global from birth since there is no need to be physically near the customers (Törnroos, 2002).

Born global companies are more often than not SMEs and are therefore characterized by not having more than 250 employees and having sales under 50 million dollars. They are also in the forefront when it comes to technology and always has an eye out for new innovation and technologies that could help them innovate their product. They are also searching for something that makes them unique, being a product or a way of doing business (Hollensen, 2014). Thanks to the technologies that companies now has at their disposal they can easily share information through emails, telephone and the intranet. In the early days of business, it was expensive and time consuming to share information within a company but today it is fast, easy and cheap. This also goes for the world and the fact that people can contact and share information so much faster today has increased the speed for born globals (Gabrielsson and Gabrielsson, 2011). Since the companies that start as a Born Global are small they met the criterias that are set for SMEs. SMEs focus a vast amount of their organization on control over their product/service and on quality of the product/service. As a consequence of SMEs focusing so much on these factors it becomes one of the most important aspects of their success (Rugman, Collinson and Hodgetts, 2006). When discussing SMEs Rugman et al. (2006) states that MNEs are dependent on SMEs since they provide goods and services, which enables MNEs to produce their final product. Even though they are depending on each other in some aspects, SMEs are today able to compete with MNEs in niche markets. Furthermore, the authors continues to argue that when MNEs conduct an FDI it could be a smart strategic tactic by SMEs to also conduct a FDI in order to be
on site and produce services and products to the MNEs. Since, if they perform well the company could receive more contracts, even in other countries (ibid).

The internationalization process for an SME could consist of different methods, such as, export, import, being a subcontractor, having a subcontractor, FDI and technical cooperation (European Union, 2018). According to the European Union (2018) the most common aspect they could see is that when an SME is exporting, they do so to countries that are within a 100km range from their border. The result of EIM Business and Policy research (2011) argues that this is not the case and that the proximity to a border does not influence a SMEs process for internationalization. The European Union (2018) continues to argue that SMEs from the older member countries believes that countries outside of EU are becoming more important and receives a bigger focus from the SMEs. The new members in EU are more focused on the European market first. According to (EIM Business & Policy Research, 2011) there is a positive relation between how big a company is and the internationalization process and on the other hand there is a negative affect on how small a country is and the internationalization process for a SME. The EIM Business and Policy research (2011) continues to argue that there are both internal and external barriers for an SME. The internal barriers for an SME during their internationalization could be that the price for their product/service could be very high due to the internationalization. The external factors that influence the SMEs process could be, difficulty with distribution and the papers that are required. Furthermore, the EIM Business and Policy research (2011) suggests that the lack of information and public support could be barriers that the SMEs need to overcome to succeed with their internationalization. Furthermore, they claim that the internationalization increases more and more the older a firm becomes and that an SME almost always starts their internationalization process by importing goods or services from a foreign country (ibid).

2.2 Entry Modes and Divestment
Considering that the entry modes used for the Uppsala model consist of stages where the first part is always export and after a while on the market they could chose to start own sales. Since every company is different and contains different people with various knowledge the entry for any specific market may vary. There are different aspects to consider when deciding which way to enter a market. To reconnect to the Internationalization theory, Uppsala Model and the Born Global the word to mention is commitment. If a company is truly committed they will invest more and push their product/service out on the foreign market and continue their internationalization phase. However, if a company does not have enough commitment they will start to divest and successively decrease their involvement on the market (Johanson and Vahlne, 2009). Root (1998) argues that there are both internal and external factors that influence a company’s decision. Hollensen (2017) argues that there is no ideal market entry strategy and that every firm must decide by themselves in which manner to enter a market. Petersen and Welch (2002) argue that companies often combine different modes as a way of entering said market. According to Pan and Tse (2000) there are two
major differences in entry modes. These are, equity and non-equity mode. The different entry modes contain a numerous different variable to consider, such as, risk, flexibility and control. A high commitment also means high risk since the company has invested heavily with resources, this would be an equity mode entry (Pan and Tse, 2000). This factor applies to the hierarchical entry mode. There the company has high control since the company never hands over the ownership of anything. Furthermore, Hollensen (2017) argues that the company then has low flexibility since the high commitment means that an exit will have a high cost. That means that the company must make a decision, either high control and low flexibility or low control and high flexibility (Petersen and Welch, 2002). The export entry mode means that a company will choose a distributor that will have be contact with the market. The distributor/dealer distributes the merchandise towards the retail chain that eventually ends up to the end customer (ibid). This will lead to a low risk and a higher flexibility (Pan and Tse, 2000). Since the financial and management that are committed are low. Although, when using only the export mode the company could find they have lost business opportunities since the do not have a closer connection to the market (Petersen and Welch, 2002). Joint venture is the final entry mode that will be discussed in this thesis and means that two companies emerge and create a new company in the market that they aim for. A joint venture could suffer low control since the different opinions of the partners diverse (ibid). Although, if the partners are in understanding and agreement of what is to be achieved they have a high control since they own the company. Also, during a joint venture the flexibility, in a market that is rapidly changing is limited and could influence the business as a whole (Pan and Tse, 2000).

2.2.1 Deciding to Divest or Invest
The theory of de-internationalization includes how and when a company decide to leave a market. This part of the de-internationalization theory stands in relation with the decision to withdraw from a market in an attempt to correct an error from previous internationalization. Example of errors could be market decision, the pace of internationalization, entry mode and international market mix (Turcan, 2011). Belderbos and Zou (2009) explain that one key part which effects international withdrawal is the impact of switching costs between different modes of entry. The higher the switching cost is, the higher the inertia will be. Further explained by Ansic and Pugh (1999) will a company only exit a market when present losses surpass the current expected profits. Furthermore, one important factor to consider for SMEs is the sunk cost. If the sunk cost is known for the firm they will exit the market. In addition to this, is sunk cost an important element of foreign market exits as long as the sunk costs are known for certain. Another element of importance is when decision-makers decide to de-internationalize. If managers or decision-makers not are flexible enough and get stuck in failing courses of action that not will be successful and lead to failure (Turcan, 2011). From this, the question on when it is too late to de-internationalize arise. Casson (1986) is viewing international withdrawing from a perspective in errors of omission and commission. An error of omission arises when firms should have de-
internationalized earlier but struggled to do so. On the other hand, is it an error of commission when firms should not have divested earlier but did so (Casson, 1986).

In addition to the research behind companies deciding to divest, Benito and Welch (1997) arguing for the time perspective and the impact it has on international relationships. The authors mean that through the passage of time the probability of international withdrawing becomes less possible as the commitment in foreign market increases. In line with this, Drummond (2004) explains how humans are working when they are continuously in line with an activity. It becomes more difficult to change direction for a person, which are in that line of activities even though it could be better economically to do so. Reiljan (2005) give examples on number of reasons for firms to divest. Four groups of motives are identified; lack of international experience (lack of knowledge, insufficient pre-internationalization analysis); change in strategy (focusing on core markets, increase in demand at the home market); poor performance and increase in cost (Increase in cost on tariffs, increase in production cost); other reasons (existence of foreign owner, external shocks) (ibid).

2.2.2 Exit Strategies
Turcan (2011) defines modes of divestment as either completely or partly withdrawing from an international market. Partly withdrawing from an international market can for example be when a firm reduces foreign actions in a particular market. Furthermore, the author gives examples on actions like focusing on earlier versions of a product, divesting a brand, re-organizing but still keep the structures they built in that particular foreign market. Other exit strategies Turcan (2011) mentions are de-franchise, de-invest and de-export.

2.2.3 Foreign Divestment
Hollensen (2017) describes a strategic decision that includes shutting down or selling of a foreign subsidiary as a foreign divestment. Foreign divestment is a decision to exit from foreign markets. Entry modes or an entire withdrawal from a foreign market is considered as consequences of a foreign divestment. Hollensen (2017) identifies obvious reasons to divest, such as profits that are too low or long lasting decreases in the host-country. Nationalization in the host-country is another reason to do a divestment according to Hollensen (2017). In order to get more information about why companies divest, Benito (1996) look into specific factors, which includes influence decision-makers to exit a market but also barriers to exit. This is the foundation to the probability of withdrawing from a foreign subsidiary. The author has created a framework for divestment of foreign operations with four components; Environmental stability, attractiveness of current operations, strategic fit and governance issues (ibid).

Environmental stability
Both competition and politics are the main topics included in the environmental stability component. The predictability of the competition and politics in the host-country where the subsidiaries are active in is the main issue according to Benito (1996). R&D
investments and marketing of the products are often linked to increase the exit barriers. In other words, the higher the R&D intensity is, the higher the exit barriers are. Outside the firms’ control, Benito (1996) includes country risks as factors, which forces firms’ divestment. Political risks are one of these country risks, which may lead to a forced divestment (ibid).

**Attractiveness of current operations**
Benito (1996) recognizes economic performance and growth as the two main components for companies to take into consideration when divesting. When the economic performance is on a low level it is the most obvious reason for firms to sell or shut down their subsidiary. If the economic growth is high in the host-country the barriers to exit from the country is high from the particular country (ibid).

**Strategic fit**
Diversification or unrelated expansion increases the governance cost of the business. Companies trying to achieve economies of scale or scope with unrelated subsidiaries are rare. These factors lead to an increased initiative to exit a market (Benito, 1996).

**Governance issues**
Cultural distance, joint venture and acquisition and experience are all governance issues. Benito (1996) means that the culturally closeness between the home-market and host-market increase the exit barriers and vice versa. When conducting joint ventures with a foreign partner, national and corporate cultures impact the joint ventures success. The key, according to Benito (1996), is the degree of commitment from the parent company. If the commitment is lacking, the decision to divest is increasing. At last, Benito (1996) explain that the key for firms on how to operate on foreign markets is experience. The experience makes it easier for firms to solve and avoid many problems, which occurs in the foreign environment. Experience is closely connected to the decision to not close down a subsidiary.

Ever since the late 70s when attention was drawn to foreign divestments by Boddewyn (1979), it has stopped to be recognized only as failure according to Mlody (2016). The author means that foreign divestment can be used in the actions of adapting companies to the changes in the international environment, both external and internal. Mlody (2016) further explain the meaning of foreign divestment and it either could be partial withdrawing from foreign markets or total withdrawal from foreign markets. A complete withdrawal could be through sale of assets, liquidation or bankruptcy.

2.3 Export Performance
Katsikeas, Leonidou and Morgan (2000) define export performance as the outcome of companies export actions. Both internal and external characteristics of the company are influencing the export performance according to Cavusgil and Zou (1994). The authors explain the internal characteristics as product and firm characteristics and the external characteristics as industry and market characteristics. Zou, Taylor and Osland (1998)
takes three main aspects of export performance in consideration, financial, satisfaction and strategic. Satisfaction is the most studied aspect of export performance, it is distinctive to the company itself and Langes and Montgomery (2004) describes that success for one company may be failure for another. Styles and Ambler (1994) explains that export performance is influenced by factors like the export market environment; the industry; the company and its management and the nature of the product. Furthermore, Stewart and McAuley (2010) bring together export performance with another broadly studied theme in international business, export stimuli. Export performance could trigger export stimuli both in the internal and external environment of a firm. Stewart and McAuley (2010) identify the internal effects as market orientation and capabilities and the external effects as technology factors and market factors. For example, changing regulations in the EU market may attract foreign investors from other markets. Stewart and McAuley (2010) also explain the proactive and reactive dimension of export stimuli. Proactive stimuli are, according to Stewart and McAuley (2010) when firms take advantage of their own competences like the quality on their product. Reactive stimuli on the other hand are the external and internal factors, which push firms to a passive behavior. Such pushes could be a decreasing foreign market or an under-utilized capacity.

International companies can adapt different entry modes in their export activities such as foreign sales agents, exporting through foreign offices and subsidiaries and exporting through importers and distributors (Oliveira, Yazdani, Cadogan, Hodgkinson, Tsoukgou, Jean, Story, Boso, 2017). These entry modes are vital for firms export performance (Cavusgil, Zou, 1994). Oliveira et al. (2017) highlight the fact that the knowledge about companies using multiple entry modes in their portfolio is lacking. The focus has been on companies with only one entry mode across the entire portfolio. Furthermore, the authors raise the question if the diversity in entry modes generates a greater export performance.

2.4 External Factors
Research has been done on the effect the environmental and external factors have on firms and their growth (Clement, Wang and Ang, 2004; Krasniqi, 2007; Lumpkin and Dess, 1996; St-Jean, Julien and Josée, 2008; Dodge and Robbins, 1992; Hay and Kamshad, 1994; Wijewardena, Nanayakkara and De Zoysa, 2008). Krasniqi (2007) mean that small firms usually grow faster than bigger firms. Furthermore, the author argues for specific external factors that influence the growth of the company such as unfair competition, location of the business, agreed cost for regulations, taxes and barriers to obtaining external financing. Changes in the external environment could have a big impact on firms (Bhide, 1996). Some of those changes could be outside the firm’s control. To reduce uncertainty due to these changes, Bhide (1996) suggest that managers or entrepreneurs must proactively and reactively create and build strategies to cope with the uncertainty. St-Jean et al. (2008) explains that these strategies could be built up through close relationships with clients to gain information. This information
could help the firm to reduce the effects of the upcoming or ongoing external changes (ibid).

When there is a change in government and a new party takes over, there is bound to be some changes in policies. Even if there are no new policies it will create instability in the business environment (Ndungu, 2012). There are several different external factors that could influence a company but the most influential one is political instability. There are different kinds of political instabilities according to Ndungu (2012). Change in the government in the sense that a new party takes over, thus creating instability since there is no guarantees what the new party will bring about. The second part is when the party in control is always changing their policies. These two factors change the business environment and create instability. When the government change their policies, it is hard for a company to plan for short-term and long-term (Ndungu, 2012; Jankovic, Mihajlovic and Cvetkovic, 2016).

The different fiscal policies that are in place in a business market influence how the company could act in said market. According to Ndungu (2012) there are several different factors regarding the economic aspects. The aspects consist of the balance of payment, the state of business cycle, how the income for the public looks like, and the monetary and fiscal policies from the government (ibid; Jankovic et al., 2016). Even though there are aspects regarding economy, such as, taxes and customs are decided by politicians it is an economical aspect for the company. Also, a company has to take the interest rate into consideration when it comes to the economical aspects. A company also has to consider, exchange rate, inflation, income growth, debts and savings levels According to Ndungu (2012), this influence the consumer and business behaviour meaning that if the business environment is not positive it will hurt the businesses that operates in the market. Another factor to consider is the unemployment level (Jankovic et al., 2016).

Sociological aspects concern how the people of a country are viewed and how they view themselves. Which consumer groups are most keen to buy a company’s product/service. A company could take a look at the purchase history to see patterns and receive a better look into their target group (Ndungu, 2012). There are factors that influence a persons’ purchase, such as, gender, age, which social class they belong in, personality, geography and also the income of said person. For example, the age factor, according to Ndungu (2012) the elderly is keener to spend money due to convenience and familiarity and not go to a supermarket in order to save money. Other aspects of the sociological part of a business environment is the customs, lifestyles and what the people value (ibid; Jankovic et al., 2016). Since these aspects influence what a company does, production, sales and how they function within a society.

When the technology in a market changes it will impact a firm since the new innovation could influence the demand for the product or service that the company offers. New innovation is not always something negative but could be positive and offer firms help
with the production, distribution and how the product is sold (Ndungu, 2012; Porter, 1985). For example, for a few years ago the computer was only used by large corporations to process and store data, today almost every individual person has a computer of some kind which has lead to an explosion for the online shopping. The technological aspect is the one aspect that changes most rapidly (Ndungu, 2012). According to Ndungu (2012) the companies must compete on a global level due to the technological advances that has occured. Otherwise, the companies will lose their competitiveness on the market. The technological advances could lower the barriers for a company when entering a new market and thus, improve their advances in said market (ibid).

Environment is constantly changing and therefore it influences a company and the business environment. According to Ndungu (2012) the temperature could influence both the farming industry and the banking industry. For a company the economic factors and the environmental aspects are key parts when constructing a business strategy. These aspects also influence the government and their decisions and thus, influence the business environment (ibid; Jankovic et al., 2016). There are projections that tell how the environment influences the economy in a country, although these projections are set over a long period it has a great amount of uncertainty. Even though there are an uncertainity regarding the environment and it is influenced regarding economy it is a general consensus that the climate change will reduce the annual growth of GDP for countries (Ndungu, 2012).

The legal factors influence a company in many ways. When the laws change it impacts a company since the companies may have to change their strategies of conducting businesses. For example, UK with Brexit, will change several laws due to that fact that they will leave the European Union (Ndungu, 2012). There are several changes in law that could make an impact on a company. Such as, changes in minimum wages, age discrimination legislation and harder laws regarding recycling. These aspects will impact how the company conducts its business and increase the cost for many companies (ibid). A company must also consider how the country views corruption and how that is conducted. Laws to consider are, protection of information and knowledge, business laws in general and how a country settles disputes between companies. Even here the political aspect comes in since it is them who sets the laws and monitors them via different institutes (ibid; Jankovic et al., 2016). The laws that are implemented affect how a company is allowed to sell, produce and market their product/service.
2.5 Conceptual Framework

![Conceptual framework diagram]

Figure 2: Conceptual framework
3 Method

In the method chapter we will go through the methodology that is used by us authors during thesis. The method chapter will also explain the theory that regards method in general and then explain why we decided to choose the parts that were chosen. We will explain the different techniques that are present during our data collection.

3.1 Qualitative Research

Today it exists different kinds of research methods. Traditionally it is divided into two different researches, qualitative and quantitative (Thomas, 2003). To explain the differences between the two methods, Thomas (2003, p.1) describes “ [...] qualitative methods involve a researcher describing kinds of characteristics of people and events without comparing events in terms of measurements or amounts”. In comparison with qualitative method, Thomas (2003) define quantitative method as a method with more focus on measurements and amounts of characteristics presented by people and actions that the researcher studies. Creswell (2005) argues that the three main differences between quantitative and qualitative are, how the data collected, how that data is then analyzed and last, how the results are presented. Furthermore, Thomas (2003) argues that qualitative researchers study things in their natural environment. The research is based on a variety of collected empirical materials such as case studies, interviews, and observations. Which explains routines and problematic in people's lives.

The researchers do their best to find people that have experience within the problem that has been identified, to receive the best answers to answer their research question (Creswell, 2007). Denzin and Lincoln (2008) explains the word qualitative as the qualities of objects, processes and meanings that are not experimentally checked or measured when it comes to density, amount or quantity. Qualitative researchers seek answers on how social phenomenon is developed and try to give a meaning to that (Ibid). Qualitative research is often used in smaller research, while quantitative research tends to be used in larger studies (Denscombe, 2010). This study aims to give a greater understanding on how Swedish SMEs de-internationalize and the mindset of the firms when conducting a de-internationalization. In this case the qualitative research with the depth and adaptation provided suits well with the thesis to give great feedback and give us as authors the opportunity to answer our research questions.

3.2 Research Approach

The deductive approach, or the way of the proof, as Patel & Davidson (2011) calls it in their book; this means that a researcher follows the already existing theories and general principles regarding special events. From these theories a hypothesis emerges and that then through empirical data it is studied and tested in the case that is being studied (Bryman and Bell, 2015) (Saunders, Lewis and Thornhill, 2009). In this approach the choice of data collection depends on the theory. Same goes for how to interpret the data that is collected. The last part is to relate the result from the empirical findings to the theory. One of the strong points regarding deductive approach is that it is supposed to
ensure the researchers’ objectivity since the main part comes from theory and not from experience. As Patel and Davidson (2011) points out in their book, a danger with this is that the theory may direct and influence the entire study.

The second approach is called inductive and derives from a study and is then shaped into a theory instead of coming from a theory as the deductive approach does. As Bryman and Bell (2015, p.25) puts it, “With an inductive stance, theory is the outcome of research”. This means that the researcher does observations of a subject and then the observations and findings shape the theory (Patel and Davidson, 2011). Even though the research does not derive from theory, does not in any way mean that the researcher has no anchor in anything, on the contrary, the researchers has, in the inductive approach, the chance to use their own ideas and perceptions (Saunders et al., 2009).

The third and last approach for doing a research is the abductive approach. The abductive approach is a mix between both deductive and inductive approach (Patel and Davidson, 2011). This means that the researchers, from a case study formulate and point out a pattern that could explain the case at hand. Furthermore, it means that the researcher will explore the empirical data and with those findings then relate it back to theory (Saunders et al., 2009). In the abductive approach the researcher still has a clear research purpose and research questions that will help the researcher with the study but won’t start with a framework or a predetermined theory. The first step in abductive approach derives from the inductive approach with speculations and ideas. When it comes to the second stage the theory and hypothesis is reviewed again (Patel and Davidson 2011). Here the researcher also starts to work deductive and starts to look at theory to make the first hypothesis more general. This allows the researcher to be more flexible and adaptable when conducting the research, instead of being more “locked” as the abductive and deductive approach could mean (Saunders, Lewitt and Thornhill, 2016). Patel and Davidson (2011) points out one of the main criticisms against the abductive approach. Since every human being is influenced by past experiences in one way or another it is difficult for the researcher to leave all those past experiences and past research behind, thus influencing what kind of theory and hypothesis that emerges. This could mean that the researcher will unconsciously leave alternative interpretations outside of the research (ibid).

We have decided to choose the abductive approach since our thesis comes from theory and then we will try and match our empirical findings to these theories that have been presented in the literature review. Furthermore, the abductive approach will make us able to stay objective since our work derives from theory and not from our own experience. Since we have no previous experience regarding this subject we also concluded that we needed a better understanding for the theory before studying our empirical findings.
3.3 Research Design
As stated before it is crucial to have the appropriate methods to retrieve the correct information for the research. Kumar (2014) explains research design as a road map to objectively, validly, accurately and as economically as possible. Conducting a research also involves finding out the gaps in past research but also in the researchers own research (ibid). Furthermore, Kumar (2014) breaks down research design to decide, justify, describe and explain how to find the answers to the research question or questions. The research design should involve logistical arrangements, for example, where will the interviews take place, how will they be conducted, how will the researcher measure the findings, how will the sampling strategy look like, how will the analysis be conducted and lastly, the time frame (Kumar, 2014) (Creswell, 2013). According to Kumar (2014) if the research design is faulty the findings will be wrong and in the end a waste of time and financial resources. Three key points that Kumar (2014) list is that the research design should be valid, workable and manageable. Furthermore, it is always important to justify and assure the researchers and others that the path that a researcher has chosen is the right one and will yield the result that is required. There are, according to Kumar (2014) two main functions of a research design as stated above, the logistical arrangement and the development of the procedures. The development should show what the procedures are, how they look like and what the tasks will be conducted. It is also important for the researcher to clearly specify what will be used so the reader and supervisor can see what is being done. The second function is the insurance of the procedures being done are adducate to retrieve valid, objective and accurate answers to the research question (ibid). It is also important to understand that there are factors that a researcher cannot control. These factors could affect their research in different ways.

When conducting a research, the researcher often search for one variable, maybe two, because the more variables the more complicated and expensive it will be to come to a conclusion. All variables that are not the focus for the research are extraneous variables (Kumar, 2014) (Creswell, 2013). To understand these variables Kumar (2014) suggest that the researcher use the theory of causality. It means that outside the research there are variables that could influence the answers that the researchers will receive from their interviewees.

3.3.1 Multi-Case Study
When conducting a research study, the researchers have to decide whether to do a single-case study or a multi-case study. A multi-case study allows for a wider understanding of the phenomena as a whole and not a deeper understanding of how one company feels about the subject being studied (Yin, 2014; Merriam and Tisdell, 2016). Since we are studying a subject that is relevant to several companies and not just for one, Yin (2014) argues that the findings will be supported in more than one case. Single-case studies are more relevant if the case is unique and that is not the case for our thesis. Therefore, the multi-case study is the approach that we have decided to follow in order to be able and draw a better conclusion on this subject.
3.3.2 Sampling
When the researchers are going to find relevant information and key points for their research, they must select instruments for analysis, a so-called sample. There are two types of sampling that are commonly used, probability sampling and non-probability sampling (Merriam and Tisdell, 2016). When the researcher decides to use a probability sampling they will do random testing and from their findings do general assumptions. Furthermore, this is more relevant when conducting a quantitative research. Since we will do a qualitative research we will therefore, use the non-probability sampling method. The purpose sampling is more relevant when the researcher is more interested in discovering and understanding a problem or phenomena (ibid). This means that we as researchers can choose which sample we are going to use in the thesis. The sample of our choice must be relevant to the problem and have information that is of value to the study.

Deriving from the theory, we have decided that we will use the non-probability sampling so that we can find and decide which companies we feel are more suitable for our study. For us to choose which companies that are suitable for this thesis, they will have to select a few criterias (Merriam, 2009). When selecting the criterias they have to be relevant to the research at hand so that the right cases could be developed. Therefore, we have chosen the following criterias that these companies must met, they must be Swedish since we are conducting our research on Swedish SMEs and since the research is being done in Sweden it will help to have the companies closer to us as researchers. Furthermore, they have to be active on the international market and also be an SME. We have also limited us to only interview companies that have export business as part of their sales.

3.3.3 Cases
1. Yaskawa Nordic AB
We interviewed Johnny Jarhall, sales director at the robotic division at Yaskawa Nordic and he has been with the company since 1988. Yaskawa Nordic was founded in the 70s and is today owned by the mother company YASKAWA Electric Corporation. The company manufactures industry robots and electric- and servomotors and they are one of the leading companies in that category. Yaskawa is an international actor with experience from almost all the continents around the world. The company has production outside Kalmar, in Torsås and 160 employees in Sweden.

2. Company A
We interviewed an employee of a company that wanted to be anonymous. The company is located in Kalmar and the person has had the same position at the company for around 7-8 years now. The company has around 40 employees and is active on several different markets. One of their most important markets is England. They are also active on the German, American and are on the verge of entering the Italian market. When we reference to this company and the person we will say person A or company A.
3. Clemondo AB
We interviewed Erik Hantoft, CEO of Clemondo AB that has around 100 employees. He has been with the company for over 6-7 years. He was the CEO of Lahega that then became Clemondo AB. During his years at Lahega and Clemondo he has always been the CEO. Clemondo AB is a company that sells and distributes chemical products to clean cars and disinfection soap for medical usage. Furthermore, they are selling industrial cleaning that could be applied to different food industries and metal processing and other types of industrial use.
Erik Hantoft will from here on be referenced to as Hantoft.

4. Norden Machinery AB
Eric Pehrsson is a personal manager at Norden Machinery AB and has been with the company for over 30 years and has several different positions. Such as, automations system manager, IT manager, economic chef and now personal manager. This means that even without being directly involved with the exports we believe that he has the experience and knowledge needed to be a valuable interviewee in our thesis. Norden Machinery AB is a company that works with tub filling, especially filling tubes. The kinds of tubes that Norden fills are of different variation, such as dental tubes, pharmaceutical use and other tubes. Furthermore, Norden Machinery also seals the tubes that they fill. Eric Pehrsson will from here on be referenced to as Pehrsson.

3.4 Interviews
There are different approaches to interviews. The qualitative approach has the goal to extract the interviewees’ belief and their view on the subject at hand. During the qualitative interview approach the researcher works with words and not numbers (Kvale and Brinkman, 2014). The approach also aims for the interviewee to be as descriptive as possible, to describe what she experiences, what she feels and why she acts like she does. Interviews could be conducted in different manors, face to face, on the telephone or via Internet (Denzin and Lincoln, 2018). Since an interview can now be conducted via telephone and the Internet allows researchers to speak to people that are far away and that cannot be met face to face.

There are three different ways of conducting an interview, unstructured interviews, semi structured interviews and structured interviews (Kumar, 2014). The unstructured interview could be more flexible, and the researcher can come up with question on spot as a question might be answered in a way the researcher did not anticipate. Therefore, the unstructured interview of great use when searching for answers that need a very deep understanding (Kumar, 2014). All data that is gathered during an unstructured interview will vary depending who is being interviewed since the researcher has no set list of questions (Patton, 2002). Furthermore, the questions could differentiate depending on various factors, such as, the interaction between researcher and the person being interviewed and what event that has taken place (Patton, 2002). The structured
interview is the opposite of unstructured interviews and therefore, follows a list of question and has the same wording in every question since this provides the possibility to compare the data that is gathered. This way of conducting an interview is easier for the researcher since it does not require any high level of interview experience and skill (Kumar, 2014; Patton, 2002). Furthermore, the author argues that there is no completely structured interview since people will say things before and after the interview. The author continues to state that what is being said before and after could be the key to understand the answer to a question (ibid). Denzin and Lincoln (2018) state that one of the critiques towards structured interviews is that the researcher cannot fully understand what is being said in the interview. Due to the fact that this will not go inside the structure that has been set up by the researcher (ibid). The third approach to an interview is called semi-structured interview. In this approach the interviewer has a set of questions that are predetermined. These questions are then presented to the interviewee, but on the contrary of structured interviews the researcher conduct follow up questions. This is as in the unstructured approach. Thus, creating a semi-structured interview (Denzin and Lincoln, 2018; Patton, 2002). As Denscombe (2010) and Denzin and Lincoln (2018) also argues, the semi-structured way of doing interviews, is more suitable for researching bigger and harder research questions since the interviewee can elaborate their answers. Thus, the researcher can receive a better understanding on the project. Kvale and Brinkman (2014) also say that during a qualitative interview the goal is to come to the specific aspects that the interviewee has regarding the topic and not general opinions. This approach makes it easier for the interviewer to steer the interview in the direction that is most suitable for the research (Denzin and Lincoln, 2018). Furthermore, the authors state that the semi-structured way of doing interviews are today the most commonly used approach in human and social science.

We will conduct semi-structured interviews to receive a wider understanding on the subject and to be able to ask questions that come up during the interview. We will have a list of questions that has been predetermined so that the interviewees could prepare themselves and give us the best answers possible. Although, since we will take the semi-structured approach we will be allowed to ask to follow up questions on the answers we receive. This means that we will be able and go deeper in to the answers that are provided to us. We also aim to receive opinions regarding de-internationalization and not only facts. Therefore, we will use open-ended questions that are more suitable for opinions according to Kumar (2014).

3.5 Data Collection
According to Creswell (2014) is data collection the tool to gather information for the researchers so that the research question could be answered. If a researcher collects data via both quantitative and qualitative methods, the constructs should be the same so that the researcher could put them against each other (Creswell, 2014). Data collection is not only about which data and how the data is obtained, data collection is so much more. It involves, gaining permissions to interview or to collect certain data, have a sampling
strategy that is inline with the research purpose, have the opportunity to record the information that is gathered during interviews and also store all the information (Creswell, 2013). Even if a researcher gathers a vast amount of information, the information has no value until the researcher has categorized it. Researchers need to categorize it depending on several different factors such as, when were the information gathered, from who was it gathered and how was it gathered (Denscombe, 2004). Even though a connection between the information could be found by accident, the researcher always must search for a connection. According to Denscombe (2004) the researcher always sets out to find evidence that proves that there is a connection between two or more incidents. Furthermore, Cresswell (2013) states that the process of collecting data is a circle, meaning that the phases that a researcher goes through are all connected to each other.

3.5.1 Primary Data
The primary data section revolves around the data gathered through direct contact by the researcher. Furthermore, Saunders et al. (2016) states that students do not have the time or money to collect primary data in the same extent as a government has for example. But as they continue Saunders et al. (2016) says that thanks to the technological advances in today's society it becomes easier for a student to collect primary data. This could be conducted via interviews for example and by observations that the researcher does (Ghauri and Grønhaug, 2010).

3.5.2 Secondary Data
Ghauri and Grønhaug (2010) describe the secondary data as something that has already been gathered by others. E.g. books, journals and articles. In this thesis the secondary data is used in the chapters containing, introduction, literature review and the method chapter. This has been conducted in line with what has been researched. Secondary data has often also been collected for some other purpose. This means that students are supposed to bring collect the data from articles and then analyze it even further to see if it fits their research (Saunders, et al. 2016). Secondary data can be both qualitative and quantitative and is also used in both exploratory and descriptive research according to Saunders et al. (2016).

3.6 Operationalization
When conducting any sort of research, it is crucial for the authors to have the questions related to the literature review. This must be done so that the researcher can formulate questions that are relevant. If done correctly the response from the interviewee will provide information that helps the researcher to answer their research question (Patel and Davidson, 2011). This is called to operationalize the terms used in the literature review. The operationalization depends on how the data collection will be conducted. Since we will use the verbal approach and ask questions that the interviewee can elaborate and state their opinions on.
### Concepts | Interview Questions | Reasoning
--- | --- | ---
Business Operations | 1-4 | In order to receive a better view and a clear understanding on what the business does. We also asked the interviewee what they do at the company and also what the company sells/or produce.
Internationalization | 5-7 | To understand how the company became international we asked the interviewees how they became international and why they did it in that way. This information provides us with a ground to understand their view on internationalization and a basis for external factors.
External Factors | 8-13 | To retrieve information regarding our research questions we asked the interviewees general questions regarding external factors and also more specific questions regarding external factors influencing their company.
Export Performance | 14-16 | We asked the companies if they used any sort of export analysis as we have learnt from the theory. These questions helped us understand how companies view their export outcomes.
De-internationalization | 17-22 | We asked the companies if they had ever de-internationalized and if so, why they did it.
Concluding Questions | 23-24 | Concluding questions.
3.7 Quality of Research
When conducting a study, it is important to realize that the correspondents provide a description and not a reproduction of the world as they see it. This then leads to see if the research has enough validity and reliability (Silverman, 2016).

3.7.1 Validity
Kumar (2014) defines validity in qualitative research refers to the capability of a research instrument to show that the research instrument is finding out what the researcher has created it to. Denscombe (2010) describes validity as to which range the data presented in a thesis is precise and relevant. It can be argued that the authors must question themselves if the data collection has been done correctly and are relevant to the subject the thesis is about. Furthermore, Silverman (2016) states that validity revolves around the interpretation of the information gathered. According to Holme and Solvang (1997) the problem with qualitative research is most often not validity since the researcher are much closer to the subject or phenomena that is being researched. Furthermore, Holme and Solvang (1997) continue to argue that a qualitative approach gives the unit (which the subject is being measured with) the chance to influence its contribution. Although, the researchers may have the wrong view of the problem and thus, creating a problem. Furthermore, the authors continue to argue that it could be difficult for the researchers to know how to gather the correct information. The researchers must consider if they should be as active as possible or to be inactive in order to gather the right information (Holme and Solvang, 1997). Furthermore, the relationship between interviewee and researcher could influence the answers that the interviewee gives. The interviewees could give answers that they believe to be what the researchers’ desire and not what they are feeling and know.

For us as authors to gather the relevant information means that we have to consider the interviewees position during the interview. Due to the fact that we will record the interviews we will be able and transcribe the interview and that will increase our chance of interpreting the answers more precise. Furthermore, we will use respondent validation, meaning that we will send our interpretation of the interview to the respondents to further anchor the answer. Also, this way we will make sure that we as researcher has not misinterpret the answers.

3.7.2 Reliability
Kumar (2014) defines reliability as research that will give the same result consistently when it is used frequently. In qualitative research it could be difficult to get the same results repeatedly because researchers do not use standardized and structured methods to the same extent as quantitative researchers. However, Kumar (2014) emphasize that the more solid and consistent a research instrument is the more reliable the research instrument will be. It is very important, for both partners when conducting a interview, that there is a trust between them. This is necessary for the interview process to be as rewarding as possible. Holme and Solvang (1997) say that reliability boils down to how
the research is measured and how thorough we as researcher process the information that we receive. According to Kumar (2014) the researcher must be careful how they phrase the interview questions so that there is no possibility for the interviewees to give different answers on different occasions. Furthermore, Kumar (2014) list several factors that could influence the answers. Such as, the physical settings, the respondent’s mood, the nature of the interaction between interviewee and researcher and the interviewers’ mood.

In this thesis we have written down our procedures in order for the reader to understand how and why we have gathered the information in the manner we have. Furthermore, the procedures show the reader how we have come to the conclusion from these findings. To further prove that there is reliability in our findings we have both recorded the interview via audio and also transcribed said interview. The reader can also read our interview guide to further see how and what we asked the interviewees.

3.8 Research Ethics
According to Creswell (2014) it does not matter which approach to qualitative inquiry a researcher takes since they will always face ethical problems. The researchers will face ethical problems during the collection of data, when analyzing that data and when presenting the results. Creswell (2014) mentions some ways to maneuver around the ethical problems that could occur, providing anonymity to the interviewees by not naming them and instead give them a number in the study. Furthermore, Creswell (2014) argues that the ethical problems do not only occur during the data collection but also during the entire research process. There are several problems that need to be considered such as, not labeling the respondents, never use stereotypes, establish supportive relationships with the participants and also to consider who it is that we as researcher will question (Creswell, 2014).

3.9 Method Criticism
When conducting a research there are different advantages and disadvantages. For example, Denscombe (2010) argues that the qualitative approach is less representative than the quantitative due to the fact that the data is less comprehensive and from fewer cases. But, Yin (2009) says that there are two different ways to generalize. These two are the analytical and statistical generalization. Between these two different ways of generalization the analytical is the right one to use when conducting a qualitative research. Since the analytical generalization allows the researcher to understand the subject at hand. We, as authors, has therefore decided to use the analytical generalization approach. We are not trying to show the world that there is one way to our subject but instead to see the different views and the similarities that the companies share on external factors (Yin, 2011).

Since the authors of this thesis and the companies that the authors were interviewing where all Swedish, we decided to have the interviews in Swedish and then translate it into English. This means that we could lose some meaning during the translation.
Although, we will send the answers to the interviewees to see to that there is no loose of information during the translation.

Even though we will not interview companies from the same branch, we have decided that we can still draw conclusions from them. We can do this because they will have similarities even though they do not all work in the same branch.
4 Empirical Case Studies

In the following chapter the empirical findings that have come up from our interviews will be presented. Our respondents have been introduced in the methodology chapter meaning that this chapter begins with presenting the companies and their answers on our main interview questions which is based on the theoretical framework. These questions are disposed below the different company’s to create a clear structure for the reader to follow.

4.1 Yaskawa Nordics AB

*Internationalization*

The internationalization process for Yaskawa Nordic started in the mid seventies when they created the Motoman Robot and started to sell it via a number of agents around Europe. Jarhall continues to argue that they after a few years acquired the agents and created companies out of them. Jarhall argues that this was the way that they operated in Europe since the product is a huge investment for a company. Due to that most of the time it is a small company that buys the product and they do not have the same financial resources as large companies. Another key aspect is the fact that they are now part of a bigger group and that helps them financially until they get paid from the customers. Jarhall continues to argue that it also gives security to the customers, so they know that the project will be finished. Directly after Jarhall elaborate on the other markets and acknowledges that they did a risk analysis to see where they could find possibilities and where the risk was. Jarhall argues that when they internationalize and enter a market they adapt their approach to said countries political climate but also their social culture. Meaning that Yaskawa Nordic matches the other culture to make the transaction between companies as smooth as possible. Jarhall states that there is a different way of doing business in Turkey than there is in Sweden for example. So, when conducting business in a different country Jarhall argues that companies must do a whole analysis of everything not only the economic factors. Jarhall means that even political and military aspects in a country could influence their analysis of a market. Furthermore, Jarhall argues that to sell the robot, Yaskawa Nordic need to know that the customer can handle the machine once it is delivered. If Yaskawa Nordic found anything that states that the company may not have the knowledge needed to operate the machine, it is better to not take the deal. He continues down the same line and argues that since a company can not operate the machine that rumour will spread and that could hurt the firms’ appearance.

*External factors*

According to Jarhall the external factor that influence Yaskawa Nordic the most is the political aspect. Another aspect he points out is if a country is in some sort of war there will be transportation problems for Yaskawa. Since they are not allowed to deliver to a country that has some sort of military activity. Another big external factor according to Jarhall is the customs of different countries; for example, he mentions Brazil and
acknowledges that there is between 40-60% additional taxes on the product. This is a huge barrier for the company to overcome to make a profit of the sale. Jarhall also mention Donald Trump, the President of USA and argues that there is no one who knows what kind of policies that will be implemented. According to Jarhall there has been a discussion regarding increased customs of steel. He states that if that is the case it will influence them. Although, according to Jarhall there is no strategy in place for these circumstances. He argues that they take it case by case in since it is changing all the time. Furthermore, since they know what kind of customs there are in Brazil they can operate from that. Jarhall acknowledges that a way around the high taxes for customs could be to produce locally. He continues to argue that Yaskawa takes the external factors as they come since they have no way of knowing what will happen. Therefore, they are flexible in regards of external factors. Jarhall states that they always try to go for the most price effective way in order to make a bigger profit. When Brexit came up he pointed out that it will not influence them directly other than it will create more paperwork, making it more expensive and time consuming. Also, he continues with that he believes that Brexit will hurt England more than any other country. Furthermore, Jarhall argues that since there is no manufacturer of industrial robots in England their sales will not be affected by this. He adds that there are only a few more companies that produce robots like theirs. A few of them originate from Asia and Germany. In that perspective they work in a niched market.

*Export Performance*
According to Jarhall, it was the first time he had heard about export performance. Meaning that Yaskawa does not work with export performance. Jarhall stated that Yaskawa produce around 4000 robots in Torsås every year, with only 150 robots staying in Sweden.

*De-internationalization*
Yaskawa Nordic does not have any experience of leaving a market but they have decreased their presence on two markets, Russia and Denmark. Instead of selling robots with the system within they started to sell the robots by themselves and let the customer find another system builder. Jarhall continues to argue that when they did this they cut down on the staff in these countries. The process involved cutting down employees and selling “nude” robots (without the system).

4.2 Company A
*Internationalization*
According to person A, the company has used different models when internationalizing. They have used agents and person A says that this has been relatively cheap for the company and has allowed them to enter a market and receive the right to sell. For basically no cost. Although, this has led to that they have not sold any products. Eventually they concluded that it was better for them to hire local persons as their sales department. After a while they decided to also hire local project leaders and service technicians. Person A believes that it is very important to be local to be successful in the
market. Furthermore, person A believes it is important to be focused on prioritised markets and not try to be all over the world just because. He also explains that they have made certain efforts, especially on the English markets. Furthermore, when Person A started working at the company the Nordic countries was their home market. They also had a company in Germany. But when person A came to work for the company they started to focus on the English market. After they had a presence and developed their sales on the English market they moved on to US and now their focus is on the Italian market. And they have continued to focus on prioritizing on the market that they are aiming to develop in. In Europe they have decided to hire people and continued to produce the product in Kalmar. When they entered the American market they quickly decided to search for a manufacturing partner inside of America. According to person A they decided to manufacture in the US since the difference in standards are substantial. Furthermore, the facilities are too big to ship over the Atlantic. They decided to search for a manufacturing partner that could met their requirements. According to person A they have had enough information for every market they have entered. They had information about potential projects and what has been sold before in said market. Even though they have had information they have also experienced setbacks since they have found that different markets have local laws that has to do with papers that are required in order to sell and implement their products. Even though they have CE-marked their product it is not always enough. According to person A they learned this when entering the Danish market. Because in Denmark there is several local laws that require a vast amount of time and work. According to person A there is a lot to learn on every market and they cannot know everything and therefore, it is a learning process. This is one of the reasons why person A believes it is so important to be local. Furthermore, person A says that when he started at the company they made a great deal of being Swedish and the quality that the reputation that comes from being Swedish. His opinion is that they have a great reputation but when it comes to a special market, such as the US, they are not that interested in the Swedish “quality” reputation, they want American made products. Furthermore, he says that the Americans do not even want to call him because he does not have an American number. This means that they have to adjust their approach for the market and be local. Person A cannot stress this enough. He truly believes that being local has helped them a lot in their sails.

External factors
The external factors are important for the company and especially the contribution system that is in place in the country that they have entered. According to person A it is very difficult for their Customer projects to become financially viable unless there is some sort of financial support of the government. For example, Sweden has several tax releases on their product and to a certain extent there are investment support from the government. Furthermore, person A says that this is one of the most important factors that they are searching for when considering a new market. For example, the Italian market has been a highly promising market, but the government has not had a contribution system in place. Therefore, the company and several of their competitors have watched the market to see when the contribution system is in place. Since a month
ago they implemented the system and therefore, company A are now looking to invest in the projects that are going to emerge. Person A states that this of course leads back to the political environment. For example, looking at the American market it would have been better for them if Clinton had won the presidential election. Person A continues to talk about Brexit and that it was not a good outcome for them. Since no laws are implemented yet they do not know how it will turn out. Although, he does say that they are currently selling to both Switzerland and Norway and that has been working. According to person A he does not believe it will come to a stop on the English market, but it could affect them in some way. Since Trump took over he is glad that they had already started to go after the American market and that there is already momentum that will help them. Furthermore, he says that since some of the power still stays with the parliament it has, so far, not become a problem for them. According to person A the government decided to continue with their contribution system that they are depending on. Person A continues to argue that they are not extremely vulnerable for external factors but to a certain extent they are highly vulnerable for external factors. For example, in England there was a contribution system that was about to be implemented but then Brexit happened and after that Theresa May decided to step of as Prime Minister. This pushed the decision forward and has therefore not been implemented until this April. This means that a political decision could affect them deeply. Person A continues to argue that if they have hired local salesmen and project leaders and then a decision to withdraw the contribution system would go through it would hurt them severely.

**Export performance**
All products sold in Europe are produced here in Sweden. Since they sell almost no products in Sweden it means that they are exporting almost all of their products. According to person A the most important factors that affect them are, the contribution system and the currency rate. The English currency could easily change 15% up or down and that affect them since that market is very important for them. For now, the Swedish krona is very weak and that has had a positive effect for them.

**De-internationalization**
According to person A they have not had the need to fire any employees due to a market decrease, but they have been forced to relocate some of their employees in order to keep them. This has led to them being more flexible to where they send their employees. He ends this discussion by adding that it has been internal changes that have made them able to keep their employees. According to person A they have tried to keep a balance on how many employees they have to minimize the damage they could take. Person A said that his personal belief is that using de-internationalization is going to hurt the company in the long run. For example, on the English market there were German companies that decided to not have local salesmen, and this has led to them now not selling due to a bad reputation. The customers believe that they are not close enough to the market and cannot react fast enough when things happen.
4.3 Clemondo AB

*Internationalization*

Hantoft states that they are not that active on the international market, although they do follow their Swedish customers out to their international markets. Therefore, they do sell to several countries. Furthermore, they sell to Norway, Finland and Denmark. This means that the Scandinavian market is their home market. He continues to state that if taking Lahega Company in consideration, their international activities have been going on for 15 years. According to Hantoft they do not sell directly to countries such as, England and Germany but they are active there since their Swedish customers are present on said markets. Furthermore, they are active on the North American market and Kina but via big Swedish companies. Hantoft states that they sell their product to these countries, but they are not processing these markets. They are selling to these countries via their parent company in Sweden. According to Hantoft they have entered these markets via distributors that are commonly called agents. But according to Hantoft they are not normal agents per se. The distributors buy the product is then resold in the name of the distributor, but they are using Clemondo ABs brand name. Their distributors have different specialties, some are experts on the car industry and others have the whole inventory. If the distributors are experts on cars they do not have the hygiene inventory for example. Hantoft continues to state that the advantages by using distributors is that Clemondo has a lower risk than when contracting agents since the companies name then stands on the billing address. This means that if the agent should misbehave Clemondo has full responsibility for this mistake. Hantoft argues that this is one of the advantages and that a distributor is responsible for the stock and if they should do any miss in their purchases it is up to the distributor to handle this. According to Hantoft there are also disadvantages for using distributors since they will not process and prioritize the market in the same way as Clemondo would do if they where active on the market. For example, it could be important for Clemondo to prioritise a product for the market and when using distributors, they are unable to do so. Furthermore, Hantoft states that they have had to change their distributors and now the new distributors are not really matching Clemondos expectations since them not putting the effort in. According to Hantoft they must adjust their approach for every market since the chemicals they sell needs different labeling and the information on the chemicals has to be in the native tongue of the market. Furthermore, the markets in Scandinavia have different laws to certain extent. For example, Denmark has tougher laws regarding sewage disposal laws. This means that they must adjust their product for the market. For 7-8 years ago Clemondo (Lahega) decided to internationalize on several markets at the same time. This was before Erik was appointed CEO. Although, Hantoft states that according to him they did not have enough information to do this and therefore the internationalization was a bit of a failure. Furthermore, Hantoft believes that this was because they did not prioritize a market and tries to be at too many markets at the same time. Hantoft also states that they should have been more selective of their markets.
External Factors
According to Hantoft they are affected by external factors quite a bit. Especially laws. The laws regulate what they are allowed to do with their chemicals. Chemicals are highly regulated and the last five years the chemical laws have gone through several changes. This has been done in the European Union, meaning that every country that is a member of EU has changed their laws. According to Hantoft, the REACH regulation has been implemented gradually for 15 years. Meaning that this regulation affects different areas at different times. Furthermore, Erik states that this is affecting the entire sales within the chemical industry. Everything that is sold within EU or to EU has be REACH declared. Also, the EU has implemented a law that is called CLP. This has affected Clemondo; they had to label their products in a different way than they did before. These labels are called sepharose symbols. Furthermore, Hantoft states that this means that they have had to label different products in a way that they did not want but due to other classifications they had to do it. Hantoft continues to state that the external factors that affect them the most is regulations. Hantoft explains that there has been a change in laws regarding biocide. Biocide is the chemical compound that kills bacteria’s when using pesticides. In Sweden this is taxed but furthermore, the EU laws that has been implemented compromises certain areas for Clemondo. Especially since the chemical inspection authorities that has been assigned to set the framework for how these laws that should be followed, has not acquired the right competence. This means that Clemondo and other companies that operate within the chemical industries cannot receive the right support that is needed. Hantoft continues to state that this has created an uncertain position for them. ECHA that has this responsibility and they cannot keep up and reach out to the countries and companies that need them. This means that for now, the laws in which Clemondo operates in are highly uncertain. Hantoft then continues to explain that when such things transpire it is possible for other companies to report Clemondo if they would sell the product wrongly. Since Clemondo sell to the public sector a competitor could report Clemondo if they believe that the laws are not being followed. If a report has been filed, the purchaser or distributor is forced to examine this mater. According Hantoft this is their biggest challenge for now. Furthermore, Hantoft states that since the government in a country or in the EU sets the laws and regulations, they are affected by political factors.

Hantoft argues that Brexit will not have a huge impact on them although he states that the currency for pound will decrease which means that their competitors that produce in England, could do so with lower cost than Clemondo is if they are building in Euro currency.

According to Hantoft they do have a strategy process for these kinds of circumstances, such as, they are evaluating the risks and possibilities. For example, when it comes to laws, they have mapped the laws and interpreted them as best as they can. Hantoft then continues to speak about how the Swedish government has implemented taxes on disinfection and that is killing bacteria within healthcare. The government has exempted this. Although, they are not clear on what really goes meaning that if Clemondo would
not tax their usage in the correct way the tax authorities could retroactively exempt tax surcharge.

**Export Performance**
According to Hantoft they analyze their export monthly, quarterly and yearly. They then look how the sales have gone and if they have any growth or no growth. This is done in relation to how the price levels are and how much time they put into the sales. This comes down to their key account manager. They do not have an export manager that controls it all. Instead they have key account managers that control the different markets, not all but to some extent. After this has been done they evaluate if they have made a profit or not. According to Hantoft the factor that affects them the most is the demand for their product. Which price levels are at place in the market, how they are valued and what can they offer Clemondo in relation to the products they offer. For example, they work with climate compensation for certain product and this creates a higher cost. This means that the companies that they sell to have to be willing to pay the extra cost that comes with the production. In some markets, such as Poland, this is not valued as highly as in Sweden and this means that they have to keep this in mind. According to Hantoft it very important to have a strong home market to be successful abroad. The company must have clear directives as to what they stand for, what they offer more than just the product. Furthermore, Hantoft believes that it is important to show the customers that they are glad to trust the company they sell to.

**De-internationalization**
According to Hantoft, Lahega (currently Clemondo) sold of a subsidiary to the local manager in Poland. The subsidiary sold a product that came from Sweden. They continued to sell the products but before the company was sold it was hard to make a profit and therefore, it was better to sell and let the local manager run the business. This way the manager could make a profit and Lahega would not lose money. This helped them in two ways, the revenue remained, and they did not have to bare the losses from said subsidiary. Hantoft continues to talk about de-internationalization and divestment, he believes that it could be effective, and it depends on how it is viewed. For example, it could be good to leave a market for the business and the revenue. Sometimes, it is better for a company that is divided to concentrate the business to some markets and sell of certain operations. According to Hantoft it is good to do if they could sell it for an okay price.

4.4 Norden Machinery AB

**Internationalization**
According to Pehrsson Norden Machinery has been international from the very beginning since they inherited the agents and network from Arenco, the company that Norden Machinery originates from. Pehrsson further states that since Arenco sold matches all over the world via these agents and that means that Norden Machinery could continue to sell their new machines to companies via said agents. Furthermore, Pehrsson states that they started to have their own trading companies in England,
Germany, France, US and also to some extent in China. By doing so Norden saw that the markets had high revenue and that it would pay off to have their own operations in these countries. In the other countries they decided to continue to work with agents.

Pehrsson states that the three biggest markets are, North America, Europe and Asia. These three markets stand for 30% of sales each. From the beginning US and Europe has been the biggest markets and Asia has been developing in the recent years. The tube filling machines are a highly niched product and Pehrsson argues that they must follow the customers in to their markets, wherever they may be. Since they operate in this way, Pehrsson states that they now see a growth in the African and Middle East markets.

Norden Machinery follows their customers to the markets that they enter and are therefore almost everywhere. This means that even if Norden does not have an agent in India they will sell a machine there if their customers request a machine. Furthermore, if their agents in different markets find local companies they will sell to them. Pehrsson continues to say that they do not alter anything in their machines for the local companies. Although, Pehrsson states that in the recent years they have started to manufacture a low-cost machine that is more standardised to fit these smaller companies. Since these local consumers may not be able to afford to a more flexible machine. According to Pehrsson Norden Machinery has production in Kalmar and montage in Indonesia. Although he does state that the Indonesian factory has only assembled three machines this far since it is a relatively new-started factory.

When Norden Machinery enters a new market, they do not change their entry mode, however they have started to discuss how to best approach the African market. Pehrsson states that since the African market is a continent that is huge they cannot set up one sales subsidiary to tackle the entire continent. This has made them to rethink their approach since it would not be economical defensible to start a sales subsidiary for a market since they do not sell that many machines a year. They have yet to determine how they will do but Pehrsson suspects that they will work with agents in the market to begin with.

**External Factors**

According to Pehrsson the technological aspects of external factors are the ones that are influencing them most. Since the machines that Norden sells are the best and most flexible there is, they are highly dependent on technological innovations that occur. If a new innovation emerges that would allow customers to fill and seal their products better than a tub they would be in a vulnerable position. Furthermore, Pehrsson states that the financial factors do not influence Norden that much since the companies that buy their product will still produce their products even if times are bad. This since the customers sells pharmaceutical supplies and toothpaste for example. Thanks to this Norden are not that conjecture dependent. Pehrsson also states that they are dependent on the politics that transpire in the world. For example, they do not sell to countries that are at war. They sold a product to Iran that the delivered in the beginning of the 90s and that machine has yet to be installed and it is possible that the machine is destroyed and does not exist anymore. Pehrsson states that this is something that they are now taking in consideration when approaching a new market that has political instability. Furthermore, Pehrsson states that when it is instability and unrest in a country it is
difficult to find persons that want to go there to sell and to install the machines. When this is the case they are using agents that already operates in that market to process the market. This way Norden does not have to send their staff there more than necessary. According to Pehrsson a market that is growing and are stabilizing their economy is a plus for them because then the companies will be able to buy their machines. According to Pehrsson the laws do not affect them that much since they are already CE-marked and there are no other laws that require any certain changes. This means that the machines could be sold in any market. Furthermore, Pehrsson states that both Brexit and Trump have not affected them. Since Norden Machinery is already active on the US market and do not have any real competitor in that market. Furthermore, Pehrsson states that they do not sell that many machines in England except for their big customers and they must buy their product whether they want or not. Their biggest competitor is located Germany. Pehrsson states that it is possible that the new president in the US could affect them since Trump is unpredictable. Pehrsson ends the discussion about external factors to state that Norden Machinery has no strategy to deal with different scenarios that happens abroad since they are impossible to predict. Therefore, they operate and tackle case by case.

Export Performance
According to Pehrsson they analyze their markets by looking on how much they sell, where they sell and to who thay sell. They do not operate by focusing their sales on any market but more by following their biggest customers. Pehrsson states that if one of their biggest customers would decide to start production in India they would sell a machine to them in India. According to Pehrsson they are flexible in this way. Furthermore, when a government offers contribution for factories their customers may enter that market and thus affecting their sales and export performance. Pehrsson states that they have strategies in place to analyze these circumstances when it comes to export performance. For example, India has now implemented tax exemptions in the northern parts of India. According to Pehrsson, the northern part of India is very poor and this tax exemption has made it possible for several multinational companies to start factories there. Perhsson states that this has lead to that the companies need Norden Machinery’s machines quick to reach the deadlines that the tax exemption comes with. This has had a positive effect for their exports and it has affected the entire company. According to Pehrsson they are positively affected when the Swedish krona is weak and negatively affected when there is political instability. Pehrsson states that all it takes is for Trump to start a war in Syria or Iran and it would cause most companies to hold tight to their money and not invest that much. This means that Norden Machinery will not sell any more machines. The most important factor for Norden Machinery’s success in the international market is their commitment to the customers and partners. They are marketing themselves to be a customer-oriented company and that they will help the customers to find technical solutions to their production problems. This is where they as a company feel they have the most competence.
De-internationalization

According to Pehrsson they do not have that much experience of divestment. Although, they have had an experience in the Brazilian market where they were forced to let go of their agents since a new company emerged and hired their own personal. The company that worked as agents for Norden was owned by a family and they had no desire to become employees in this new company. This meant that the new company had no experienced staff and had no connections to the network that was needed to sell products in the Brazilian market. This action was forced upon Norden and if they could decide they wanted the new company to hire the old staff to keep the connections and experience they had. This situation led to a decrease in sales for over two years. Furthermore, Pehrsson states that they have never decided to not sell to a certain market since they go wherever there is someone that wants to buy their product. Pehrsson believes that using de-internationalization as a process could be a positive tool to use. Furthermore, Pehrsson states that it is wise to follow the demand for a product and not try to force the product on to a market. For example, Norden Machinery had to minimize their production in China in the early 2000s. Since the Chinese market has a high level of turnover in personal and after the staff had gained knowledge and experience from a western company them where highly attractive to Chinese companies that could then manufacture copies. This also led to a small increase in the salaries for that personal, therefore Norden decided to stop manufacturing machines and only keep their salesman and service technicians in China.
5 Analysis

In this chapter the analysis will be presented based on our empirical findings connected to the theoretical framework. Similarities and differences between the empirical data and the theory will be compared. The analysis will be divided into the different theoretical concepts starting with internationalization and ending with divestment.

5.1 Internationalization

According to Freeman (2002) a company starts their internationalization process by realizing that it exists and that they can be a part of it. Several SMEs join the international markets via exports as their first step in becoming international. Root (1998) argues that a company has to consider different aspects before deciding which way they should enter an international market. These are both external and internal. The Uppsala Model argues that a company takes certain steps in their internationalization process. Furthermore, Uppsala Model state that stage 2 means that a company exports on a regular basis to international market instead of starting up office and/or production straight away (Johansson and Vahlne, 1990). When we collected our empirical findings, we found that all of the companies export on a regular basis and use agents and distributors as their means of reaching the markets in most cases. Clemondo AB uses both normal agents and distributors. Petersen and Welch (2002) state that it is a lower risk and higher flexibility for a company to use distributor in a foreign market. The reason why Clemondo uses a distributor is because that it contains a lower risk for the company. When using a distributor their name goes on the billing address and therefore, they are responsible if anything is incorrect. Furthermore, Clemondo argues that another advantage is that the distributor is responsible for their own inventory and if they would buy too much of anything it will be up to them to sell of the products. Although, Clemondo argues that by using distributors they are unable to prioritize a product for the market since the control of their sales are at the hands of the distributor. We argue that this can be connected to Petersen and Welch (2002) that states that a company may lose business opportunities in markets because they do not have the close connection that they would have if they had a sales office on the market. However, we argue that Norden Machinery, Yaskawa and Company A all has closer connections since they have salesmen and offices in some of their foreign markets. Meaning that they could therefore more easily prioritize different products on the market than Clemondo can.

The third step of The Uppsala Model states that a company starts with a foreign sales office after a couple of years of exporting to a market (Johanson and Wiedersheim-Paul, 1975). We identify the majority of the companies being in the third step. Company A, Norden Machinery and Yaskawa all has sales department in some of the markets that they are active on. The updated version of The Uppsala Model argues that a closer connection to the market and partners is vital for a company to make sales and to survive on the market (Johanson and Vahlne, 2009). Freeman (2002) argues that a company can make different trials to see what the best fit is for a company. Furthermore, after a trail Freeman (2002) argues that a company goes through the information they gained in their internationalization process and see if they have to
change anything in the future to be more successful. Furthermore, Pan and Tse (2000) states that in the equity mode the company has more control over the market since they are present on the market via salesmen or a local office. We identify Company A as a company that uses the updated Uppsala model and that they did a trial for the market and the information they gained made them change the way they entered the market. Company A tried to use agents in the beginning, but they realized that it was hard to sell their product. Therefore, they started with local salesmen that where closer to the market and the partners.

The fourth and last step of The Uppsala Model states that a company starts with production in the foreign market. This means that a company has committed hard with resources and management to ensure their position on the market. Furthermore, this means that they have a high risk and low flexibility due to the resources that has been committed (Johanson and Vahlne, 1990). We could identify Norden Machinery and Company A as having reached the fourth stage of The Uppsala model. Norden Machinery has recently started manufacturing in Indonesien and Company A also has a manufacturing partner in America. The reason Company A started to manufacture in USA was because they had to meet the customer's requirements about the product being locally produced and that their product is too big to ship over the atlantic. We connect this to the theory about companies gaining market specific knowledge that has to be learned through experience (Johanson and Wiedersheim-Paul, 1975)

We have identified a common trait among the companies that we interviewed, they all started by entering similar markets first and after a while they decided to export to markets with a greater physic distance. This means that Nordströms (1990) theory about skipping a stage and entering a market with a higher physic distance does not apply to any of our companies. We argue that in one way or another all of the companies that were interviewed alter their approach when entering a new market to best fit their customers. One main difference in the companies that we interviewed is that we identify Norden Machinery as a Born Global company since they were international from the beginning due to that they inherited an international network and started to export straight away. The other companies started local and then expanded their sales to the international market. Hollensen (2014) argues that a Born Global company either operates in a way to make themselves unique or sells a product that is unique. We argue that Norden Machinery, Company A and Yaskawa could be identified as Born Global since they operate in highly niched markets. Although, Törnroos (2002) states that a Born Global company does not need to be close to their customers due to the Internet and the availability to sell products online. Therefore, we argue that we can only identify the companies as somewhat Born Globals.
5.2 Macro Environmental Factors

5.2.1 Political Factors

According to Ndungu (2012) the political aspect of external factor is bound to influence a company in their internationalization and even when they are international. Furthermore, Ndungu (2012) argues that the most influential factor is the political aspect. When we collected our empirical data, we saw that our respondents all look at the external factors that could influence them. All respondents mention that the politics influence them when deciding if, how and when they internationalize. Especially Company A is highly dependent on the political factor. Since that in order for them to make a sale, the government has to implement certain policies that make their product attractive for the country and customers. For example, in Sweden their product has several tax releases and to some extent investment support. Therefore, when Company A search for a new market to enter they must consider the political contribution system to see if their project will be viable financially. Ndungu (2012) states that when a new party takes over a government there is bound to be changes in different policies and this creates an uncertainty among companies. This has affected Company A on the US market since Trump took over. For them it would be better if Clinton won and continued down the same path that the Obama administration set in place. Although, Company A has already started their adaptation to the American market with local production and thus has gained momentum and therefore has yet to cause any problems for them. We connect this to Bhides (1996) theory about companies being either proactive or reactive to cope with uncertainty. Furthermore, they did act reactive to the customers since they changed their approach to the market via being a local production company. This lead to Company A being proactive, without their knowledge, to the changes that the Trump administration has implemented. Furthermore, USA still has the contribution system, that Company A is dependent on, in place and therefore the market is still attractive. Yaskawa is also living with the uncertainty of the Trump administration due to the fact that Trump has spoken about increasing the taxes of steel, which will influence Yaskawa. Furthermore, Yaskawa and Norden Machinery states that since no one knows what kind of policies Trump will implement it creates another level of uncertainty for the company and that it could influence them in the future. Neither Yaskawa nor Norden Machinery has implemented any strategy to be proactive in these circumstances since they are impossible to predict. Brexit is another example of governmental change that has affected the companies that we have interviewed in different ways. For example, for Yaskawa it will only create more paperwork, thus making it more time consuming and costly. Furthermore, their sales will not be affected since there are no other robot production companies in England and thus they will continue to sell their product in the same rate as now. Since the laws has not been changed yet in England, Company A does not know how it will affect them, but they do believe that it was not a good outcome for them. Furthermore, there was a contribution system that was on the table of the parliament that was about to be implemented but after Brexit happened the decision of the contribution system was pushed up but was in this April implemented. If the contribution system was not implemented it would have hurt Company A severly. According to us it means that one political decision could
affect a company in many ways and thus creates an uncertainty for companies. According to Ndungu (2012) a company could be heavily affected by changes in the law system because it could mean that a company must change the way of doing business. We argue that this was about to happen for Company A but after a year of uncertainty the contribution system was implemented.

5.2.2 Economical Factors
The fiscal policies that a government implements will affect companies since it regards taxes, customs and interest rates. This will affect how a company could act in different markets (Jankovic et al., 2016). Even though the government implements the fiscal policies it is an economical factor for companies (Ndungu, 2012). Yaskawa states that the customs in different countries is a big external factor for them to consider. For example, in Brazil the taxes are very high for their product. According to Yaskawa they have found a way around this and that would be to produce locally. We see this as a reactive way of working. This is confirmed by Yaskawa that states that they operate by taking it as it comes. Clemondo product is taxed in different ways in different countries but in the EU, it is taxed almost the same. Furthermore, since the EU and Sweden has implemented different taxes it has created an uncertainty for Clemondo. Ndungu (2012) states that a company must consider the exchange rate between currencies when doing business internationally. We argue that this is confirmed by, Clemondo and Company A that argues that the currency rate could easily change now that England has left the EU. For example, according to Clemondo the pounds value will decrease and create a better economical environment for their competitors that produce their product in England. Also, both Clemondo and Company A believes that when the Swedish krona is weak, as it is now, it increases their profit. Therefore, we argue that the currency rate if of high importance, especially to these two companies. Ndungu (2012) states that the inflation rate, income growth, debts and savings level of a country influence how the business environment is viewed. For Norden Machinery it is very important for them that countries is growing financially and have a rather stable economy since this will increase the investment in said country.

5.2.3 Sociological Factors
The sociological aspect of a country is how they view themselves and others. It also concerns, age, gender, which social class the customer belongs to, customs, personality, save money and geography (Ndungu, 2012, Jankovic et al., 2016). These aspects could influence production for some companies depending on the product. This aspect was not highlighted by any of our companies that we interviewed. Although, we link the sociological aspects to Norden Machinery since they produce tube filling machines that fill toothpaste and pharmaceutical products that people buy even if they are saving money since they value these products. Furthermore, Clemondo who sells disinfection substances to the pharmaceutical companies them to can be linked to this aspect according to us.
5.2.4 Technological Factors
In the world there is a constant evolution of technology and this aspect could influence since it could change the demand for a product. Furthermore, it can change how a company produce and distribute their product. The Internet has helped many companies to share their information and knowledge within the company. Also, the Internet has also created the chance for companies to sell their products online (Ndungu, 2012). Furthermore, if a country has developed a high technological standard it could help companies to establish themselves in said market. Among our companies that we interviewed there was one that said that the technological aspect was the aspect that could influence them the most and that was Norden Machinery. Since their product is so advanced, flexible and currently the best machine on the market. Due to this they are very vulnerable to a new technology that would make the tubes that they fill with their machines, obsolete. Norden Machinery states that if this was to happen it would hurt them severely. Therefore, we connect this to the theory that new innovations could led to a change in demand for a product. Since Norden Machinery's machines are so advanced it would mean that a country that has a high technological level would increase their sales. Neither of our other companies mentions the technological aspect but we consider Yaskawa to be dependent on new innovations as well since they sell robotics.

5.2.5 Environmental Factors
The environment influence government and their policies concerning environmental factors and therefore influences companies and their strategies. There are projections that show how the environment influence the economy within a country but since they are set over a long period of time they have a high level of uncertainty (Jankovic et al., 2016, Ndungu, 2012). Since the policies a country implements regarding the environment influence what is allowed to do in a country it influence our companies in different ways. Among our companies there was only one company that stated that it influenced them to any higher extent. Clemondo stated that some of their substances cost more than others due to them being environmentally friendly. Due to them costing more they have to consider which markets are ready to pay extra for these substances. For example, in Sweden it is viewed as something that is worth the extra cost and therefore they can sell those products here but not in Poland where this is not valued in the same way. Any company did not mention the environmental aspect further and we believe this could be due to that their products are already up to date regarding the new laws that have been implemented.

5.2.6 Legal Factors
The different laws that are implemented in a country will affect a company in different ways. If the law requires a change in wages, age discrimination legislation and recycling laws it would influence companies in different ways. These aspects would create higher cost for many companies if they have been conducting their business in a different way before and now has to adopt these changes. Since it is the government that implements the changes, laws are highly linked to the political aspect. Also, in democratic countries
it is the government that has constructed institutions that will uphold these laws. Furthermore, a company must consider how a dispute among different partners will be settled (Ndungu, 2012, Jankovic et al., 2016). Also, laws that protect information and knowledge influence companies as well. Three of our companies said that laws directly affect them, but they are not affected in the same way since their products differentiate. Clemondo that works with chemical substances states that they are highly regulated by laws concerning the REACH regulation since EU implemented this for 15 years ago. Now all of their products that are sold within the EU have to be REACH declared. Furthermore, they now also must label their products in a different way than they did before due to the CLP law. According to Clemondo it is up to ECHA to set up the framework for how these laws should be followed and since they have yet to acquire the right competence for how to do so it has created a high uncertainty for Clemondo. We connect this law changes for chemical substances as how a company is allowed to sell and market their product that Jankovic et al. (2016) states is a possible outcome from changes in laws. In relation to Clemondo, Norden Machinery is not as equally affected by laws since their products are already CE-marked and there are no other laws right now that requires them to make any changes on their products. Meaning that the machines can be sold to any market. We argue that this is as Ndungu (2012) states that the laws have different impacts on different industries and their way of doing business. We argue that the chemical industry is therefore more complex when it comes to laws than the machine industry. Furthermore, as mentioned above, Company A is highly dependent on the contribution system that every government set for themselves. This means that if Company A has support from the laws in a specific country it will be more beneficial to invest in that country. In comparison the contrary could happen, and it did for Norden. They invested in China but after realising that the protection of knowledge was low they decided to divest instead to protect their information. We believe that this is an example of weak laws that should protect companies in foreign markets.

5.3 Export Performance
Export performance is the outcome of a companies export actions. There are both internal and external factors that influence a company’s outcome of exports (Katsikeas et al., 2000). According to Styles and Amber (1994) there are different factors that influence the export, such as management, the market environment, the industry, the product and the companies themselves. Stewart and McAuley (2010) states that the proactive and reactive dimensions of export stimuli are of importance for a company's export. Proactive stimuli like when a company takes advantage of the quality of their product and therefore becomes more successful in their sales. Reactive stimuli happen when internal and external factors force a company to be passive and could lead to divestment or under-utilized capacity. All of the respondents are exporting to some extent, Yaskawa exports 96% of their total production and therefore are highly dependent on exports. Clemondo analyze their exports monthly, quarterly and yearly to see if there has been a growth or not. This analyze contains price levels and how many hours they put in to make the sale and after that they see how much the company made on said sales. Furthermore, they compare what the price levels on the market is and how
the products are valued on the market. For Clemondo the most important factor is how high demand there is on the market for their product. This is according to us connected to the external factors that influence a company and Clemondo does a deep analysis of these factors. Furthermore, for Clemondo it is very important to have a strong home market and clear directives on what they stand for in order to be successful internationally. In other words, we argue that they take advantage of the internal competence and how they view themselves, which is a proactive stimulus (Stewart and McAuley, 2010). Norden Machinery works in a similar way as Clemondo when it comes to analysing their exports. They have certain strategies in place for export analysis. Furthermore, Norden has a view of themselves to have a high-quality product and high flexibility to satisfy their customer’s needs. For example, Norden will follow their customers in to any market to sell their product. According to us this is also a proactive stimulus to ensure they will increase their sales and not lose any customers. We argue that this will create a greater export performance for Norden Machinery. Company A is almost only exporting their product since the demand for the Swedish market has been met. For Company A there are not that many factors that influence their export performance other than external factors such as the contribution system that is implemented in a country and currency rate between countries. According to us this is a typical example of reactive stimuli since they will not sell to a country that has no contribution system. Meaning that if no contribution system would be implemented they would not sell their product and thus become passive. Furthermore, if a country would withdraw their contribution system it would create a decreased foreign market activity for Company A.

5.4 Divestment
According to Hollensen (2017) there are several reasons for a company to divest. One of them is that the profits are to low in the host country or in the foreign market. Another reason is that political changes that causes the market to be unstable and unreliable (Benito, 1996). Further, Benito (1996) continues to argue that the most obvious reason to exit a market is low economic. Clemondo had troubles making a profit in Poland and therefore decided to sell of their subsidiary to the manager and instead sell the product to him and let him run the operations in Poland. When doing so the manager could make a profit and Clemondo would not lose any money. According to Mlody (2016) this could be called a partial withdrawal or a complete withdrawal since they sold of the assets. Although, we argue that it is a partial withdrawal since they still have cooperation with the manager and sell to him instead. Casson (1986) states that timing is important for a company when they decide to divest. If a company decides to divest too early the will have committed an error and if a company did not divest in time they would also have committed and error. Clemondo argues that the right time would be when they could sell for an okey price. Benito (1996) states that economic performance and growth are the main aspects to consider when a company decides to divest. We relate this to Clemondos problems to make a profit in Poland and therefore decided to sell their subsidiary.
Furthermore, Turcan (2011) argues that a company could re-organize in different markets to maintain the structures that they have built up in the market. For Company A this was the case when they had to relocate some of their employees instead of firing them and to be more flexible on the market. Also, Company A believe that it is important for companies to maintain their local’s sales management in order to be close to the customers so that they can respond quickly to changes on the market. For example, there was a German company on the English market that decided to withdraw their sales management but that led to a bad reputation and now they have a hard time to make any sales. This has only led to a stronger belief that it is important to have local presence according to Company A. We argue that this belief is the reason why they have decided to be more flexible and relocate their employees instead of leaving a market. Furthermore, a company that is forcing to divest due to external and internal factors could chose to do a partial withdrawal of a complete withdrawal (Mlody, 2016). 

This happened to Norden Machinery in China where the external factors where new companies that copied their product and internal factors where these new companies stole employees from Norden. Therefore, they decided to stop manufacturing machines and kept their local salesmen and service technicians on the market. We argue that this is a partial withdrawal and furthermore we connect this to the theory about re-organizing that is highlighted by Turcan (2011) since they are still active on the market via their salesmen and technicians. According to Benito (1996) it is more common for companies to divest from countries that have a higher cultural difference from the home country. This is not the case with Yaskawa who decided to do a partial withdrawal form the Danish market. Instead of selling robots with the service system within them they are now only selling “nude” robots. This means that the companies that buy Yaskawas robots in Denmark needs to find another supplier in regards of service systems. Furthermore, when Yaskawa decided to do so they were forced to lay off several employees. None of the companies that we have interviewed has experience a complete withdrawal from any market yet. But we can see from all the cases that they have done a partial withdrawal due to different factors.
6 Conclusion

In this chapter we will present the answers on our research questions that comes from the analysis, which was presented in the previous chapter. This chapter will also include practical and theoretical implications that the thesis has resulted in. To sum up the chapter, limitations and suggestions for future research will be presented.

6.1 Answering the Research Questions

The world is becoming smaller and international companies are coming closer to each other thanks to the internationalization. Since companies today are more internationalized they will be more influenced by external factors in the world. These external factors influence a company in either a positive or negative way (Ndungu, 2012). The changes could happen rapidly or over a long period of time. This means that companies in today’s business environment must be able to adapt to the changes that occur and overcome the obstacles that these changes create. Furthermore, a company must be aware of what the external factors are and how they influence their company and industry (Bhide, 1996). Therefore, the purpose of this thesis has been to answer the following research questions (RQ): What is the impact of external factors on Swedish SMEs when they are internationalized? To develop the answer even further we decided to have a sub questions (SQ): How does Swedish SMEs prepare for the challenges of external factors?

(RQ) The main research questions aims to understand what the external factors are and what effects they have on Swedish SMEs when they are internationalized. The theory of external factors shows that there are several aspects to consider for a Swedish SME. These aspects range from political to environmental factors (Ndungu, 2012). Furthermore, the theory propose that companies has a strategy in place in order to have a better chance to overcome these obstacles (St-Jean et al., 2008).

After conducting our interviews with the companies it is apparent to us that the most influential external factors for Swedish SMEs are the political aspect. All of the interviewees argue that in one way or another they always have to be aware of the changes that occur in a market or country. We argue that this is the case for all of the companies that we interviewed since their answers all led back to the political aspect. Even though there were companies that argued for that legal factors were the most influential factor for them we argue that that also leads back to the political aspect since it is the government who sets the laws. Since the political enviroment is constantly changing and that is was the most important factors for our respondents, we argue that the impact of external factors means that companies always has to act reactively or proactively to these changes. Furthermore, these impacts could lead either to an investment or a divestment for a company. Our respondents have experienced both investment and divestments due to external factors. To conclude this research question we argue that the impact external factors has on Swedish SMEs is that they have to be able to adapt to the changes in the ever changing business environment.
(SQ) To be able to understand how Swedish SMEs adapt to the changes we aimed to explore how they plan to handle the unexpected changes in the business environment. The theory suggests that companies should be proactive to maximize their export performance. Otherwise if a company would use the reactive approach it might lead to less market share and an under-utilized capacity (Stewart and McAuley, 2010). The empirical findings show us that our respondents all act reactive because they argue that they have no way of knowing when and what the changes will be. Although, one company said that they have a strategy in place for handling the legal aspects of external factors. Furthermore, our companies argue that since no change is universal they must act case by case and thus provides us with a stable foundation to base our conclusion on. To conclude this subquestion, we argue that no company has a strategy in place to deal with the changes that external factors bring.

6.2 Theoretical Implications
The research that has been done on external factors before has not been regarding Swedish SMES but rather has been about other countries and their SMEs. Thus we found a research gap for Swedish SMEs and the impact of external factors. Therefore, this thesis aimed to fill this research gap to identify specific factors that influence a company that exports to foreign markets from Sweden. The outcome of this thesis brought companies to the attention that it would be beneficial to have a strategy in place even though it is difficult to predict the future implications of changes in the business environment. If companies would be able to develop a strategy to be proactive in their international markets it would create further opportunities that they would otherwise miss out on.

6.3 Practical Implications and Recommendations
Our empirical findings showed us that it is not a must for companies to have a strategy in place in order to succeed in handling the external factors. However, we argue that the more commitment a company has on a market the more crucial it becomes to have a deeper understanding of the political environment and according to us this creates the need to have a strategy in place. This strategy could be developed in different ways and could consist of the option to divest from a market. Since the respondents have no interest in decreasing their activity on the foreign markets, we recommend that Swedish SMEs are prepared to develop a strategy to be more resistant to the impact of external factors.

6.4 Limitations
Certain limitations have occurred during our thesis that we believe had a level of influence on our findings and our conclusion. One major limitation is that since external factors are ever changing and highly speculative since it involves the political environment. This leads to that our respondents had to be very speculative in their answers to our questions. Meaning that the answers they provided might have had a
different outcome if the political environment would be more consistent. The second limitation that arose for us was that companies are not keen to talk about divestment since the view of divestment is negative. Therefore, their answers regarding divestment might be embellished. Meaning that we might not have received the complete truth. Furthermore, our third limitations is that we were not industry specific meaning that certain aspect that influence one of our respondents might not be influencing the others. This leads to our conclusion being more generalized in regards of international business of multiple industries. The last limitation is that we had few respondents and therefore had to be more general over all when conducting our analysis and conclusion. Furthermore, since we had few respondents it is probable that our outcome is not reflecting the reality of the entire business environment.

6.5 Suggestions for Future Research
For future research regarding external factors and their influence on Swedish SMEs we have identified a few relevant gaps that could help the researchers.

1. To come to a more anchored result we would suggest for future researchers to do have a quantitative approach. This would present the opportunity to have more respondents and thus give more background to the empirical findings.

2. We also suggest that future researchers would include internal factors that influence a Swedish SME that is internationalized. This could prove to have a connection to the impacts of external factors. Previous research in other countries has used both internal and external factors and that would be another way of filling the research gap for Swedish SMEs.

3. If future researchers were to investigate from the perspective of divestment and see why they decreased their foreign market activity. This could prove to be from both external and internal factors or from either or.
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Appendices
Appendix A Interview Questions

General questions regarding the company and the interviewee
1. Do you wish to be anonymous?
2. What is your position in the company?
   2.1 How long have you been with the company?
   2.2 Have you had any other positions in the company?
3. Could you briefly explain what the company does?
   3.2 Are you active on the international market?
   3.3 Which market are you active on?
   3.4 What are your operations on the market?
   3.5 Why did you choose that market?
4. How many employees are you?

Internationalization
5. How did you enter the international market?
   5.1 Why did you choose that entry mode?
   5.2 What are the advantages and disadvantages with this mode?
   5.3 Do you change entry modes depending on which market you enter?
6. Have you adjusted your operations for this market?
7. Do you feel like you had enough information before you entered the market?
   7.1 If not, how come you decided to enter the market any way?

External factors
8. Regarding the external factors that are current on todays market, which influence you the most?
9. Is there any event that has influenced you in any way? How? And why?
   9.1 How did you handle these events?
10. What are your biggest challenges regarding external factors, according to you?
11. How vulnerable are you for external events?
12. Considering Brexit, what are our thoughts on that? Will this influence you in any way?
13. Do your company have a strategy in place in order to deal with external events?
    For example, changes in government and/or laws.

Export performance
14. How do your company evaluate export performances?
15. Which factors influence your export most? Positive and negative.
16. What are the most important factors for analyzing your international success?

De-internationalization
17. Do you have any experience of leaving a market due to external factors?
18. Or just minimize your presence on said market?
19. If this is the case, how did the process develop?
   19.1 Is there any information that you would like to have had before making this decision?
20. How did a de-internationalization help your company?
21. What are your general views on de-internationalization as a tool?
22. Do you believe you could have acted different in order to help your company even more?

Concluding questions
   23. Is there anything you would like to add?
   24. Do you have any question for us?