



**Linnæus University**  
Sweden

## Bachelor Thesis

# Navigating Turbulent Waters

*Exploring SME strategies for internationalization amidst  
Global Bank Crisis*



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## Abstract

The global bank crisis between 2008 and 2013 posed a great threat against many organizations globally, especially towards small-medium enterprises (SMEs), which several researchers have investigated through quantitative studies. However, few studies have explored the strategic decisions made by SMEs regarding internationalization processes and international work during this time, beyond numbers. Based on previous research, this qualitative study aims to examine and provide insights on the impact of the bank crisis on strategies and processes used by Swedish SMEs during the crisis. Through a multiple case study approach, seven semi-structured interviews with Swedish SMEs in different industries were conducted. This was followed by theories, models and frameworks related to internationalization motives and processes, risk management and crisis management. The findings revealed limited information on strategies used by SMEs during the crisis, however, much of the empirical material could be related to and identified in the presented theory. The observed SMEs demonstrated remarkable resilience, exhibiting minimal vulnerability to the crisis – an interesting discovery considering previous research. Moreover, they underscored the significance of maintaining a financial buffer and maintaining a keen awareness of global circumstances, to avoid potential future crises. Additionally, several new aspects of the initial topic emerged during the interviews; transparency, exchange rates, cost management, and business relations, which could be of interest for future research. The thesis explains the impact of the bank crisis on the examined SMEs, delving into the key strategies and processes used to sustain international operations. This research offers valuable insights to both academics and industry professionals on how to navigate turbulent waters as a Swedish SME during a global bank crisis.

## Key words

Internationalization Process, Strategies, Risk Management, Crisis Management, SMEs, Financial crisis, Bank crisis, Resilience



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## Definitions of Recurring Concepts

*Table I. Definitions*

Concept	Definition
Crisis Management	A process with different steps to identify and manage different forms of crisis (Hong et al., 2012)
Financial distress	A condition where a firm cannot generate sufficient revenues, unable to meet financial obligations (Yazdanfar and Öhman, 2020).
Internationalization process	An internationalization process refers to the development of business relations between an organization and its international partners, accompanied by all activities in the process (Hollensen, 2021).
Resilience	The term resilience refers to the ability of organizations to manage, resist and recover from adversities and crises (Ciasullo, 2022)
Risk Management	A process with different steps to identify, assess and prioritize risk (Hollensen, 2021)
Uppsala Internationalization Model	An internationalization model used to study internationalization processes of Swedish firms (Johanson and Vahlne, 2009).

## Abbreviations

*Table II. Abbreviations*

Abbreviation	Definition
GFC	Global Financial Crisis
ISO	International Organization for Standardization
OECD	The Organization for Economic Cooperation and Development
RM	Risk Management
SME	Small Medium Enterprise



# 1 Introduction

*The introductory chapter includes the background of the thesis research topic. Further, the background is followed by a problem discussion which will cover the research gap and managerial issues related to how the internationalization process among SMEs was affected by the bank crisis in the USA between 2008 and 2013. Moreover, the research gap and managerial issues will be linked to key strategies used by firms as well as challenges regarding development of strategies for potential future bank crises. The problem discussion is followed by three research questions and the purpose of the thesis. Lastly, the delimitations of the study will be presented along with the thesis outline to give a clear and concise thesis structure and to summarize the introductory chapter.*

## 1.1 Background

SMEs play a major role in the global economic development, the majority of businesses worldwide are represented by SMEs. Moreover, in Sweden SMEs form a crucial cornerstone with 99,9 percent of all companies represented by SMEs generating almost 90 percent of new job opportunities (Ekonomifakta, 2023). Historically, bank financing is commonly the primary source of funding as SMEs may not have the same access to other forms of financing as larger corporations e.g public equity or corporate bond markets (Ahlgren et al, 2012). Access to financing is challenging for SMEs creation, survival and growth (OECD, n.d.).

Ten years ago the global economy started to witness a gradual stabilization of the great recession that started 2008 with the US bank crisis. The numerous consequences such as high unemployment, fiscal austerity and low or even negative growth became particularly problematic within the European Union (EU) that experienced a double-dip recession (Economicshelp, 2019). Sweden's gross domestic product (GDP) fell from 3,4 percent in 2007 to -4,3 percent in 2009. Further, GDP fell from 6,0



percent in 2010 to -0,6 percent in 2012 (Worldbank, 2007-2013). Since financing is already a challenge for SMEs, financial and economic crises strongly exacerbate impact for firms (OECD, n.d.).

The internationalization of SMEs is continuously increasing, and the world is extensively interconnected. Being a small, open economy as Sweden, financial crises can hit particularly hard considering the country, to a larger extent being dependent on world events, moreover the Global financial crisis (GFC) was no exception. According to Ungku (2022) more than 50 percent of the firms in Sweden experienced access to financing through banks considerably harder during the GFC. During an internationalization process the financial access could be crucial in determining the firm's success (Ungku, 2022).

In March 2023 the world witnessed two bank crashes in the USA, people started to ask ‘‘ is this the start of another financial crisis?’. Even if this time around has not left the same system-wide problem as during the GFC, there can still be nervousness among the people since banks' health-reputation is often contagious. Furthermore, a downturn in the global economy as a lead of banks pulling back willingness to lend as well as regulators toughening up rules can be a possible outcome that already is starting to show (BBC, 2023). During the internationalization process in today's global economy Swedish SMEs could gain from further research in how such crises could affect their internationalization process, further what key factors or strategies such firms could benefit from.

## 1.2 Problem discussion

### 1.2.1 Previous research

There is previous research and several studies on how Swedish SMEs were affected by the bank crisis in the USA between 2008 and 2013. As well,





there is previous research and developed theories on internationalization of SMEs. Yazdanfar and Öhman (2020) discuss determinants of financial distress within Swedish SMEs during unstable macroeconomic circumstances such as a bank crisis. Moreover, they highlight that reasons for financial distress among Swedish SMEs are highly dependent on the macroeconomic environment, as well as the overall health of the company in terms of previous performances and finances. However, Yazdanfar and Öhman (2020) conducted quantitative methods for their research and recommend future research to investigate this topic further, by analyzing firms within other industries and with a qualitative method. When internationalizing and expanding to new markets there are several important aspects for businesses to consider. Kotler et al (2021) highlights the importance of conducting thorough analysis of internal factors of the firm as well as external factors on the market. The internal factors consider the firm itself such as its strengths and weaknesses from different perspectives, while the external factors include opportunities, threats and extent of market risk. Additionally, Hollensen (2020) discusses the importance of developing strong, suitable strategies for internationalization as a SME as well as choosing the most appropriate entry mode.

### **1.2.2 Research gap**

Previous research on the impact of a financial crisis on SMEs have mainly been based on quantitative inquiries where numbers and statistics have been in focus, while underlying factors, explaining *how* and *why* SMEs decide to implement or develop new strategies for internationalization in times of crisis have been overlooked. However, implementation of international business strategies and internationalization processes, as well as risk assessment and crisis management has been widely studied. On the basis of global crisis and its impact on organizations being a highly relevant phenomenon in today's modern world, it should arguably not be an exception in studying the behaviors of SMEs. To address this research gap, the authors argue that more research is needed to understand the behavior of SMEs in times of global



financial crisis, rather than solely analyzing the impact from a financial perspective through quantitative studies, analyzing statistics and numbers. Therefore, motivations for the strategic decisions made by SMEs, as well as risk assessment and crisis management will be explored. As a global crisis is a highly complex phenomenon which can occur quickly and unexpectedly such as the global Covid-19 pandemic or being evolved over time such as the global financial crisis in 2008, its complexity makes it interesting for studying the behavior and strategic decisions made by SMEs.

### 1.3 Research Questions

Based on previous research and the research gap, the following three research questions have been developed by the authors:

*“How was the internationalization process and international work of Swedish SMEs affected by the global bank crisis between 2008 and 2013?”*

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*“What key strategies have the Swedish SMEs used to manage its business operation during the bank crisis?”*

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*“What key strategies do SMEs use today to avoid being impacted in a potential future crisis?”*

### 1.4 Purpose

This thesis aims to gain knowledge and an understanding of how the bank crisis in the USA between 2008-2013 have impacted the internationalization process of Swedish SMEs. Additionally, it intends to provide an understanding of where Swedish internationalized SMEs stand concerning



the current bank crash of American Signature Bank and Silicon Valley Bank. Through investigation and analysis of how SMEs were affected previously as well as how they plan for future difficult macroeconomic circumstances, the authors will be able to draw conclusions on key strategies used by SMEs, how SMEs have been affected and determine what strategies have shown to be successful and which have not. As these aspects have not previously been researched in depth, this thesis will be conducted in an exploratory manner. In turn, the thesis will provide Swedish SMEs that are already operating internationally or about to internationalize with insights on how to develop successful strategies and manage their business and processes in times of international financial uncertainty.

## 1.5 Delimitations

This study examines the impact of bank crises on internationalization processes of Swedish SMEs, as well as key strategies implemented and utilized by the firms. Further, the study is limited to seven Swedish SMEs within different industries. As a result, the empirical findings will be solely based on information from a Swedish perspective, which have to be taken into consideration as cultural aspects impact crisis management. Moreover, as the US subprime-crisis previously mentioned impacted the global economy negatively, many firms and industries world wide were affected. Thus, besides the cultural aspect, the limitation of industries must also be considered as firms within different industries may respond differently to financial crises.

## 1.6 Thesis Outline

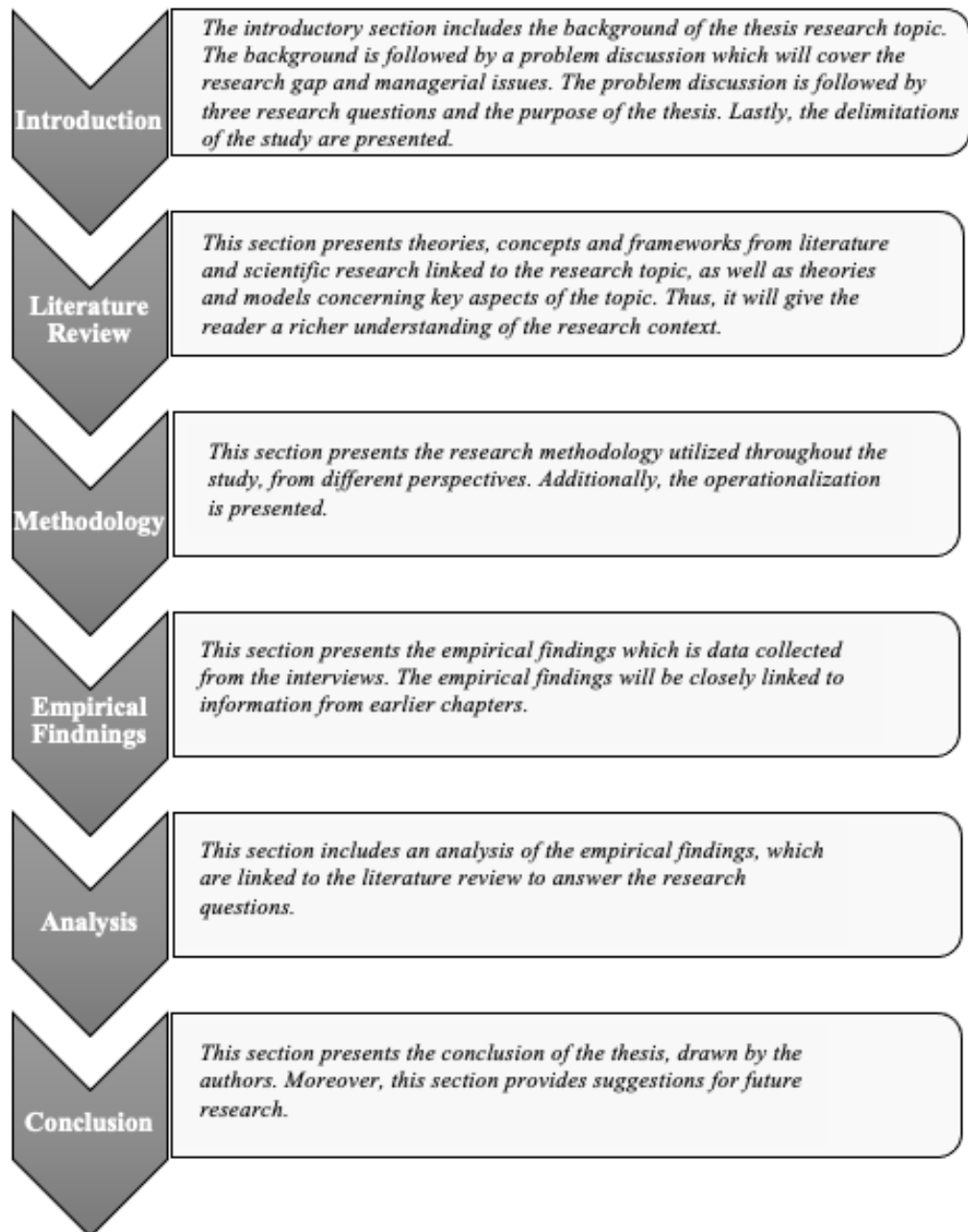


Figure 1.6 Thesis Outline, created by Olson and Flink, 2023



## 2 Literature review

*The following chapter presents theories, concepts and frameworks from literature and scientific research linked to the research topic. More specifically, this chapter will describe the motives, processes and theories of internationalization, risk assessment, crisis management as well as different theories and models concerning the key aspects of the topic and thesis. Moreover, a definition of the term “resilience” will be provided. Thus, this chapter will be the basis for the analysis provided in chapter 5.*

### 2.1 Internationalization process

An internationalization process refers to the development of business relations between an organization and its international partners, accompanied by all activities in the process. These activities come in various forms such as research and development (R&D), production, selling, import and export. Further, the internationalization process includes different stages and is developed and managed differently depending on different factors such as size of the firm, international experience and knowledge (Hollensen, 2020).

#### **Resilience**

The term resilience refers to the ability of organizations to manage, resist and recover from adversities and crises. An organization with high resilience implies that they possess inherent potential to conquer these types of difficulties, while organizations with low resilience are more vulnerable towards adversities and crises (Ciasullo, 2022).

#### **2.1.1 Pre-internationalization and motives**

There are several influential factors determining the fundamental reasons for internationalization among SMEs. Commonly, the aim of internationalization among firms is to generate higher profit. However, research suggests that this is not exclusively the motive for a firm to operate abroad. Hollensen (2020)

presents the major motives for internationalization from two different perspectives; proactive motives and reactive motives. These motives are summarized in Table 2.2. Moreover, Hirsch (2009) and Benito (2015) discuss motives for internationalization of firms from four different perspectives developed by John H. Dunning in 1993; market seeking, efficiency seeking, resource seeking and strategic asset-seeking. These strategies are summarized in Table 2.1.

Market-seeking	Efficiency-seeking	Resource-seeking	Strategic asset-seeking
Firms aim to internationalize to find new customers	Firms aim to lower the cost associated with performing economic activities or with the aim of rationalizing their already existing operations in different locations	Firms aim to internationalize to access new resources to a lower cost or that does not exist on the home market	Firms aim to internationalize to obtain strategic assets, which may be critical to their long-term strategy but that are not available at home

*Table 2.1 Main motives for Internationalization (Hollensen, 2021), created by Olson and Flink, 2023*

### Proactive and Reactive motives

The *proactive motives* comprise the main incentives to explore new competences abroad, change the firm's strategies and find opportunities in new markets. In contrary, the *reactive motives* refers to the reaction to threats and competitive pressure in the markets where the firm operates, including the firm's home market. The table below has, for some parts, been revised by the authors to its original content to align with the purpose of this study.

Proactive motives	Reactive motives
Profit and growth goals Managerial urge Technology competence/unique product Foreign market opportunities/market information Economies of scale	Competitive pressure Domestic market: small and saturated Overproduction/excess capacity

*Table 2.2 Proactive and Reactive motives for internationalization (Hollensen, 2021), edited by Olson and Flink, 2023*



In comparison to larger firms with extensive international knowledge, competencies and assets that can simultaneously manage international activities in various markets, the desire for *short-term profit* and *growth* are particularly relevant and important as a SME. Whether the initial motive for internationalization of a SME is to gain profit or to grow, these motives go hand in hand. Through successful expansion to international markets, SMEs can take advantage of lower costs of production, reaching new customers, selling more and in turn both gain profit and growth (Hollensen, 2020).

Managers and entrepreneurs are commonly desiring its firm to operate internationally. This motivation is explained as the *managerial urge* within a firm. Usually, SMEs have a single decision maker within their organization. Therefore, the managers' international market knowledge regarding opportunities, risks and threats, as well as competence, perception of international markets, *technology competence*, are all of great importance and dependent for international success. If obtaining these abilities, these are strong motives for internationalization. Moreover, reaching *economies of scale* is another motive for SMEs going global. Through international activities such as export, the firm may increase its output and in turn reach economies of scale (Hollensen, 2020).

Many firms within the same industry often face *competitive pressure*, especially firms wanting to internationalize contra firms already operating internationally. In turn, the competitive pressure acts as another motive for internationalization and for the firm to reach competitiveness. The home market being *small and/or saturated* regarding market share or sales volume, have the same motivating effect for internationalization of firms. Sometimes firms experience lower sales than expected, making products for inventory increase. As a result, this leads to many firms desiring export to domestic markets, making *overproduction/excess capacity* another internationalization motivation (Hollensen, 2020).



## 2.2 Barriers and risks hindering internationalization initiation

Hollensen (2020) emphasize some main barriers and risks for internationalization initiation:

*“Insufficient finances”*

*“Insufficient market knowledge”*

*“Lack of capital to finance expansion into foreign markets”*

*“Lack of productive capacity to dedicate to foreign markets”*

*“Lack of foreign channels of distribution”*

*“Management emphasis on developing domestic markets”*

*“Cost escalation due to high export manufacturing, distribution and financing expenditures.”*

Hollensen (2020).

These risk factors and barriers are also emphasized in other earlier research, where SMEs have been closely studied to identify key risks for internationalization processes of SMEs. Kubíčková and Toulová (2013) describes some risks in their study, aligning with those expressed by Hollensen (2020):

*“Need to improve quality and maintain price level. Excessive costs of transporting the goods to a foreign market.”*

*“Difficulty in finding foreign business opportunities. Lack of staff (inadequately trained staff) to enter the foreign market”*

*“Lack of financial support”*





*“Lack of information for foreign market analysis.”*

Kubíčková and Toulová (2013).

## 2.3 The Uppsala Internationalization Model

Influenced by Aharoni's study in 1966, the Uppsala internationalization model was developed in the 1970's by a few Swedish researchers. To the authors' best knowledge, this internationalization model is relevant for the study as it emphasizes the internationalization processes and strategic entry choices among Swedish firms. What specifically identifies the Uppsala model is the firm's initial choices of markets to enter, which have shown to be geographically close markets before successively entering markets further from the home market through sporadic exports. Moreover, the model describes the level of market commitment obtained by firms and the international involvement, as well as the amount of resources committed (Johanson and Vahlne, 2009;Hollensen, 2020). Johanson and Wiedersheim-Paul (1975) presents four different stages related to the internationalization process of a firm; these stages are presented in Table 2.3.

Degree of commitment/involvement	Stages 1-4
Lowest	1 No regular export activities/sporadic export
Low	2 Export via independent representatives/export modes
High	3 Establishment of a foreign sales subsidiary
Highest	4 Foreign production/manufacturing units

*Table 2.3 Stages of internationalization (Johanson and Wiedersheim-Paul, 1975), created by Olson and Flink, 2023*

Research has shown that SMEs usually initiate their internationalization process through sporadic export and choosing to enter new international markets relatively close to the home market, instead of, for instance, establishing foreign sales subsidiaries, which is more applicable for larger firms as an initiation for internationalization (Ojala, 2008). Moreover, it has been discovered that the network relationships between SMEs and its



international partners are highly valuable and of great importance in determination and implementation of a certain entry mode (Johanson and Mattson, 1995).

## 2.4 Risk management

Financial crises are a diffuse area for researchers where the problem definition is substandard (Malz, 2011). Moreover, crises are often unexpected and sudden which makes it especially difficult for SMEs since they tend to take higher risk depending on the circumstances. Furthermore, entrepreneurs tend to take higher risks when not being transparent with information and might ignore important facts in their decision-making process (Hollensen, 2020). Risk management (RM) helps firms to identify and assess risks to take actions to minimize and control those risks that are threatening for the firm's capital and earnings (Tucci, 2023). Still many firms, especially SMEs lack knowledge and resources to apply a long-term tool for risk management, tools that large firms use for managing risks are usually too expensive or too complex and therefore not suitable for SMEs. Since SMEs commonly have less access to resources and are less diverse in economic activities, thus weaker financial structure, their vulnerability in times of financial crisis and bank crashes can be threatened (OECD, 2009., Ferreira de Araújo Lima et al, 2020).

The risk management process describes the steps organizations take to identify, assess and prioritize risks, and to determine the appropriate actions to manage or mitigate those risks. The “International Organisation for Standardisation” (ISO) is a global, non-governmental and independent organization that develops standardization processes and guidelines for companies to ensure and improve safety, quality and efficiency within corporate systems (ISO, 2023). ISO 31000 (2018) provides generic guidelines and principles for managing risks while the requirements for



“risk-based thinking” as a compulsory part of total quality management is ISO 9001 (2015) (Ferreira de Araújo Lima et al, 2020).

The risk management process typically involves four main phases that starts with a context analysis to defining the objectives of the risk management process that correspond with the organization's strategic goals, additionally identifying resources needed to apply RM:

- Risk identification  
*Identifying and describing the possible risks*
- Risk evaluation  
*This phase helps the organization to prioritize in which order to address the risks by determining the probability and consequences faced of the identified risks*
- Risk treatment  
*How to respond to both acceptable risks and non-acceptable risks in terms of reduced occurrence or consequences and impact*
- Monitoring and review  
*Observe the outcome of both occurrence of risks and the treatment to them*

Finally, transparency, the stakeholders should be involved via communication and consultation about the process that has been conducted. There are various ways to identify, evaluate and treat risks, for SMEs the process is commonly less implemented yet so important for growth and long-term survival (Bird, 2016, Ferreira de Araújo Lima et al, 2020).

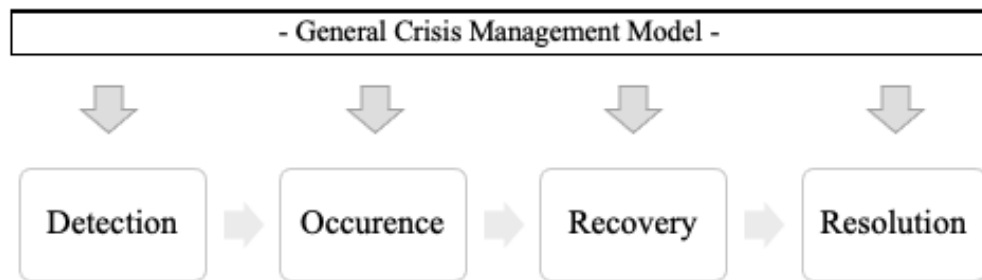
## 2.5 Crisis management in Small- and Medium Enterprises

Previous research involving crisis management can be found in various orientations and characteristics, however, most tend to focus on the context



of large firms (Hong et al, 2012). During the banking crisis and the global financial crisis, SMEs were especially hard hit, furthermore, OECD (2009) pointed out that SMEs have traditional challenges compared to large firms even in “normal times”, such circumstances further amplify their vulnerability during periods of crisis.

Crisis management can be formed and organized after various organizations and conditions, further, crises can appear in different forms, therefore organizations need to focus on the types of crises that may occur for them to handle. Previous research has provided different models and frameworks for organizations to adapt. Pearson and Clair (1998) was one of the first to develop comprehensive crisis definitions in “Reframing Crisis Management.” Their concept undermines the unpredictability of organizational crises where the causes are unknown as well as the possible effects. Continuously they argue about the importance of effective crisis management and proactive measurements. A crisis can affect the organization negatively, however Pearson and Clair (1998) highlight the aftermath as a learning process for future development when crises occur. Other crisis management models have been conducted with different specific aspects, both Mitroff’s (1994) ‘5-stage crisis management model’ and Fink’s (1986) ‘four-stage crisis model’ are well-known models in crisis management. However, Hong et al., (2012) argues that there is still no clear view of how SMEs behave in complex crisis situations. Therefore they combined the models to create the ‘General crisis management model’ containing four steps. The model is presented in Figure 2.1.



*Figure 2.1 General Crisis Management Model (Mitroff, 1994; Fink, 1986), created by Olson and Flink, 2023*

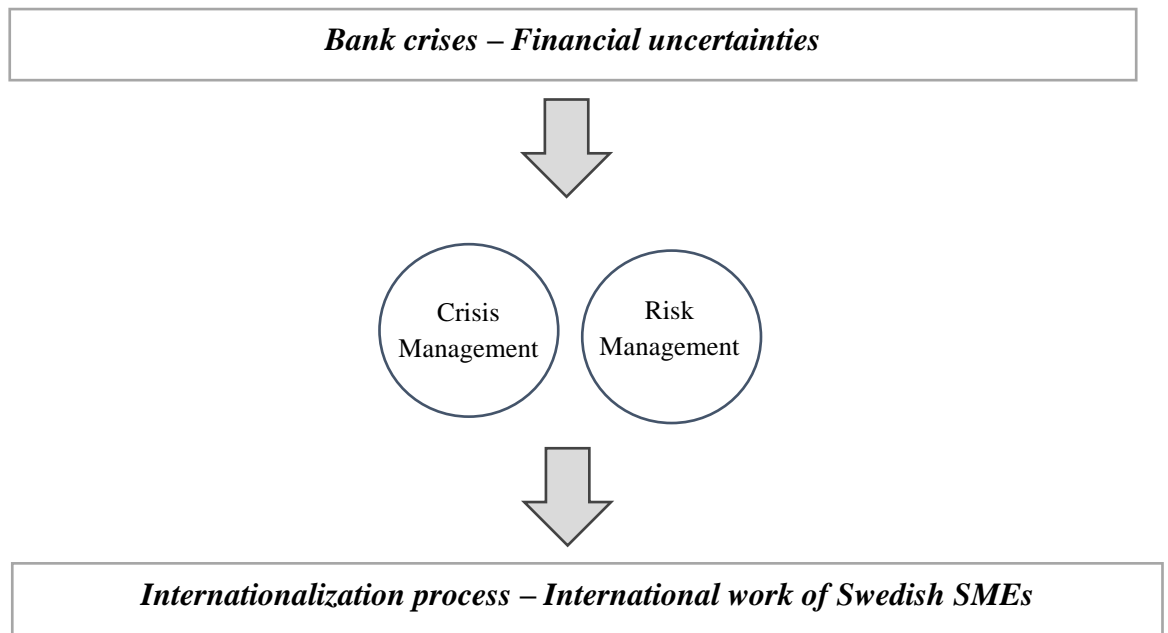
In the early stage the management should detect warning signals for potential crises which enables the organization to allocate resources and coordinate responsive actions and strategies. Moving over to the Occurrence phase where the crisis is actually happening, further causes damage to the firm. To minimize the impact the firm needs to target relevant responses to the crisis. In the recovery stage the firm needs to ensure strategies to gain back their normal business activities and functional capabilities. Finally, the crisis management activities are being reviewed (Hong et al., 2012).

To gain in-depth understanding in SMEs experiences and knowledge of the past financial crisis can help SMEs in future uncertain times, additionally to gain insight in Crisis management strategies and processes implemented during and after the crisis. In this study the authors will use business professionals to gain authentic insight in organization's crisis management in the perspective of SMEs internationalization process.

## 2.6 Theoretical Synthesis

There are two main cornerstones described in the literature review: *The Bank crisis* effect on the *Internationalization process and work of Swedish SMEs*. Further, the literature review describes risk- and crisis management as a tool for mitigating those effects, this research aims to allocate strategies SMEs are using to 'navigate

turbulent waters' in times of bank crisis. The model summarizes and presents a theoretical perspective on how the bank crisis leads to and affects crisis and risk management within the firm, and in turn how decisions and strategies the internationalization processes and international work of Swedish SMEs.



*Figure 2.6 Theoretical Synthesis, created by Olson and Flink, 2023*

### 3 Methodology

*This section presents different methodological approaches, methods and designs used when conducting research. Further, it provides a thorough analysis of the methodology conducted and utilized for this thesis, along with discussion and arguments on the chosen methodology in different aspects. Firstly, the research approach is presented, followed by the research method and research design. Secondly, the data collection is discussed, followed by the quality of the research, operationalization and method of data analysis. Lastly, ethics and the author's contribution will close this chapter.*



### 3.1 An abductive research approach

It is crucial to select the appropriate research approach before conducting a study, there are three main approaches to choose from. The selected approach should be adapted and utilized throughout the study to ensure the validity and reliability of the research findings. The three different approaches are; Inductive, Abductive and Deductive. Since this research aims to investigate how the internationalization process of Swedish SMEs was affected by the US bank crisis, analysis of key strategies for future advancement and exploring the behaviors of SMEs, the authors need real world cases to find themes and patterns within international SMEs. Therefore, this study has been developed through an abductive process, and collection of empirical data and theory has been done simultaneously to investigate the behavior, strategies and processes of SMEs, to generate theory and create a conceptual framework (Saunders et al., 2019).

### 3.2 A qualitative research method

Once the suitable research approach is selected, the study can be conducted using either a quantitative or a qualitative method. The difference between the methodologies is that the quantitative method relies on numerical data to examine relationships between variables. In contrast, qualitative research relies on non-numerical data collection using interviews and other observation methods. The interviews can be conducted in different ways in order to gain deeper understanding in the research question by using structured, semi-structured or unstructured interviews.

Following an abductive approach, this study has further been conducted through a qualitative method. To gain deeper insights and understanding, as well as a richer theoretical perspective of decision processes and key strategies of SMEs, semi-structured interviews have been done. To guide the interviews and interviewees, the interview guideline (Appendix 8.2) followed a predetermined structure and was divided into different categories/concepts



with related interview questions. The first concept was initiating questions, followed by business operations, bank crisis, internationalization process, risk management and crisis management (further explained in table 3.6). This method allowed both the authors and interviewees to engage unobstructedly and follow up questions could be asked, depending on what questions or answers required more explanation or clarification (further explained in 3.4.2 conducting interviews).

### **3.2.1 A study based on Interpretivism**

From a managerial perspective, SMEs are known for having solely one decision maker within the firm, such as the CEO or manager for a specific department of the company. Therefore, decisions made by SMEs are much controlled by these individuals, their perception of reality and the world around them. The impact of a financial crisis on SMEs, their behavior in such a situation, strategic decision making processes and internationalization processes constitute the epistemological considerations of this research. Through subjective interpretation of collected empirical data and theory, the authors could investigate subjective meanings of the topic, behaviors and perceptions of the interviewees related to the topic, as well as focusing on specific details of a situation and the reality behind the details. To also gain a deeper understanding from each individual's and each company's perspective, this study is therefore based on interpretivism (Saunders et al., 2019).

## **3.3 Research Design**

Selection of research design is highly important and a vital part of the thesis, as it provides the researchers a plan and framework on how to collect and analyze data to answer the presented research questions. Thus, the specific research topic plays a key role and the research design needs to be selected on that basis (Saunders et al., 2019). In this study, several interviews have been done during a short period of time. Therefore, this study is conducted





through a cross-sectional research design, which enabled the authors to compare themes and patterns between the interviewees, to also give several perspectives on the topic which is essential for the study.

### **3.3.1 Case study**

Saunders et al., (2019) defines a case study as a strategy to understand the research context in depth as well as to allow the researchers to understand “why”, “what” and “how”. Further, the case study gives a wide, insightful explanation of the research context from a real life perspective, as well as in-depth empirical description on the impact of a given situation. Saunders et al., (2019) highlights two different case study strategies; single case and multiple cases. As this study aims to investigate the impact of a financial crisis, as well as successful and less successful strategies used by SMEs, the study has been conducted through a multiple case study. This allows the authors to find commonalities and differences between the cases and gain deeper insights to the real-life context, which necessitates the authors’ understanding of the empirical findings to further provide analysis and result.

### **3.3.2 Purposive sampling**

To answer the research questions of this study, purposive sampling was chosen as the most appropriate strategy when deciding on cases. The authors purposely chose to study Swedish international SMEs, as they constitute the majority of businesses world wide (Appendix 8.1), making them interesting for the thesis topic. However, the authors selected SMEs within different industries, to get various perspectives on the topic and to explore similarities and differences of strategy and decision making processes within different industries. Thus, the sampling could be considered heterogeneous from this perspective (Saunders et al., 2019). With the purpose of the study in mind, the combined purposive sampling was arguably the most suitable for the study and to best answer the research questions.

The following criterias were established before selecting the cases:



- *The company need to be a Swedish SME*
- *The company has been operative since at latest 2008*
- *The company is international*
- *The respondent has been working within the company since 2008 or possess similar insight in the business operations during that time*
- *The respondent has a leading position at the company with insight in the firm's strategies and economic activities*

### **3.3.3 The cases**

#### ***Liljas personbilar - Oscar Cullberg***

Respondent 1 represents Liljas personbilar, Liljas established in 1928, making them one of the oldest car dealer firms in Sweden. Moreover, Liljas provides high quality services towards their customers, including car leasing, car purchasing, service and repair. From an international perspective, Liljas use sporadic export whenever it is profitable for the firm, due to external circumstances such as a fluctuating exchange rate. The company has 237 employees. Mr. Cullberg operates as CEO of the firm.

#### ***SME based in South of Sweden - CEO***

Upon request of Respondent 2, this interview is anonymous from the individual's and the firm's side. This company works mainly in business-to-business and operates internationally. The company offers industrial systems and solutions for machinery. The respondent is the CEO of the firm, and the firm has 247 employees.

#### ***SME based in South of Sweden - Purchasing Director***

Upon request of Respondent 3, this interview is anonymous from the individual's and firm's side. This company is a Swedish SME that works worldwide with international customers and suppliers. The company offers solutions for machines, cars and other industrial components where different materials and solutions are needed. The respondent is the Purchasing



Director of the firm, and the firm has 253 employees.

***Burde Publishing - Marc Burde***

Respondent 4 represents the market leader company in calendars in the Nordic countries with its own design department, product development and production. Besides nordic countries they work with resellers around Europe and the USA. The company has 54 employees. Mr. Burde operates as CEO and partner of the company.

***Bern's Brands - Sofie Bern & Peter Malm***

Respondent 5 is a Swedish clothing wholesale company working with resellers throughout Sweden and Finland as well as suppliers in Asia and Europe. The company has six employees. Ms. Bern and Mr. Malm are both part owners, Mr. Malm operates as CEO of the company while Ms. Bern operates as head of the purchase department.

***SME based in Växjö - Anonymous***

Respondent 6 requests of being anonymous from both the individual and the firm's side. The company mainly imports from suppliers in Asia and works with resellers in the Nordics. The company has six employees. The respondent is the founder of the company.

***SME based in Stockholm - CFO***

Respondent 7 requests of being anonymous from both the individual and the firm's side. The company delivers products within beauty. Internationally they do drop-shipping from their Asian supplier network containing over 100 factories moreover, they export globally. The company has 21 employees. Respondent 7 operates as CFO of the company.



## 3.4 Data collection

### 3.4.1 Primary and secondary data collection

There are various tools for collecting necessary and valid data for the authors to apply in order to answer the research questions. The tools can vary depending on the research method, when using a qualitative method those could be; *Interviews, group interviews, observations, peer-reviewed journals, articles et cetera* (Saunders et al, 2019). Depending on the type of source, the data is divided into primary and secondary data.

Primary data - *Gathered from the authors without the source being manipulated or proceeded. Usually time consuming, e.g., Interviews and observations.*

Secondary data - *Data gathered from another source than the authors themselves e.g., journals and books (Ajayi, 2017). Less time consuming, thus lower accuracy and liability.*

This study includes a combination of primary and secondary data. To obtain primary data, the authors have conducted interviews. Additionally, supplemented the findings with secondary data from sources such as peer-reviewed journals, books, websites and government publications. The secondary data will be thoroughly assessed to ensure its reliability, utilizing it selectively to compare with the research findings (Saunders et al., 2009). Since the researchers strive to investigate a new relationship through an abductive approach, the use of combined data collection including both empirical data and theoretical models can be beneficial (Osman et al, 2018).

### 3.4.2 Conducting interviews

To gain an in-depth understanding and overview of the underlying factors contributing to SMEs internationalization process, risk- and crisis



management during a bank crisis, the majority of the data will be conducted through interviews. This gives the authors the flexibility to adapt the conversation and discussion after each case to gain more understanding and information. There are three main structures to adapt when conducting interviews; Structured, semi-structured and unstructured (Yin, 2016).

In this research semi-structured interviews will be conducted, this gives the authors the possibility to structure the interview questions according to the field of study while leaving the answers unstructured and open for discussion, further this will give the authors different types of information to compare. However, the structured interview guide ensures that correct data is being collected for the authors to examine the research question by identifying themes and patterns within the similarities and differences in the collected data. Seven interviews were conducted, see details in table '3.4'.

Respondent	Role	Company	Time	Date	Place
R1	Oscar Cullberg - CEO	Liljas	23:30	May 4 <sup>th</sup> 2023	Face-to-face
R2	Anonymous - CEO	Swedish SME		May 17 <sup>th</sup> 2023	E-mail
R3	Anonymous - Purchasing Manager	Swedish SME	24:59	May 11 <sup>th</sup> 2023	Teams online meeting
R4	Marc Burde - CEO and Partner	Burde Publishing	25:49	May 15 <sup>th</sup> 2023	Face-to-face
R5	Sofie Bern and Peter Malm - Purchasing Manager and CEO	Bern's Brands	25:46	May 11 <sup>th</sup> 2023	Face-to-face
R6	Anonymous - Founder	Swedish SME	29:36	May 11 <sup>th</sup> 2023	Face-to-face
R7	Anonymous - CFO	Swedish SME	33:06	May 16 <sup>th</sup> 2023	Teams online meeting

*Table 3.4 Interview Information, created by Olson and Flink, 2023*

### **3.4.3 Data overview**

To identify the research gap moreover to build a foundation for the literature review, the authors collected 22 Scientific articles with the keywords; *SME*,



*internationalization process, risk management, crisis management and financial crisis*. Additionally, 3 books and 10 websites lay the foundation for the background and literature review. The authors conducted the data collection according to the subject matter therefore no specific date or language were limiting the collection of data. However, the majority of the collected data were published after 2008-2013, a time frame chosen to ensure the relevance and validity of information considering the financial crisis.

### 3.5 Method of data analysis

The concept of *thematic analysis* allows the authors to analyze the data through a flexible and accessible process that includes several steps to facilitate a comprehensive understanding of the data. Initially, the authors thoroughly read the transcripts to become acquainted with the data and content. Subsequently, they combine related data to gain a holistic view of the information shared by the researcher participants, further, to enable identification of key themes and patterns through analyzing the empirical findings. Finally, the research group reviews, refine and validate the themes (Saunders et al. 2019).

This research applies with an abductive approach, therefore the authors will incorporate insights from literature review when analyzing the empirical findings. To enhance the comprehensibility of the collected data, the authors will adopt the recommendation put forth by Saunders and Lewis (2019), which suggests the use of concise bullet points when summarizing extensive elaborations. Each author will analyze the empirical findings before conducting analysis in the research group to ensure a holistic understanding with separate conclusions and findings to discuss and compare in group.



### 3.6 Operationalization

Concept	Questions	Reasoning
Initiating question	1-3	<i>Questions regarding ethical considerations and anonymity</i>
Business operations	4-6	<i>To gain a general understanding of the respondent's role at the company and the case companies' international business</i>
Bank crisis	7-9	<i>To understand the interviewees experiences from the financial crisis and its impact on the organization in terms of international business</i>
Internationalization process	10-13	<i>Questions regarding the organization's internationalization process to further gain understanding of their strategies. This section will be related back to the bank crisis discussions.</i>
Risk management	14-17	<i>The interviewees will be asked questions regarding the organization's strategic risk management. This section will be related back to the bank crisis discussions.</i>
Crisis management	18-19	<i>Questions regarding the organization's strategic crisis management. This section will be related back to the bank crisis discussions.</i>

Table 3.6 Operationalization, created by Olson and Flink, 2023



### 3.7 Quality of research

The quality of research is supported through two perspectives; Reliability and Validity (Saunders et al, 2019). Whittemore et al (2001) analyzed 13 studies regarding validation to conduct four key validation criterias;

- Credibility; *If the results are an accurate interpretation of the participants' meaning*
- Authenticity; *If different voices are heard*
- Criticality; *If there is a critical appraisal of all aspects of the research*
- Integrity; *If the investigators are self-critical*

Creswell & Poth (2013) highlight the importance of validity in qualitative research, they argue that the validation aims to assess the accuracy of the research findings as conveyed by the researcher, participants and readers. The author's analysis should accurately reflect the reality being examined through the research process, validity is a measurement of that accuracy (Yin, 2016). Reliability refers to the stability and consistency of the research, the same result can be archived under the same circumstances, the measurement is considered reliable (Saunders et al, 2019). To ensure validity and reliability in this research the authors will carefully select the similarities and differences of the data collected from interviews being conducted through an semi-structured interview guideline to ensure the reliability and validity through similarity findings of the different voices being heard in the research questions. The authors will be self-critical to outclose any bias in the study.





### 3.8 Ethical Considerations and Implications

With the aim of communicating validity and truth, each interviewee was informed about the purpose of the study, prior to the interviews. Further, they were also well informed about the possibility to remain anonymous, both as individuals and the company itself. The aim of the interviews was also, from the authors' perspective, to conduct semi-structured interviews, creating an open and safe environment, allowing the interviewees to share their experiences and knowledge and to engage unobstructedly. Moreover, the authors communicated, prior to the interview, as well as during the initial discussion of the interview, that any recordings agreed upon would be deleted after finalizing the research study. To improve the readability of the study, each interviewee are referred to as respondents (R#), with numbers ranging from 1 to 7, see table '3.4'.

### 3.9 Contribution of the authors

This thesis has been conducted by two authors, where the work has been equally divided between them. Due to a restricted time limit, the work had to be divided, however, all material has been carefully decided upon, studied and edited by both authors to ensure cooperation and to strengthen comprehension of the content towards the reader. Hence, both authors share equal accountability for the content presented in this study.

## 4 Empirical findings

*This section introduces the key empirical findings collected from the interviews. The following headlines relate to the presented research questions and context in the theoretical review. Specifically, the key empirical findings are related to the bank crisis between 2008 and 2013, internationalization processes of Swedish SMEs, risk and crisis management and exchange rate. As these subjects are much related to each other, the authors decided to divide the empirical findings into two different parts and*



*headlines; Bank Crisis, Internationalization process and Motives as the first headline, and Risk and Crisis Management as the second headline.*

*Following an abductive approach and an interpretivist philosophy, this sectioning necessitates for comparison between the respondents and comprehension of the context.*

## **4.1 Bank crisis, internationalization process and motives**

The internationalization process and international work of SMEs can look different depending on size of the SME, which varies between 1 to 250 employees, and also depending on knowledge, skills and industry where the firm operates. Moreover, the exchange rate and currency value are dependent factors, impacting the internationalization process, motives and choice of entry mode.

A recurring theme in the interviews is the importance of considering the currency exchange rate when internationalizing the firm, whether it is in regards to exporting, importing, R&D, selling or producing. R1 works for the Swedish car dealer “Liljas”, which has sporadic export, much depending on the currency value of the Swedish krona. During the interview, R1 stated that exporting is not a main focus within the firm, however, they still export internationally when the Swedish krona is undervalued against other currencies, to increase revenue. Further, several respondents mentioned that the bank crisis between 2008-2013 did not only impact the companies negatively, but they could also benefit from the situation. R1 emphasized that the bank crisis impacted the firm and the industry in general a lot, both positively and negatively. During the bank crisis, the Swedish krona was low, which Liljas benefited from through export. R4 and R7 stated that due to the firm’s relatively inexpensive products, the demand for the products did not decrease which in turn did not have a negative impact on sales and revenue.



R3 works for a Swedish international SME, which has both export and import. The firm imports raw materials for production from different parts of Sweden and countries around Europe due to short distance delivery and cultural similarities, to increase efficiency and lower costs. Moreover, the firm exports exclusively to international customers in various countries within Asia, USA and Europe. Initially, the motive for internationalization of the firm was mainly the international demand for the firms' products as well as the managerial urge to operate internationally. R3 stated during the interview that the bank crisis affected the firm negatively in several aspects. Due to large investments abroad, the firm was losing money and were forced to make tough decisions whether to proceed or not.

To highlight that international investments come with high risk, especially in a bank crisis, R3 stated: "The result of the bank crisis put a brake on the firm as a whole during the summer of 2008. In spring of 2008, we had just begun a massive international investment of 100 million Swedish kronor, and when the market so to say disappeared we were put in a complicated situation. It was not critical for the survival of the firm, however, it was critical to finance all different parts of the operation. We had to extend terms of payment towards suppliers, and cut them down towards our customers. Although, it took us less than a year to get back to normal circumstances, thanks to our after sales". Further, R3 explained that today the firm has most of its revenue in Asia and the USA, which would put them in a difficult situation if the current bank crashes in the USA were to develop into a global crisis. Moreover, R3 emphasized that even though it is difficult to plan for an external crisis, the firms' finances and assets are a crucial part for survival. R3 conveyed that their key strategy to avoid being impacted is to always have a buffer, in case an unexpected event occurs. The majority of the respondents agreed upon this statement. Most respondents also agreed upon the fact that currency values and exchange rates are important factors to consider when making decisions on strategies for internationalization.



Another common denominator between the respondents is the motives for internationalization, where most respondents emphasize the managerial urge to become international, to reach new customers through different marketing strategies, to internationalize due to the domestic market being too small, customer demand, technology competence, unique products, lower production costs and opportunities on international markets. R4 explains that their best selling products have been a success on international markets due to their uniqueness and due to market demand, where the firm expanded from 3 to 12 countries in only a couple of years.

R4 also described the firms' internationalization process, which started with a classical way of marketing the firm and the brand, through business fairs to reach new customers. Thereafter, the firm continued its internationalization process by entering countries closeby, such as Denmark, Norway and Finland. R4 emphasized that entering these countries as an initial step was beneficial as the wholesale companies the firm works with in these countries have the same owner, which in turn simplified their internationalization process. Moreover, the firm uses their technology competence and taking advantage of developed technology when internationalizing, by selling their products on the firm's own website, on Amazon and other similar online market platforms.

To emphasize both negative and positive aspects of internationalizing through technology, R4 states: "These marketplaces are amazing as you can enter a country with full control of everything, however, this is possible for any organization worldwide, which leads to competition on a whole other level. In Sweden we have about 5 to 6 brands as competitors, while competing with about 200 to 300 brands on the marketplaces".

Like many other of the respondents, R2 also said that the bank crisis between 2008 and 2013 did not affect the company much at all, and they were



managing the situation well. The firm exports 98% of its revenue to the global market, and they even increased its turnover during this time period. R2 emphasized that the reason behind the firms' increased revenue could be their specific products, which are essential in people's everyday life such as toothpaste, medicine and cosmetics. Likewise, R7 stated the same about their products, which was a beneficial aspect for the company during the bank crisis. In comparison to R3, who described that their after-sales more or less saved the firm during the bank crisis, R2 clarified that their after-sales was the sole aspect that experienced a decline during that period.

The majority of the respondents stress the importance of maintaining strong long-term relationships with the organizations' selling- and service network, especially during a crisis such as the global bank crisis evolving in 2008. Further, the respondents refer to maintaining these international relationships as part of their internationalization process and strategy. During the interview, R2 states: "Our strategy is to maintain our international selling- and service network, we try to always adjust and optimize our agent network". R4 elaborated on the challenges encountered while expanding to Austria, citing language barriers as the primary obstacle. To overcome this issue, the company opted to hire an employee fluent in German.

## 4.2 Risk and crisis management

Risk and crisis management can cause considerable expenditure within an organization's business framework, especially for international firms. However, it is of great importance for the business, especially in times of economic uncertainties. During the interviews all respondents agreed upon the fact that a bank crisis is complicated to integrate in risk and crisis management, especially for the internationalization of SMEs. Moreover, both suppliers and resellers play a large role in such times.



R4 stated out that the credit risk plays a substantial part during a bank crisis, therefore they work with different credit rating companies further R5 secured their credit risk by taking orders from resellers before conducting the order to the suppliers in Asia to avoid building costly storage, still there is always risk for resellers going bankrupt in economic uncertainties during a bank crisis. Therefore, R4 believes it is worth the somewhat more expensive option of paying for; credit risk and financial information, that increases the transparency with their customers, further a strong relationship with both suppliers and resellers increases the possibility of getting information in time. Since the company has over 3000 retail locations there is a need for both credit rating companies and strong relationships in their risk- and crisis management. In line with this perspective, R3 also recognizes the significance of information acquisition. Historical lessons have underscored the necessity of attentiveness to deviations from the norm, thus emphasizing the importance of timely information acquisition. This holds particular significance when operating within diverse markets, given the considerable variability that exists in market conditions. However, R7 explains that due to their engagement with major customers such as H&M and Kicks, they do not necessitate the same allocation of resources in credit risk management, as they would if their customer base primarily comprised numerous smaller or mixed entities. R3 continue to explain about their credit risk and financial information:

“We try to keep track of our customers' financial position, but it is not simple because they often include larger companies and it is not at all as easy to get hold of financial information on foreign companies as it is in Sweden, but we try to keep better attention to deviations behaviors of our customers with payments that don't arrive on time and trying to get hold of the financial information we can get hold of because it is of course a risk for us that a customer could go bankrupt and we have a lot of outstanding claims”



An additional recurring theme identified among the respondents' discussions on risk and crisis management pertained to the balance sheet, achieving equilibrium between cost minimization and revenue maximization. This endeavor can prove to be a challenging balancing act. R6 states that whether to prepare for a crisis through risk management or handling it in the middle of a crisis through crisis management, fixed costs should be managed while variable costs are usually needed such as import and transport-costs. R3 emphasized the significance of establishing a financial reserve within an organization; nonetheless, in order to generate increased revenue, capital must be allocated towards investments rather than remaining stagnant in the bank account. Reducing tied up capital by paying suppliers as late as possible and customers paying as early as possible, R7 continues: "We focus on the facilitation of capital formation through financing and risk management, allowing us to unlock substantial liquidity and maximize our investment potential". Moreover, R1 raises the point that during periods of banking crises, the loan-to-value ratio of an organization can exert a notable influence, as the prevailing interest rates can have adverse implications when the proportion of equity capital is relatively low. This can make lenders more cautious and risk-averse.

As mentioned above, a recurring theme in the interviews is the importance of considering the currency exchange rate when internationalizing the firm, an identical theme could be found in risk- and crisis management aspects as well. However, actions for managing exchange rate risks- and crises during bank crises and economic uncertainties differ depending on the industry. R5 uses currency risk management to safeguard against currency fluctuations, in their business operations they place orders with suppliers six months in advance of payment, therefore, they proactively seek to secure their currency positions in order to avert unanticipated costs, which R7 also mention in their strategy, further pointing out the importance of exchange rate risk management in times of bank crisis. During the financial crisis and bank crisis the Swedish krona tended to be badly influenced which means higher



expenses for manufacturing abroad, and usually it occurs fast. The subject was discussed with R4 who continued with explaining their strategy; natural hedge. The firm manufactures abroad in euros and dollars which makes them quite affected by currency fluctuations, especially the more international the firm becomes: “(...) so now we sell more in euros than we need to buy in, so we have a natural hedge, where it is actually positive for us when the euro strengthens overall. In the dollar, it's the other way around, with perhaps 90/10 conditions, so we are staking quite heavily on growing in the US.”

To improve an organization's risk- and crisis management, R4 believes that the financial department should incorporate credit risk management, further monitor and consider customers' ability to pay, in their daily routine work. While R7 points a few aspects in risk- and crisis management that can be of great importance in times of bank crisis; Lead Times, The annual liquidity planning should be partitioned into a minimum of three-month periods, further updated on a weekly basis to ensure real-time assessment of the organization's financial health and enables proactive decision-making. R2 points out their strategy within credit checks that plays a vital role in a company's risk management, to ensure the financial health and stability of a company. In addition, prompt action must be taken in managing customer payments, especially during a bank crisis. This is crucial because resellers and customers may exhibit greater volatility and financial risk during such periods compared to the company itself. Failing to take timely actions in this regard can have detrimental long-term effects on the company.

## 5 Analysis

*This section presents the analysis of the thesis, where the integrated theoretical data in the literature review provides a base. The empirical findings and the theoretical data collected will be analyzed through several perspectives, to provide a thorough analysis and to find themes and patterns from theory and empirics, within its context.*





## 5.1 Internationalization process

Internationalization processes of SMEs come in various forms, and can be managed differently within different industries. Hollensen (2021) emphasizes that international knowledge and experience in terms of language and culture, as well as maintaining strong relationships with customers and suppliers, are important factors for the firm to consider when internationalizing to new global markets. This is portrayed in the empirical findings, where the majority of respondents explained that international business relationships are a crucial part of the internationalization process, especially during a bank crisis. As an example, one of the interviewees explained that it was difficult expanding to some markets, in this case Austria, due to language and communication problems. Therefore, the firm hired an employee with proficiency in German, to simplify their work.

### 5.1.1 Pre-internationalization and motives

Previous research has discovered several motives for internationalization among SMEs. The most prominent motive has shown to be the urge of generating higher profit, but not exclusively. In 1993, John H. Dunning (Hollensen, 2020) developed a theory of motives for internationalization of SMEs, from four different perspectives consisting of market seeking, efficiency-seeking, resource-seeking and strategic asset-seeking (Hirsch, 2009; Benito, 2015). The interviewees emphasized their main motives for internationalization during the interview, several of them related to Dunning's (1993) theory. For instance, some interviewees mentioned that they want and need to find new customers to expand the firm, which is by Hollensen (2020) described as market-seeking, to lower costs when doing international activities, which refers to the definition of efficiency-seeking, and to access resources that they can not find in the home market, identified as resource-seeking. These aspects were all discussed during the interviews.

When analyzing the empirical findings, the authors also identified Hollensen's (2020) theory on motives for internationalization. Literature



divides these motives into two different categories known as reactive and proactive motives, which are portrayed in the interviews. Several interviewees emphasized their motives to be for profit and growth. They explained that as a Swedish SME, finding ways to grow and to gain higher profit is of great importance for the firms' survival, especially in today's growing international business. Therefore, they conveyed that it is crucial to expand outside the Swedish market, which is rather small and saturated, to acquire these goals. Another motive that was raised during the interviews was the managerial urge to expand, which was a common motive among all interviewees. In today's globalized business world, many SMEs are facing competitive pressure from other firms already operating internationally (Hollensen, 2020). This was also pointed out in the interviews, by several respondents agreeing that an internationalization of the firm leads not only to growth and higher profit, but also to a higher level of competitiveness. All motives mentioned refer to both reactive and proactive motives described by Hollensen (2020).

When analyzing and concluding the interviews, the authors identified new interesting subjects related to the topic that are not discussed in the literature review. For instance, several respondents mentioned the value of exchange rates, currencies and business relations. In the process of internationalizing a firm, there are several barriers and risks that are possible to occur. Previous research, as well as theory on internationalization of SMEs has shown that a weakness of SMEs is usually lack of capital and insufficient market knowledge. These aspects of internationalization were recurring during the interviews.

When discussing how the bank crisis between 2008 and 2013 impacted the firms internationalization processes or international work, the majority explained the situation as a shock, however, they all managed the situation well. Some firms were more impacted than others, however, the firms that were impacted for some parts of the operation, managed to recover in only a



year. Moreover, the respondents said that the toughest times during the crisis was mainly in the beginning, and from a long term perspective the bank crisis had not left any traces on the business international work. Thus, it can arguably be stated that the SMEs studied had developed a high level of resilience, which is crucial to manage and recover from adversities and crises in a long-term perspective (Ciasullo, 2022).

## 5.2 The Uppsala Internationalization Model

The Uppsala internationalization model is a commonly used strategy for internationalization of Swedish SMEs and other firms. The model is characterized by, through an SMEs perspective, successively entering geographically close markets, having low market commitment as well as a low level of resources committed (Johanson and Mattson, 1995).

When conducting the interviews, the authors could identify tendencies of the model from different perspectives. Some interviewees mentioned that sporadic export every now and then is the most suitable and valuable strategy for them, also depending on exchange rates and currency values. Other interviewees emphasized that the most successful strategy for them has been to internationalize to countries that are geographically close to the Swedish market, such as Norway, Denmark and Finland. However, some interviewees mentioned that an expansion only to markets geographically close is not the most efficient way of internationalizing, but expansion to larger markets outside the Nordic countries and Europe, such as the USA and China, is of great importance to remain successful. Hollensen (2021) means that venturing into distant markets as an expansion strategy, denoting increased involvement, entails inherent risks. From this standpoint, the interviewees underscored the significance of their distinctive and essential products, which have proven important in navigating the challenges associated with expanding into geographically distant markets.



## 5.3 Risk- and crisis management

A banking crisis set significant pressure on the resilience of small and medium-sized enterprises. The empirical findings demonstrate that the implementation of risk and crisis management strategies is complex especially during times of bank crises. Malz (2011) characterizes this as a diffuse area for researchers. As mentioned above, during the interviews, unexpected themes and patterns emerged, opening up for a more nuanced and holistic research. The empirical findings provide valuable insights into risk and crisis management practices within the context of international firms, particularly SMEs, during periods of economic uncertainties and bank crises. The findings highlight several key themes and strategies that organizations employ to navigate these challenging circumstances.

### 5.3.1 Transparency

One important theme that emerges from the empirical findings is the importance of information and transparency in risk- and crisis management. The respondents highlight the necessity of timely and accurate information to assess credit risk, monitor customers' financial positions further to make informed decisions. The respondents emphasize the importance of gaining information especially when operating internationally and in times of financial uncertainty and bank crisis. However, respondents in the research also express a realistic approach towards the challenges of obtaining such financial information on foreign companies compared to domestic ones, various main strategies in acquiring the financial information can be observed;

- *Monitoring customers financial positions and credit worthiness*
- *Identifying deviations from normal payment behaviors*
- *Use of credit rating companies*
- *Strong relationship between suppliers and resellers*



The authors believe that according to the respondents, the interpretation of entrepreneurs tend to take higher risks when not being transparent with information and entrepreneurs might ignore important facts in their decision-making process (Hollensen, 2020) does not align, since the respondents expression of being transparent with information was protruding. Bird (2016) and Ferreira de Araújo Lima et al (2020) support the argument that all stakeholders should be involved in communication and consultation according to the steps in the risk management process. However, some of the respondents use costly alternatives to get access to the information, this is not as usual for SME due to the commonly limited resources, and falls inconsistent with Ferreira de Araújo Lima et al's (2020) description. Furthermore, Bird (2016) and Ferreira de Araújo Lima et al (2020) argue that the SMEs process of implementing identification, evaluation and treatment of risks are less implemented in SMEs. This statement aligns to some extent with the empirical findings of this research, where the authors identify implementing such strategies within certain areas and subjects rather than an overall strategy. Therefore, the authors conclude that proactive information acquisition and building collaborative relationships with suppliers and customers, supported by Pearson and Clair (1998), are crucial risk management strategies during times of financial uncertainty and bank crisis.

### **5.3.2 Cost management**

Another crucial theme of risk- and crisis management that emerged from the empirical findings is the importance of cost management in terms of cost minimization and revenue maximization. Respondents expressed the difficulties of managing the balance between reducing costs and allocating resources for revenue generation during a bank crisis as well as applying in risk management to prepare for such a crisis. Strategies such as managing fixed costs while incorporating variable costs like import and transport costs are mentioned. This resonates with Tucci's (2023) description of risk management, explaining that actions should be taken to control risks that threaten a firm's capital and earnings. The difficulties of managing long-term



tools for risk management when it comes to bank crises can further be explained by Ferreira de Araújo Lima et al (2020) describing the phenomenon of SMEs commonly having less access to resources and are less diverse in economic activities and consequently weaker financial structure.

Therefore, the vulnerability in times of financial crisis and bank crashes can be threatened which align with the respondents view of future risk- and crisis management when they were asked to give advice for other SMEs in the future. All agreed that cost management should be included in the risk management in case of a bank crisis since in such times the organization needs financial stability which can take time to build, especially noticeable during the research and also be tricky to manage due to the difficulties of allocating resources during internationalization of SMEs. Finally, the authors identify the key of integrating financial stability in risk- and crisis management to increase the company's resilience in times of bank crisis.

### **5.3.3 Exchange rate**

The empirical findings emerged the importance of including exchange rate in risk- and crisis management for SMEs operating internationally. Exchange rates can have a significant impact for SMEs depending on the level of import and export. During the interviews, respondents mentioned different strategies for managing risks connected to exchange rate, which is especially important in times of financial uncertainty and bank crisis. However, as mentioned above Ferreira de Araújo Lima et al (2020) mention the challenges for SMEs implementing a long-term tool. The respondents mention various strategies for managing exchange risk such as securing currency in advance and adapting business operations based on currency dynamics, to proactively address currency fluctuations during crises. Pearson and Clair (1998) highlight in their crisis definition, the importance of working proactive and use effective crisis management. Which aligns with the respondents interpretation of proactive risk management when it comes



to exchange rate. To conclude different strategies being used in exchange rate risk management;

- *Natural hedging by adapting the internationalization process*
- *Securing currency for a limited period of time*
- *Customize choice of currency and be flexible*

Based on the authors' interpretation, it is observable that the respondents express a proactive approach towards exchange rate management and recognize its potential for risk reduction during a bank crisis. They acknowledge the significance of possessing knowledge in this subject matter to mitigate potential risks effectively. Therefore, the authors identify that assessing and managing exchange rate risks is crucial to mitigate potential financial losses during bank crisis situations.

## 6 Discussion and conclusion

*This section will present the answers and discussion to the research questions and a conclusion of the thesis. Further, the theoretical and managerial implication will be presented, followed by limitations and suggestions for further research.*

### 6.1 Answering the research questions

Through a qualitative study, the authors have investigated how the global bank crisis between 2008 and 2013 affected the internationalization process and international work of Swedish SMEs, what key strategies were used during this time period and what key strategies are used to avoid potential future crises. This has been accomplished by answering the research questions:

*“How was the internationalization process and international work of Swedish SMEs affected by the global bank crisis between 2008 and 2013?”*



*“What key strategies have the Swedish SMEs used to manage its business operation during the bank crisis?”*

*“What key strategies do SMEs use today to avoid being impacted in a potential future crisis?”*

Theories and models on internationalization processes and motives, as well as on risk and crisis management were applied to guide the collection and analysis of the empirical material, where the authors identified tendencies of the theories and models presented, while also discovering new aspects on the topic; transparency, exchange rate, cost management and business relationships.

The first research question investigates how the global bank crisis between 2008 and 2013 affected internationalization processes and international work of Swedish SMEs. Through analysis of theory, empirics and previous research, the authors achieved interesting results. Previous research emphasizes that many Swedish SMEs were hit hard by the bank crisis, due to several factors, the lack of finances being the most prominent. The conducted and analyzed empirical material portrays a contradiction. The majority of the respondents in this research answered that the firm in general, and the firm's internationalization process and work was not affected by the crisis much at all. Many describe the crisis as a chock, however, all case firms were strong enough to manage the situation, and those who were affected managed to overcome difficulties within a year. Therefore, it can arguably be concluded that the SMEs studied have a high level of resilience, to overcome and recover from crises. Finally, the respondents conveyed that they were able to manage the situation due to relatively strong finances, unique and essential products and well managed business relationships with international customers and suppliers.





The second research question investigates what key strategies were used during the bank crisis to manage the business operation. This relates to the risk and crisis management presented in theory and analysis. Theory presents different models for risk and crisis management, such as the General crisis management model and the risk management model. Based on analysis of empirical findings the authors can conclude that such broad management strategies were not highlighted in relation to the bank crisis specifically, however the models could be identified within specific areas; transparency, exchange rate, cost management and business relations, which were the new subjects raised during the interviews. Thus, the author's interpretation of the empirical findings and to provide an answer to this research question is that no specific strategies were used during the bank crisis to specifically manage this situation. Nevertheless, upon reviewing risk and crisis management through the lenses of the newfound perspectives unveiled during the interviews, the authors infer that the SMEs have inherent potential in risk and crisis management, which likely played a role in their adept handling of the situation.

The third research question investigates what key strategies SMEs use today to avoid being impacted in a potential future crisis. Recently, two American banks; Silicon Valley Bank and Signature Bank went bankrupt, similarly to what happened in the USA in 2008. However, the ongoing situation is not yet considered a crisis, not least a global bank crisis. According to BBC (2023) there are however discussions about the current situation if it will turn into a crisis as the one in 2008, which made this topic interesting to investigate by interviewing SMEs in different industries that were also operative during the former bank crisis. Likewise the answer to the second research question, the empirical findings show that these SMEs do not have any specific strategies to avoid being impacted in the future. However, they highlight the importance of always having a buffer in case of unexpected situations, to be aware of what is happening around the world that can affect the company, and to be educated on external crises.



## 6.2 Conclusion

In conclusion, the authors have mainly found similarities between the SMEs studied, although they operate in different industries and with different internationalization processes and work. Moreover, the main theme and pattern identified in the empirics is that the SMEs studied use the same strategies for managing risk and crisis, although no specific strategies were directly related to external crises such as the bank crisis, rather than having a buffer and being well educated. From an interpretivist philosophical perspective, the authors interpret that both previous research and the empirical findings suggest that implementation of the Uppsala internationalization model is useful as an SME, as it encourages internationalization to geographically close markets, through low level of involvement to gain profit and growth. Moreover, proactive motives for internationalization presented in theory such as profit and growth and managerial urge, as well as reactive motives such as competitive pressure and the Swedish market being too small, were all found in the empirics. While acknowledging the potential variations in the development of a bank crisis over time, the authors derive from the empirical analysis that the examined SMEs exhibit a notable degree of resilience, signifying their comprehensive preparedness to effectively navigate and recover from any prospective bank crisis.

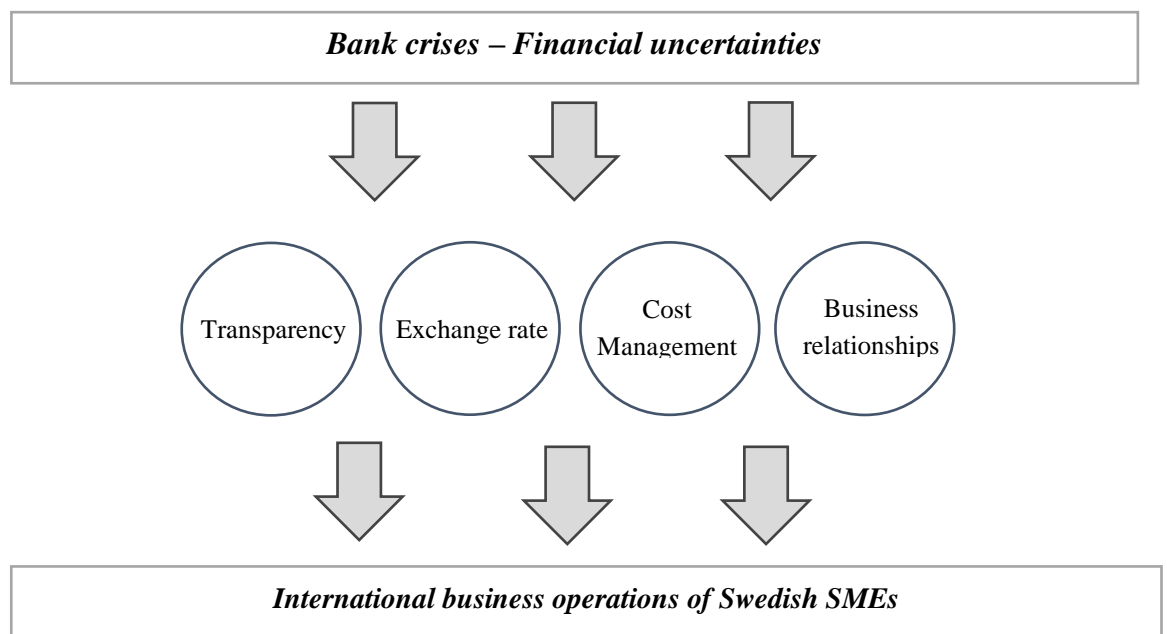
## 6.3 Implications

### 6.3.1 Theoretical implications

During the research process the authors have identified nuanced and holistic aspects of existing literature and research in the fields of; Swedish SMEs, internationalization process, risk- and crisis management and financial crisis. The findings display an in-depth understanding in Swedish SMEs strategies in times of bank crisis while operating internationally. Earlier research has shown various risk- and crisis management models from a wider perspective,

majority through quantitative research. Therefore the authors could investigate a deeper perspective of ‘*how*’ and ‘*why*’ on another level than earlier, by conducting qualitative research.

The study has identified and implemented specific strategies within the reversed conceptual framework. This framework encompasses the interplay between the impact of bank crises and the internationalization process of Swedish SMEs. By adopting this reversed framework, a more comprehensive and detailed understanding of risk and crisis management during times of bank crises has emerged. The incorporation of specific strategies in this model is expected to enhance the efficacy of risk and crisis management practices during financial uncertainties, thereby leading to more favorable outcomes for Swedish SMEs.



*Figure 6.3 Revised Theoretical Synthesis, created by Olson and Flink, 2023*

### **6.3.2 Managerial implications**

The findings of this thesis shows the importance of proactive risk management, financial resilience, and long-term planning for SMEs operating in the context of bank crises and financial uncertainties. The



authors have identified specific strategies within transparency, exchange rate management, and cost management that can contribute to ease the negative effects of such crises. Moreover, this thesis highlights the importance of building strong business relationships as a crucial part of risk management during times of crisis.

The thesis has shown that companies can benefit from utilizing their experiences and learnings from past bank crises to inform their future risk management practices. The experience concluded in this thesis is especially important for SME management in the future, lacking knowledge and experience from such events. This knowledge can provide a valuable resource for SME managers in developing effective strategies and action plans to increase their resilience in the face of potential future crises.

Given the complexities involved in implementing risk management strategies during bank crises, the authors recommend SME managers to actively strengthen their preparedness for such events. The authors recognize that there is no “one-size-fits-all” approach nor any broad strategy for managing bank crises. Instead, the authors recommend that companies should tailor their risk management practices to their specific circumstances, taking into account factors such as industry dynamics, market conditions, and financial capabilities when applying the strategies identified in this thesis.

## 6.4 Limitations

This study includes several theoretical perspectives, models and frameworks, however, new relevant and highly important aspects on the topic were revealed during the interviews. As a result, the theoretical material used may have limited the findings, and could potentially have contributed to an interesting analysis. Further, as this study presents interpreted empirical material from seven different Swedish SMEs within different industries, the authors can not draw general conclusions about all Swedish SMEs,



nonetheless SMEs worldwide. In order to be able to draw general conclusions, the study should include a larger number of interviews from SMEs in different industries as well as in various markets around the world. Hence, this study does not furnish a definitive applicable response regarding the impact of a bank crisis on SMEs, the key strategies and processes for internationalization, and risk and crisis management utilized by SMEs. While the empirical findings offer insights into the management of external bank crises for SMEs, it is important to note that the material cannot be employed as a comprehensive guide for other SMEs. Although the aim of this study was to use qualitative methods to describe subjective meanings and reasoning behind decisions, beyond numbers and statistics, a combined qualitative and quantitative method could have made the thesis more solid. However, it was disregarded as a result of the constraints imposed by the limited timeframe and the scope inherent to a bachelor's thesis.

## 6.5 Suggestions for Future Research

Given the constraints inherent in this study, it is recommended that future research explores the subject matter from alternative perspectives beyond the sole focus on internationalization processes and international work. For example, forthcoming investigations could delve into the newly identified themes arising from the interviews, such as transparency, exchange rates, cost management, or business relations. Moreover, to offer a more widely applicable perspective on SMEs concerning the research topic, the authors suggest that future studies could encompass a broader range of organizations and interviewees across various industries.



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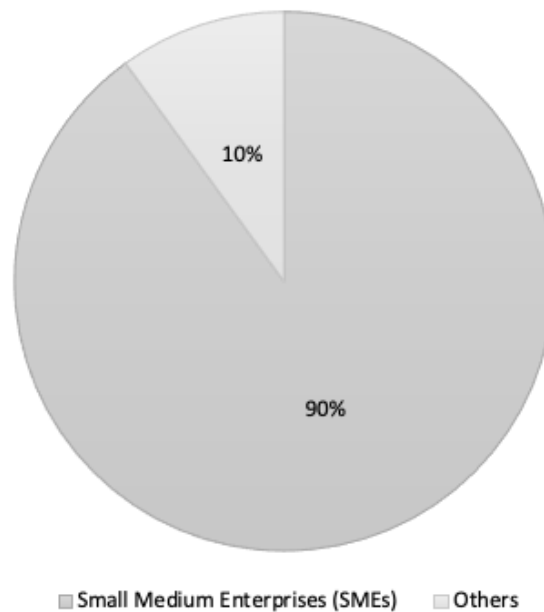
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## Appendix 1 - Small Medium Enterprises

To clarify that SMEs constitute the majority of businesses worldwide, their market share (%) in 2023 is presented below.



## Appendix 2 – Interview Guide

### **Initiating questions/ethics**

- Do you wish to be anonymous?
- Do you allow us to record the interview so that we can transcribe it later?
- Before we start, do you have any questions for us?

### **About the individual:**

- Can you tell us more about yourself and your career?
- How long have you: been working at company X / been at your current position?



- Can you tell us more about: your role at company X / your role at your current position?

**Strategies:**

- What are the organization's key strategies considering international processes/work?
- How did the organization change its strategies during the financial crisis?
- What

**Financial crisis:**

- What is your perception of the financial crisis that occurred between 2008-2013?
- How did the financial crisis impact your organization and its international work?
- Any key challenges you faced during this period?

**Internationalization process**

- Can you describe the internationalization process of the company?
- In what ways did the crisis impact the organizations internationalization process/internationalization efforts and what challenges did you face as a result?
  - What lessons did the company draw from that period and the experiences during that time?
- What were some of the most important lessons the organization learned from the internationalization process during the crisis?
  - How have you applied those lessons to your approach to internationalization today?

**Risk assessment / management**

- How do you work with risk assessment within the company?
  - Can you describe any specific strategies within risk assessment that you use?
- ISO standardizations....
- Looking back, what were some of the most significant risks your organization faced during the crisis?
  - And how did you mitigate those risks?
- How has the organization/company changed its risk assessment after the
- What advice would you give to other organizations looking to manage risk in uncertain economic circumstances/environment?

**Crisis management**

- What were some of the most important lessons your organization learned from the crisis, and how have you applied those lessons to crisis management?



- What advice would you give to other organizations looking to improve their crisis management capabilities, and what steps can they take to prepare for future crises?
- What strategies did the company apply to manage risk during the internationalization process, and how did you balance risk and rewards in the decision making?

## Appendix 3 – Email to prospective interview subjects, translated to English

Hi [employee of company X]

We are two students at Linnaeus University in Kalmar studying International Business. This spring, we are writing our bachelor's thesis, which will focus on Swedish small to medium-sized enterprises (10-250 employees) and their international activities (such as export, import, sales, etc.) under specific circumstances like a financial crisis.

Our research will primarily examine how companies conducted their international operations during the financial crisis between 2008 and 2013, as well as their response to the current situation involving two bank crashes in the USA. We are interested in understanding how a financial crisis impacts small to medium-sized enterprises, their strategies, and their international activities in such circumstances.

If possible, it would be highly valuable for us to conduct an interview with you. This does not require that you have worked in your current position/company during the period of 2008-2013, but rather that you have knowledge regarding the previous financial crisis and its impact on the company. Due to limited time (week 18 or week 19), we expect to conduct the interviews within the next two weeks. We fully understand that you have a busy schedule, and therefore, we are flexible with both the timing and location of the interview. We can also arrange an online meeting via Zoom.

We hope to gain insights from your experience and provide you with an opportunity to reflect on the company's strategies and operations during a crisis. This study guarantees complete anonymity for both the interviewees and the companies involved. We would greatly appreciate it if you or any of your colleagues could be available for an interview.