



Vaasan yliopisto
UNIVERSITY OF VAASA

Ella Karttunen

Navigating Geopolitical Risk

Entry Mode Strategies of Resource-Limited Internationalising SMEs

School of Marketing and
Communication
Bachelor's thesis in
International Business

Vaasa 2026

UNIVERSITY OF VAASA**School of Marketing and Communications**

Author:	Ella Karttunen
Title of the Thesis:	Navigating Geopolitical Risk: Entry Mode Strategies of Resource-Limited SMEs
Degree:	Bachelor of Science in Economics and Business Administration
Programme:	International Business
Supervisor:	Minnie Kontkanen
Year:	2026 Sivumäärä: 41

Tiivistelmä:

Pienet ja keskisuuret yritykset (Pk-yritykset) ovat modernien talouksien kulmakivi, sillä ne ovat talouskasvun sekä vakauden keskeisiä ajureita, vastaten merkittävästä osasta innovaatioita ja työllisyyttä. Kilpailukyvyyn säilyttämiseksi sekä kasvun turvaamiseksi kansainvälistyminen on monille Pk-yrityksille välttämättömyys, sillä se mahdollistaa pääsyn uusille markkinoille ja resursseille. Toisin kuin suuryrityksillä, Pk-yrityksillä on usein rajoitteita, kuten rajallinen pääoma sekä rajalliset mahdollisuudet hajauttaa riskejä useille markkina-alueille. Nämä resurssirajoitteet altistavat yritykset globaalien markkinoiden häiriöille, kuten kasvaville geopoliittisille riskeille. Viime aikoina kansainväliset jännitteet ja konfliktit ovat muuttaneet kansainvälistyvien Pk-yritysten markkinaympäristöä merkittävästi. Täten on korostettava ymmärrystä siitä, miten rajallilla resursseilla yritykset voivat selviytyä näistä epävarmuustekijöistä. Tämän tutkimuksen teoreettinen viitekehys perustuu resurssipohjaiseen näkemykseen (RBV), jonka avulla tarkastellaan Pk-yritysten navigointia geopoliittisessa epävarmuudessa ja kuinka tämä heijastuu kansainvälistymisprosessin entry-muotostrategioihin.

Tutkimus pyrkii täyttämään aukkoa aiemmassa tutkimuksessa, joka on painottunut epätasapainoisesti joko suuryrityksiin tai tarkastellut kansainvälistymistä yleisemällä tasolla. Tutkimus analysoi erityisesti riskienhallinnan ja strategisen joustavuuden välistä suhdetta päätöksenteossa. Tutkimuksen tulokset viittaavat siihen, että geopoliittiset riskit ohjaavat Pk-yrityksiä kohti matalan sitoutumisasteen entry-muotostrategioita. Pk-yritysten resilienssi epävarmassa ympäristössä perustuu operatiivisen ketteryuden sekä verkostojen hyödyntämiseen. Löydökset osoittavat, miksi Pk-yritykset suosivat joustavia rakenteita suorien investointien sijasta kohdatessaan geopoliittisesti riskialttiita markkinoita. Löydökset korostavat myös sitä, että pienten ja keskisuurten yritysten selviytyminen epävarmassa ympäristössä ei perustu fyysisiin resursseihin, vaan aineettomaan pääomaan, kuten strategiaan verkostoihin ja johdon kokemukseen, jotka toimivat kriittisinä tiedonvälittäjinä. Tämän tutkimuksen tuloksia voivat hyödyntää sekä Pk-yritysten johto sekä viennin asiantuntijat suunnitellessaan kansainvälistymisstrategioita, jotka ottavat huomioon geopoliittiset riskit.

KEYWORDS: Internationalisation, Risk management, Geopolitical risk, Foreign market, Entry modes

Contents

1	Introduction	5
1.1	Background of the Study	5
1.2	Research Questions and Delimitations	7
1.3	Definitions of Key Terms	8
1.4	Structure of Thesis	9
2	Geopolitical Risk Management and SMEs Resources and Limitations	10
2.1	Geopolitical Risks	10
2.2	Geopolitical Risk Management Process	12
2.2.1	Risk Identification and Classification	13
2.2.2	Risk Assessment and Prioritization	14
2.2.3	Risk Response and Mitigation Strategies	15
2.3	Resources and Limitations in Internationalising SMEs	16
3	Entry Modes as SMEs' Risk Mitigation Strategies	19
3.1	Entry Mode Characteristics	19
3.2	The Influence of Resources and Geopolitical Risks on Entry Mode Choice	21
3.3	SMEs' Risk Mitigation Strategies	23
3.4	Summary of the Theoretical Framework	26
4	Conclusion	29
4.1	Summary of Key Findings	29
4.2	Theoretical Contribution and Managerial Implications	31
4.3	Limitations and Suggestions for Further Studies	32
5	References	34
	Appendices	41
	Appendix 1. Use of Artificial Intelligence	41

Figures

Figure 1 SME's Entry Mode Choice	28
----------------------------------	----

Tables

Table 1 Entry Mode Strategies and Risk-Control Characteristics (Adapted from Ekeledo & Sivakumar, 2004, pp. 74–83; Sharma & Erramilli, 2004, pp. 11–14)	20
Table 2 Key strategies for SMEs to mitigate geopolitical risks.	26

Abbreviations

BG	Born Global
GPR	Geopolitical Risk
IB	International Business
JV	Joint Venture
MNC	Multinational Corporations
RBV	Resource-based View
SME	Small and medium-sized enterprises
WOS	Wholly Owned Subsidiary

1 Introduction

1.1 Background of the Study

Small- and medium-sized enterprises (SMEs) are vital drivers for the stability and growth of modern economies. In the European Union, SMEs employ more than 65% of workers in the EU's non-financial business economy and they compose for approximately 99,8% of all enterprises (European Commission, 2025). Consequently, these firms represent a significant cornerstone of the European economy, contributing significantly to employment, innovation and economic growth. Comparably, SMEs in Finland play an important part in regional economic development and employment. SMEs in Finland represent approximately 94-96% of the total business population depending on the statistical criteria applied (Heijala et al., 2023). While these firms are fundamental to regional stability and national employment, their economic footprint is inextricably linked to global market dynamics with elevated vulnerability to supply chain disruptions.

In recent years, international business environments have been significantly influenced by geopolitical risks. Caldara and Iacoviello (2022, p. 1195) refer geopolitical risk to risks arising from wars, terrorism and international political tensions that may influence international business operations and economic activity. The escalation of geopolitical tensions, most notably the Russian invasion to Ukraine, has fundamentally reformed the market for internationalizing SMEs. While Knight and Liesch (2016, p. 94) argue that small size does not inherently restrict internationalising, SMEs still often face challenges in mitigating broad risks and maintaining geographically diversified portfolios because of their limited resources. Consequently, when geopolitical risks arise, SMEs often struggle to implement sustainable hedges due to their inherent resource constraints.

Internationalising SMEs are an important research subject since they face more uncertainty, have limited resources and their choice of entry modes differ from larger multinational corporations, according to Bruneel and De Cock (2016). Previous research has examined how factors, such as resources, experience and host-country conditions influence international market entry choices (Brouthers & Nakos, 2004; Laufs & Schwens, 2014). Other studies have explored geopolitical and political risks in international business environments, highlighting risk management related to regulatory uncertainty, international conflicts and political instability (Caldara & Iacoviello, 2022; John & Lawton, 2018).

However, the research in this topic has been unbalanced since it mainly focuses on multinational corporations (MNCs) (e.g. Cuervo-Cazurra et al., 2020; Dunning, 1988) or studies internationalising strategies through wide economic and process-based perspectives (e.g., Johanson & Vahlne, 2009; Witt, 2019). From the perspective of Resource-Based View (RBV), resources and capabilities of firms influence their strategic decision (Barney, 1991). Consequently, SMEs often operate with more limited resources, which may affect their ability to identify and manage geopolitical risks effectively (Asgary et al., 2020). While the substantial research exists on how firms manage operational risks (Herbane, 2019, p. 478) or general market entry challenges, the intersection of geopolitical risk management and resource-constrained SMEs remains relatively under-researched. Despite decades of research, the complexity of entry mode decisions continues to require more diverse frameworks that account for various environmental and organizational contexts, as Canabal and White (2008) emphasize in their comprehensive review.

1.2 Research Questions and Delimitations

The main research question for this study is: How can internationalising SMEs utilize entry mode strategies to manage geopolitical risks with limited resources? The main research question is analysed and supported by the following sub-objectives:

1. To identify and evaluate geopolitical risks and their importance and assess the resources and limitations of internationalizing SMEs
2. To evaluate entry modes as a risk mitigation strategy for SMEs

This study is delimited to small- and medium-sized enterprises (SMEs) and examines their entry mode strategies when facing geopolitical risks during internationalising. This study does not aim to provide a comprehensive analysis of all internationalizing strategies, instead the focus is on how geopolitical risks may influence SMEs' entry mode decision when entering foreign markets. This delimitation is theoretically grounded in the Resource-based View (RBV), as the strategic choices of SMEs are fundamentally constrained by their capabilities and financial resources (Barney, 1991). The RBV provides a valuable perspective for understanding how limited resources shape SMEs' strategic responses to geopolitical uncertainty. This study does not examine large multinational enterprises (MNEs) as their risk management capabilities and resources differ significantly from those of SMEs. Furthermore, this study is not delimited to a specific host or home country but instead evaluates the phenomenon of geopolitical risk from a global perspective. This study focuses on the general strategic logic that guides SMEs' decision-making in uncertain environments. Additionally, this study does not focus on a single sector as this allows for a broader conceptualization of how SMEs' resources influence their entry mode strategies.

For internationalising SMEs, resources and capabilities are often constrained, which directly influences their internationalisation behaviour and reliance on external networks (Knight & Cavusgil, 2004). In this study, risk management is thus conceptualized as a

strategic approach that incorporates risk identification, prioritization, and mitigation, all within the constraints of an SME's available resources, enabling firms to navigate the uncertainties of international markets effectively.

1.3 Definitions of Key Terms

In this study, small and medium-sized enterprises (SMEs) refer to companies that meet the criteria set by the European Commission (2003). The definition of this term is based on the number of employees (less than 250) of the company and either annual turnover (up to 50 million euros) or balance sheet total (up to 43 million euros).

Geopolitical risks (GPR) are defined as risks arising from international political tensions, wars, terrorism and sanctions that disrupt business operations and economic activity (Caldara & Iacoviello, 2022, p. 1195). This definition is often extended to include the uncertainty related to trade wars, ideological shifts, and the strategic competition between major powers (Guo, 2024).

Risk management in the context of international market entry refers to the processes and strategies that companies use to systematically identify, evaluate, and address the potential risks associated with entering foreign markets (John & Lawton, 2018). Paul Hopkin (2012, p. 38) further emphasizes that these risk management efforts seek to reduce variations in outcomes when encountering environmental uncertainties.

Foreign market entry mode is an 'institutional arrangement' that enables the company's products and resources into a foreign country (Root, 1994, as cited in Sharma & Erramilli, 2004, p. 2). In this context, institutional refers to formal and informal rules in the target market. Sharma and Erramilli (2004, p. 2) define the entry mode choice as a critical strategic decision that determines the degree of control and the level of resource commitment to a firm's international operations.

1.4 Structure of Thesis

This thesis is structured into four main chapters. Chapter 1 introduces the research topic by providing background of the study and defining the research problems. The chapter sets the delimitations of the study and key terminology essential for this study.

Chapter 2 starts the literature review and is divided into two primary themes. The first theme focuses on geopolitical risk management in the context of international market entry, covering risk identification, assessment and mitigation. The second part examines the specific resources and limitations of internationalizing SMEs.

Chapter 3 synthesizes the theoretical framework by discussing entry mode strategies under the influence of geopolitical risk. The chapter examines also international business entry modes and evaluates them as strategic tools for risk mitigation. This chapter also utilizes the Resource-based view (RBV) to analyse how SMEs strategize entry mode decisions under geopolitical uncertainty.

Chapter 4 concludes the thesis by summarizing the key findings. Theoretical contributions and managerial implications are presented, as well as limitations of this research and suggestions for further studies.

2 Geopolitical Risk Management and SMEs Resources and Limitations

As stated in chapter 1, SMEs are the cornerstone of the whole business industry and therefore their ability to survive geopolitical risks are crucial for the stability of modern economies. Geopolitical risk management has become crucial as uncertainties have increased to permanent structural factors. This chapter creates a part of the theoretic framework for this study by examining geopolitical risks, their management processes and SMEs and their limitations. The aim for this chapter is to identify geopolitical risks that affect SMEs operating on international markets and evaluate the SME's internal capabilities to face such challenges.

2.1 Geopolitical Risks

The nature of geopolitical risks is becoming increasingly difficult to predict due to the shift in global power relations. Acharya et al. (2023) present in their study, that the current world order is not only multipolar, but rather "multiplex" (pp. 2339–2340) They define that in this system - in addition to traditional states – various actors, including institutions, states and transnational networks, operate simultaneously and are often in conflict with each other. For SMEs, this suggests that disruptions in one are or region may reflect directly to global value chains.

The systematic shift from localized to systemic risk is a key characteristic of modern GPR. Evenett and Pisani (2023) emphasize that the increasing significance of these risks for SMEs has evolved from localized political unrest to systemic shifts such as economic decoupling, where states may reduce economic interdependencies to protect national security. Furthermore, the rise of techno-geopolitical uncertainty has transformed technological standards into strategic tools of statecraft. Thus, SMEs must operate amidst increasing regulatory fragmentation and shifting international norms. (Guo, 2024, p. 2; Luo & Van Assche, 2023).

To understand this environment, it is crucial to distinct geopolitical risks from political risks. Where political risk is often associated with local unrest or domestic regulation within the target country, geopolitical risk refers to systemic disruptions and tensions between states (Evenett & Pisani, 2023). As previously noted, Caldara & Iacoviello (2022, p. 1196) further emphasize that GPR is defined specifically as macro-level uncertainty arising from military conflicts and diplomatic tensions that directly affect the international business environment.

Geopolitical risks need to be categorized to manage this complexity. Caldara and Iacoviello (2022, p. 1197) distinguish geopolitical risks in their study as a combination of threats and acts. Threats refer to anticipated events and acts refer to concrete geopolitical events, such as war or terrorist attacks. Guo (2024) further examines Caldara and Iacoviello's (2022) analysis and determines that geopolitical risks affect directly companies' performance on international markets. According to the research, high levels of GPR may limit companies' ability to operate and invest in markets, which weakens success internationally. Thus, risk identification is not only theoretical practise but also has impact on companies' strategic decisions and resource allocation.

Synthesizing Guo's (2024, pp. 9–11) findings about the impact of risks to company's performance and Caldara and Iacoviello's (2022) classification model, it can be concluded that geopolitical risks can be evaluated across multiple dimensions: type of risk (threats vs. acts), impact (e.g. legitimacy, investment freedom) and the regional context. This analytical framework enables more efficient classification and is a prerequisite for SMEs operating with limited resources.

When managing geopolitical uncertainty, Hopkin's (2012, pp. 14–15) risk management framework may be utilized as an analytical lens. It categorizes risk into three perspectives: hazard, control and opportunity. For SMEs, geopolitical uncertainty often appears as pure hazard risk, which must be managed through strategic choices, which are later

presented in section 3.2. Control risks are often associated with strategic uncertainty and situations where the aim for risk management is to add the SME's ability to stay operable in changing environments. Lastly, opportunity risks highlight that the market restructuring can offer opportunities strategically (Hopkin, 2012).

The decision to enter an international market is increasingly shaped by the stability of the global political landscape. Entering foreign markets exposes firms to a range of concerns; institutional, political and economic. Geopolitical risk is increasingly important source of uncertainty in international business. As previously introduced, Caldara and Iacoviello (2022) emphasize the broader impact of geopolitical risk (GPR), which encompasses the tensions and conflicts between states that extend beyond borders.

2.2 Geopolitical Risk Management Process

The transition from detecting complexities in a global environment to managing them necessitates a structural process. Geopolitical risk management is vital for internationalising SMEs as the global environment becomes increasingly unstable. As stated earlier, traditional strategies emphasizing market attractiveness may become insufficient under environmental turbulence situations (Caldara & Iacoviello, 2022). As introduced in the previous chapter, the rise of the multiplex world order (Acharya et al., 2023, pp. 2339–2340) has contributed to increasing uncertainty as a part of international business. Thus, companies must take a proactive approach to risks. John and Lawton (2018) emphasize in their research that this management process is essential in managing risks associated with the international entry process, as it enables alignment between prioritization of threats, operations, and strategic objectives.

The geopolitical risk management process can be determined as a continuous cycle with the aim of reducing variability and managing uncertainty (Hopkin, 2012, p. 38). In this chapter, the whole management process is divided into three key stages: risk identification and classification, risk assessment and prioritization and risk response and mitigation

strategies. These stages ensure that the firm's internationalising growth stays sustainable despite the rising geopolitical uncertainties.

2.2.1 Risk Identification and Classification

The first stage of the risk management process in international market entry is identifying risks. Müllner (2016, pp. 801–802) highlights, that firms must recognize the potential sources of uncertainty associated with operating in foreign markets before they can evaluate or mitigate risks. From the international business perspective, this process is critical because geopolitical tensions faced in target markets differ significantly from conditions in domestic markets (Eduardsen & Marinova, 2020, pp. 15–17). Geopolitical risks have the ability to alter the institutional rules of markets and operating conditions in a way that differ from those of the home market (Eduardsen & Marinova, 2020, pp. 15–17). Thus, they are crucial in the context of international business, since these risks are not ordinary uncertainties.

The significance of geopolitical risks is emphasized in their ability to cause multiplier effects and their systemic nature. As established earlier, Acharya et al., (2023, p. 2345) argue that the transformation towards a multiplex world order means that risks emerge from a complex network of international institutions, regional blocs and global factors. SMEs must identify how instability in one part of this network might affect their global value chains. Therefore, geopolitical risk can significantly affect the entire firm's international operations and hence in this stage, risk identification is rather a broader understanding of global interdependence.

These identified complexities must be systematically organized to make them actionable. To categorize these risks, SMEs can use Caldara and Iacoviello's (2022, p. 1197) classification model, introduced in chapter 2.1, which categorizes risks into threats and acts. From the geopolitical risk perspective, this classification is significant, since a tension or a threat itself may already affect firm's strategic decisions as intensely as an actual conflict. The classification of risks is an essential step for the management process, since it

determines the required nature of the firm's response. Guo (2024, pp. 9–11) further examines this identification and suggests that the analysis should be expanded to account for specific institutional impacts, such as threats to investment freedom and legitimacy, which are critical obstacles for staying in the target market in the geopolitical context.

Furthermore, the classification of risks can also be analysed at different levels according to their scope of influence in order to support strategic decision-making (John & Lawton, 2018, p. 850). The distinction between macro- and micro level risks helps determine whether the risk is specific to a particular industry or economy wide.

2.2.2 Risk Assessment and Prioritization

Risk assessment and prioritization can be seen as a strategic link between identification and market entry decisions. In this stage, identified risk factors are analysed by evaluating them in relation to the firm's internal capabilities and strategic goals. Shen and Badulescu's (2025) empirical research targeting 191 Chinese SMEs provides important insights for understanding this process. Their findings suggest that management competence alone may not lead to international growth; instead, risk management plays an important mediating role converting internal capabilities into successful market entry. The empirical evidence in the study suggests that managing geopolitical risks and political instability is a critical success factor for SMEs, enabling the gradual accumulation of market knowledge and building trust.

Study by de Diego Ruiz et al. (2024) complements this perspective by introducing strategic agility and how it can be utilized to examine the dynamic nature of risk assessment and prioritization in the SME context. According to their research, a company's ability to navigate geopolitical uncertainty is not a static characteristic, but rather a dynamic capability that is shaped by factors such as the company's age, degree of internationalisation and exposure to external shocks. For SMEs, risk prioritization is a significant part of this strategic agility; when identifying geopolitical risk, they also assess the company's ability to reconfigure its resources in response to emerging market conditions.

In practise, assessment often involves evaluating the probability and impact of the risk (Eduardsen & Marinova, 2020, p. 5). As the geopolitical environments can change rapidly, prioritization enables the firm to allocate its limited attention to factors that directly threaten its strategic flexibility and institutional legitimacy in the target market (Guo, 2024, pp. 10–11). According to Hopkin, (2012, pp. 151–158), the assessment of risks must be systematic for a company to evaluate the level of the risk to their own capacity. This is complemented by John and Lawton, (2018, p. 851) who highlight that the duration and predictability of the risk should also be considered, particularly in a multiplex word order (Acharya et al., 2023) where the mechanisms through which threats affect are complex.

2.2.3 Risk Response and Mitigation Strategies

In the last stage of the risk management process is risk response and mitigation. When risks are identified and prioritized as outlined in sections 2.2.1 and 2.2.2, the firm must decide how it will respond to each uncertainty factor. Müllner (2016) emphasizes that in general risk management literature, responses typically include four main categories: avoidance, mitigation, transfer or retention. This division is supported by Hopkin's (2012, pp. 214–216) 4T-framework (Tolerate, Treat, Transfer, Terminate), which provides a systematic framework for choosing appropriate risk response strategy based on the firm's risk capacity.

In the context of geopolitical uncertainty, risk mitigation is often a key strategy. Mitigation can be determined as actions which are used to reduce the probability of the hazard occurring (Müllner, 2016, p. 803). In the current global political situation, mitigation strategies focus increasingly on decentralizing supply chains and increasing flexibility, as Evenett and Pisani (2023, p. 514) emphasize. This reflects the need for operational adaptation where the firm aims to manage the risk's effects instead of eliminating it entirely.

As Guo (2024, pp. 3–4) emphasizes, an effective response requires firms to be able to protect their own institutional legitimacy while adapting its strategic boundaries to reflect developing geopolitical environments. Hence, this stage is critical between theory and practical decision-making. The chosen strategy is closely linked to the company's ability to allocate resources since risk response implication typically requires either financial, time, or knowledge investments (Hopkin, 2012; Müllner, 2016). For instance, transferring risks can be inevitable when the risk level, as stated in chapter 2.2.2, exceeds the firm's internal resources (John & Lawton, 2018). On the other hand, withdrawing from the market can be considered the ultimate response strategy in situations where geopolitical tension exceeds the company's ability to maintain its operations in the target market (Guo, 2024, p. 11). Thus, the chosen risk response strategy is a direct outcome of the analysis done in chapters 2.2.1 and 2.2.2. The strategy is then based on the assessment of the significance of geopolitical risks and their impact to the firm's strategic freedom.

2.3 Resources and Limitations in Internationalising SMEs

As stated before, SME internationalisation process is not only expanding market position, but also constant balancing between resource constraints and external uncertainty. For SMEs, resources are vital contributors when facing global uncertainty. According to Barney (1991) and the RBV theory, a company's resources can form a source of sustained competitive advantage.

SMEs often exploit their agility when facing significant limitations. SMEs often lack financial and managerial resources that would enable larger investment or rapid recovery from disruptions (Ekeledo & Sivakumar, 2004; Sharma & Erramilli, 2004, p.2). From the perspective of risk management, this lack directly dictates the firm's risk capacity, as presented in chapter 2.2.2, which is typically lower for SMEs. For instance, for a manufacturing SME, this risk capacity is often low due to the high cost of fixed assets and supply chain dependencies.

This low-risk capacity from resource constraints limits the firm's appetite – defined as the amount of risk it is willing to pursue (Hopkin, 2012, p. 147) – which may lead the firm to prioritize survival over aggressive market expansion. This guides the response strategies described in section 2.2.3 towards more cautious choices.

As stated earlier, small and medium-sized enterprises are particularly vulnerable to global risks due to limited financial and managerial resources. Asgary et al. (2020) show in their research that geopolitical instability, economic crises, and policy changes significantly affect SME operations and international expansion. Eduardsen and Marinova (2020) further emphasize this vulnerability in their systematic literature review, which combines findings from 134 peer-reviewed studies on international risks. Their review shows that international expansion exposes firms to a variety of uncertainties, including institutional, political, and market risks. They argue that such risks are often more difficult for SMEs to manage due to their limited organizational capabilities and experience in foreign markets (p. 10).

This systematic vulnerability means that risk management process, as described in chapter 2.2, is often more dynamic and less formal for SMEs (Eduardsen & Marinova, 2020) since they need to compensate their resource slack by organizational flexibility and agility to adapt to sudden changes in a multiplex world order (Acharya et al., 2023).

SMEs' success can be understood as being partly based on their ability to transform internal resources into sustainable strategic advantages. According to the RBV, strategic advantage can be achieved by controlling resources, which are valuable, rare and inimitable and non-substitutable (Barney, 1991, pp. 105–106). In the contexts of geopolitical uncertainty, these resources are not only tangible but also highlighted as the firm's intangible capabilities.

Saad et al. (2021) point out in their research that in uncertain environments and turbulence, including geopolitical instability, resilience is one of the key capabilities. In this

context, resilience refers to the active adjusting to changing surroundings and developing new ways to operate (Annarelli & Nonino, 2016, pp. 2–3). This dynamic capability enables not only fast recovery from shocks but also the ability to use them as tools for strategic renewal (Herbane, 2019).

SMEs' strategic advantage is typically based on innovative culture, organisational flexibility and knowledge intensity, which enable success in complex international environments. Shen and Badulescu (2025, p. 5) emphasize that managerial capabilities are crucial for balancing resources and risks effectively. Thus, strategic advantage is based on the SME's ability to be flexible and resilient, which supports sustainable international growth despite increasing uncertainty.

3 Entry Modes as SMEs' Risk Mitigation Strategies

As established in the previous chapter, geopolitical risks have become an important defining factor for internationalising SMEs. This chapter examines international entry modes as primary risk mitigation strategies. Entry mode selection is a significant strategy choice for internationalising SMEs because it determines resource commitment, exposure to political and economic risks and level of control (Brouthers & Nakos, 2004, p. 234; Laufs & Schwens, 2014). The aim for this chapter is to analyse how various entry modes serve as tools for SMEs to balance market potential against the need for strategic flexibility.

3.1 Entry Mode Characteristics

Entry modes are a crucial mechanism in international business that determine a firm's resource commitment, level of control and risk exposure in a target market. The study by Brouthers and Nakos (2004, p. 234) suggests that entry modes are highly influenced by uncertainty, transaction costs and resources. Small- and medium sized enterprises with limited resources face trade-offs between risk and control across different entry modes such as joint venture, exporting, or wholly-owned subsidiaries. Laufs and Schwens (2014) build on Brouthers and Nakos' (2004, pp. 239–241) findings of the significance of uncertainty in entry mode research and argue that SME entry mode research is largely based on theories developed for multinational enterprises (MNEs). Factors are commonly categorized to three main groups: internal, market environment and strategy related.

Schellenberg et al. (2018) review in their study 140 peer reviewed articles from 2000 to 2015 and explore how the research on entry modes has developed during globalization and rising geopolitical uncertainty. They show that research in the field commonly distinguishes between equity and non-equity forms as a central classification. This distinction is fundamentally based on the governance structure of foreign operations as while non-equity modes include limited ownership, equity-based modes demand greater

internalization through ownership-based structures Sharma & Erramilli (2004, pp. 11–13). Consequently, these entry modes are characterized by different levels of control, risk exposure and resource commitment, reflecting the strategic relation between SMEs' internal capabilities and the external market environments.

The table 1 below summarizes different entry modes based on Ekeledo and Sivakumar's (2004) and Sharma's (2004) principles. This table demonstrates how each entry mode balances between control and flexibility, resource commitment and organizational form. This classification enables a clear comparison of how different entry modes differ in terms of their structural characteristics.

Entry mode	Flexibility vs. Control	Organizational form	Resource commitment
(Indirect/direct) Exporting	Low control, maximum flexibility	Indirect market presence	Indirect
Franchising / Licensing	Low control / moderate flexibility	Contract-based	Contract-based
Joint Venture	Shared control and flexibility	Shared foreign entity	Shared entity
Wholly Owned Subsidiary	High control, low flexibility	Fully controlled foreign entity	Fully controlled entity

Table 1 Entry Mode Strategies and Risk-Control Characteristics (Adapted from Ekeledo & Sivakumar, 2004, pp. 74–83; Sharma & Erramilli, 2004, pp. 11–14)

3.2 The Influence of Resources and Geopolitical Risks on Entry Mode Choice

This section examines how firm-specific resources and external environmental conditions influence entry mode patterns, based on the classification of entry modes presented in section 3.1. Previous research has widely emphasized the role of internal resources in shaping internationalisation decisions, particularly through the Resource-Based View (Barney, 1991), which explains differences in firm behaviour based on heterogeneous resource capabilities. However, the impact of these resources is not straightforward, as different resources may guide SMEs toward different entry choices, as Laufs and Schwens (2014) point out in their systematic review.

From this perspective, SMEs are especially constrained by limited human, financial and knowledge-based resources. Castagna et al. (2020) identify economic limitations and insufficient knowledge of foreign institutional and market environments as key barriers to internationalisation. Mejri and Umemoto (2010) further highlight the significance of institutional knowledge in international expansion as lack of institutional and market-specific knowledge is a critical constraint for SMEs. This knowledge gap can be filled with business networks, as Bai et al. (2021) emphasize. They also argue that for SMEs, these networks serve as critical conduits for information, allowing them to read geopolitical signals and reduce perceived uncertainty.

Previous research suggests that even though financial resources are prerequisites for high control entry modes, intangible resources, such as international expertise of the management, can partly compensate the lack of capital (Erramilli, 1991, pp. 482–485; Laufs & Schwens, 2014). Laufs et al. (2016) further deepen this perspective by demonstrating that CEO characteristics, i.e. their international experience, significantly moderate how the target market political risks are managed. This suggests that resources can also be individual-specific, as the CEOs' ability to interpret geopolitical tensions allows SMEs to adopt flexible entry modes that align with the perceived level of uncertainty (Laufs et al., 2016). This compensation mechanism highlights especially in geopolitically

turbulence environments; since physical capital is rigid and prone to sunk costs, intangible resources may provide dynamic flexibility. Therefore, resource-constraints are not only an obstacle for SMEs but serves as a strategic motive for preferring adaptable entry modes which minimize capital commitment to uncertain markets. Sharma and Erramilli (2004, p. 14) emphasize that the selection of an entry mode may reflect how firms use internal resources to protect and exploit their competitive advantages in international markets.

These resource limitations influence the types of entry modes SMEs are choosing when internationalising. Entry modes differ in terms of required resource commitment, level of control and organizational involvement. For SMEs, the trade-off is not only financial, but rather a strategic decision to decouple its core value-generating resources from potential target market instability (Laufs & Schwens, 2014).

In addition to firm-level resources, external uncertainties play a key role in determining entry mode choices. Research on international business has increasingly highlighted the significance of institutional and country-level risk in decision-making. For instance, Tihanyi et al. (2005) demonstrate that higher institutional distance and country risk are negatively associated with high control entry modes. This reflects the logic that SME entry mode choice does not necessarily depend on its own resources, but how efficiently those resources can be protected under certain uncertainties (Brouthers, 2002, p. 205). In this context, the choice of an entry mode functions as a risk-mitigation defence, translating external uncertainty into manageable operational flexibility. Consequently, research on political and geopolitical risks suggest that uncertainty increases the complexity of foreign market operations and influences firms towards more flexible entry mode structures (Eduardsen & Marinova, 2020; John & Lawton, 2018).

Uncertainty faced by firms operating internationally has been intensified by the 'multiplex' world order (Acharya et al., 2023) and increasing geopolitical risk exposure (Caldara & Iacoviello, 2022). Research suggests that geopolitical uncertainties may directly affect

internationalising behaviour and resource allocation decisions (Fjellström et al., 2023; Guo, 2024), increasing the importance of adaptability in market entry strategies.

Overall, the selection of an entry mode can be understood as the outcome of an interaction between firm-specific resources and external institutional and geopolitical uncertainty. While external conditions shape the relative attractiveness and risk profile of the entry mode, resources determine overall the most realistic mode for the SME. This suggests a strategic trade-off happens between protecting VRIO resources and maintaining strategic flexibility. When facing high GPR, SMEs may prioritize flexibility that ensures survival at the expense of control. This prioritization is an indicator for SMEs' resilience; as Sullivan-Taylor and Branicki (2011) argue, resilience is built on the ability to maintain agility and adapt to changing surroundings. Thus, they suggest that SMEs can leverage their inherent organizational flexibility by choosing low-commitment entry modes.

3.3 SMEs' Risk Mitigation Strategies

Firms react to geopolitical uncertainty and risks through various strategic decisions, among which entry mode selection is a key tool balancing risk exposure and control. The concept of a 'Multiplex' world order introduced in section 2.1.3 (Acharya et al., 2023) positions SMEs in an environment where uncertainty is a permanent structural factor. In such environment, risk mitigation can no longer rely solely on passive monitoring. Instead, the selection of an entry mode can be conceptualized as a dynamic risk mitigation strategy, where key factors are balanced against a changing external environment. Risk mitigation strategies and capabilities, as introduced in section 2.3.2, are analysed with attention to protect VRIO resources (Barney, 1991).

SMEs often prefer entry modes that require low capital intensity and therefore minimize resource commitment (Ekeledo & Sivakumar, 2004, p. 75). This may serve as a significant mitigation tool against high geopolitical risk. Companies with limited market knowledge or high GPR, favour low-commitment modes such as exporting as it minimizes the commitment of resources to the target market and thus reduces the risk

occurring (Sharma & Erramilli, 2004). SMEs can maintain the flexibility by utilizing exporting, which is consistent with Hopkin's (2012, p. 147) "terminate" option as a risk response strategy. This allows that market disruptions do not exceed the firm's limited risk capacity, as discussed in section 2.3.

SMEs often leverage networks (Knight & Cavusgil, 2004) and knowledge-based buffering (Mejri & Umemoto, 2010) when market potential is high but uncertainty persists. By utilizing local partners through joint ventures, companies acquire critical knowledge of the target market and receive help navigating challenging environments (Ekeledo & Sivakumar, 2004, p. 80; Sharma & Erramilli, 2004, p. 13). Furthermore, by utilizing intermediary markets and partners SMEs can bypass geopolitical tensions. This resembles a springboard-type internationalisation logic (Fjellström et al., 2023), which may allow the SME to apply Hopkin's (2012) transfer and treat strategies by sharing the observed uncertainty with a local partner, which compensates for the SME's limited internal risk capacity.

Strategic agility and active resilience (de Diego Ruiz et al., 2024; Herbane, 2019) demonstrate a proactive approach to rising uncertainties. Operational agility favours entry modes that enable high modularity. For SMEs, this often means flexible exporting modes which allow for i.e. supply chain alterations if necessary. Such agility enables the firm to reconfigure its value chain without the loss of local assets if one market becomes geopolitically unstable. In the context of entry modes, active resilience can enable SMEs to respond and adapt occurring geopolitical shocks into opportunities, such as pivoting from a troubled joint venture to a more independent digital export model. This resilience enables SMEs to maintain its market presence by being adaptively durable.

Despite the advantages of low-commitment modes, a fundamental tension exists between host country risk and the protection of VRIO resources. As recognized by Ekeledo and Sivakumar (2004, pp. 78–80) and Sharma and Erramilli (2004, pp. 13–14), if a company's strategic advantage is at risk of being mistreated, they might opt for a wholly

owned subsidiary (WOS). WOS offers greater protection for valuable resources, but it exposes the firm to the highest possible business risk and fixed asset exposure. Thus, the final selection of the entry mode is a calculated balance where SMEs need to balance the ability to terminate exposure against the necessity to safeguard the VRIO resources that underpin its competitive advantage.

It is essential to acknowledge that these capabilities do not apply equally across all entry modes. For example, minimizing resource commitment is inherently at odds with high-control modes like WOS, creating a strategic trade-off between economic safety and resource protection. Equally, leveraging networks is the functional backbone of joint ventures as without it, the transferring strategy (Hopkin, 2012) fails to mitigate institutional distance. Thus, the SME's choice is not only shaped by the external risks, such as geopolitical uncertainty, but also by the specific internal capabilities (see table 1) that enable particular strategic responses. Table 1 below synthesizes key concepts from multiple studies.

Strategy / Capability	Description	Author / Source
Strategic Agility	The ability to alter supply chains and product locations quickly; reduces dependence on single, risky markets.	de Diego Ruiz et al. (2024); Knight & Cavusgil (2004)
Knowledge-Based buffering	Utilizing market knowledge and experience to reduce uncertainty and liability of foreignness	Mejri & Umemoto (2010); Sharma & Erramilli (2004)
Minimizing resource commitment	Reducing capital commitment and avoiding fixed investments	Ekeledo & Sivakumar (2004); Sharma & Erramilli (2004)

Active resilience	Proactive adaptation and the ability to transfer shocks into strategic renewal	Herbane (2019); Saad et al. (2021)
Leveraging networks	Utilizing local partners' and distributors' resources to share the responsibility	Knight & Cavusgil (2004, p. 132); Sullivan-Taylor & Branicki (2011)

Table 2 Key strategies for SMEs to mitigate geopolitical risks.

Table 2 illustrates how SMEs can strategically navigate geopolitical uncertainties by aligning their internal capabilities with particular risk mitigation strategies.

3.4 Summary of the Theoretical Framework

The framework of this study conceptualizes a process in which the SME's resource situation determines the available risk management options, which in turn guide the final choice of an entry mode. This section synthesizes the elements discussed in Chapters 2 and 3 into a consistent theoretical framework. Figure 2 demonstrates the entry mode logic and serves as a tool for understanding how internationalising SMEs can utilize entry mode strategies with limited resources under geopolitical uncertainties.

This framework leans on the assumption that minimizing resource commitment guides SME's internationalizing. Prior literature suggests that SMEs face substantial organizational and financial constraints, which increase their sensitivity to risk and unexpected economic losses (Castagna et al., 2020; Hopkin, 2012, p. 147). In this model, GPR acts as a key external driver, which creates pressure for strategic adaptation. However, this pressure is not uniform for all SMEs since it filters through the firm's internal resources. Laufs and Schwens (2014) emphasize the significance of intangible resources in internationalisation, especially market knowledge, operational agility and international networks, as

tools for managing uncertainty. This stage influences the SME's perceived risk capacity which shows how much uncertainty it can bear realistically.

This resource filtering process leads to a strategic compromise about the company's commitment in the target market (Ekeledo & Sivakumar, 2004). The strategic focus shifts toward maintain flexibility since limited risk capacity often restricts SMEs from emphasizing high control entry modes. Resource constraint SMEs are more likely to choose active risk mitigation strategies from the 4T model (Hopkin, 2012, pp. 214–216). Since the firm's ability to tolerate geopolitical shocks is low, its focus shifts to transfer and terminate. By transferring, SME shares the risks with a third party and terminating allows to stop market connection without large resource commitment (Sharma & Erramilli, 2004, pp. 12–13). Guo (2024, p. 11) supports this by stating that companies that acknowledge geopolitical risks from an early stage, tend to adjust their entry mode portfolios so that no single market poses an existential threat to their survival.

Finally, the chosen entry mode serves as a tool with which previously introduced risk mitigation strategies are executed in practice. Exporting enables the most efficient exit option since tangible investments are little to non-existent, SME can exit the market rapidly as geopolitical tension increases without a loss in dedicated assets (Sharma & Erramilli, 2004, pp. 11–12). Joint ventures, which utilize local partners, enable the transfer logic (Hopkin, 2012). The final outcome of this process is a strategic fit, where the chosen entry mode is balanced between the SME's internal resource-constraints and external environmental uncertainty (Brouthers, 2002, pp. 205–207). The framework offers understanding for how SMEs can stay resilient and protect their competitive advantages regardless of extensive financial buffers. Figure 1 below summarizes the process of selecting an entry mode when facing geopolitical uncertainties.

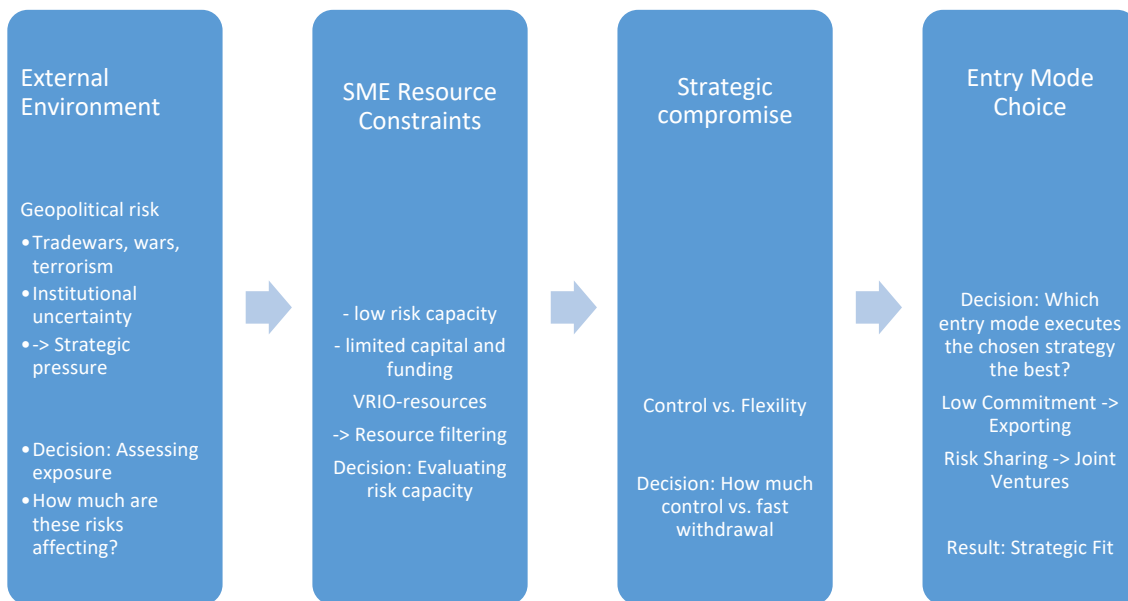


Figure 1 SME's Entry Mode Choice

The entry mode choice process follows a logical progression through four key stages as presented in Figure 1. First, the external environment creates the pressure for strategy adaptation. Second, the pressure is filtered through the SME's internal capabilities and evaluated against its risk capacity. Third, the evaluation dictates the available risk mitigation strategies. For the final step, strategies are operationalized through the entry mode choice, which often is a strategic fit balancing safety with competitive advantage.

4 Conclusion

This chapter presents the conclusion of the study. Summary of key findings will revise the study in the context of the whole research. In section 4.2 the theoretical contribution of the research is drawn together with managerial implications, which are aimed at supporting internationalising corporate management. The section analyses how the results of this study complement the theory of international business and what kind of entry mode strategies they offer for strategic decision-making for SMEs. Next, the limitations of this study are analysed, and suggestions are given for further studies in this topic based on insight of this thesis.

4.1 Summary of Key Findings

The findings of this study show that the survival of SMEs in high GPR environments relies less on physical resources and more on intangible resources, such as market knowledge and networks. In the context of the VRIO-framework (Barney, 1991), these intangible resources are the most critical, since they enable strategic agility and the ability to react to changes in the market environment without significant capital commitment. This is aligned with the findings of the study done by Bai et al. (2021), who confirms that business networks serve as dynamic information bridges that enable SMEs to navigate institutional uncertainty.

The primary objective of this study was to examine how internationalizing SMEs can utilize entry modes strategies to manage geopolitical risks (GPR) despite their inherent resource constraints. The first key finding is that in a multiplex world order (Acharya et al., 2023) geopolitical risks are no longer temporary disturbances but permanent structural factors, which alter the risk management requirements for SMEs. SMEs must prioritize strategic flexibility – the ability to rearrange resources or withdraw from the market rapidly without existential losses (Laufs & Schwens, 2014).

The second key finding is that the SMEs are fundamentally constrained by limited risk capacity which forces firms to trade off control in favour of flexibility. Synthesizing the RBV and resource constraints, SMEs must consciously give up operative control and protect its VRIO-resources to achieve economic and strategic agility, which is firmly rooted in the logic of minimizing resource commitment (Ekeledo & Sivakumar, 2004, p. 75). Utilizing this SMEs ensure that their strategic margin allows for rapid reconfiguration.

Third, the selection of an entry mode serves as a key risk mitigation mechanism. This analysis shows that exporting is commonly used as an exit-oriented strategy when facing high uncertainty, while joint ventures enable shared risks and knowledge acquisition in more stable but uncertain environments. Wholly owned subsidiaries are mainly associated with situations where resource protection and control are prioritized despite higher exposure to risks.

Perhaps the most significant finding of this study is the integration of Hopkin's (2012) 4T framework into to the SME internationalising process. The study suggests that the chosen entry mode serves as a strategic tool if the environment becomes unmanageable. Ultimately, the analysis done shows that SMEs can leverage their natural resource constraints as competitive advantages by utilizing their agility amongst geopolitical uncertainties.

Furthermore, this study recognizes that the most optimal entry mode is a strategic compromise, where the firm fits together the need to move and protect valuable resources and the need to survive geopolitical uncertainty of the host country (Ekeledo & Sivakumar, 2004; Sharma & Erramilli, 2004). The choice of an entry mode is therefore not based entirely on cost minimization, but on the ability to maintain a competitive advantage in changing uncertain environments.

4.2 Theoretical Contribution and Managerial Implications

This study contributes to international business research and literature by integrating entry mode theory, the Resource-Based View (Barney, 1991), and risk management into a unified framework to help understand SME internationalising process under geopolitical uncertainty.

This study challenges traditional incremental international models, such as the Uppsala approach (Johanson & Vahlne, 2009), by suggesting that SMEs may not necessarily follow gradual commitment patterns during increasing geopolitical uncertainty. Instead, the findings are more consistent with the logic of Born Global firms (Knight & Cavusgil, 2004), where strategic flexibility and fast adaptation become key drivers for internationalising decisions.

Consequently, this study extends the RBV (Barney, 1991) by integrating it with Hopkin's (2012) risk management framework. This study presents that in high-risk environments, the ability to manage exposure through entry mode selection becomes equally important to resource ownership and competitive advantage, which the RBV traditionally emphasizes (Barney, 1991). Entry modes are conceptualized as tools enabling SMEs to implement risk mitigation strategies and thus protecting VRIO resources (Barney, 1991) without extensive capital commitment.

Overall, this study develops a framework that links external geopolitical uncertainties, internal resource constraints, and entry mode strategies into a coherent decision-making logic for SMEs.

From a managerial perspective, the findings of this study suggest that internationalising SMEs operating in geopolitically uncertain markets should prioritize strategic flexibility over control when choosing an entry mode. Managers are encouraged to view the selection of an entry mode as a risk management tool that directly dictates the firm's exposure to geopolitical risks. In this context, low-commitment entry-modes, such as

exporting can be especially valuable, as they allow firms to limit sunk costs and maintain ability to exit market if conditions worsen. Comparably, entry modes based on partnerships, such as joint ventures may be used to share risk and access valuable local knowledge in more complex environments. Conversely, high-control modes should be carefully evaluated due to their higher exposure to geopolitical shocks.

Furthermore, this study highlights the importance of investing in intangible capabilities, such as international networks, market knowledge, and organizational agility, since this study has shown that they enhance SMEs' ability to adapt to uncertainty and support more flexible internationalisation strategies.

4.3 Limitations and Suggestions for Further Studies

While this literature review provides a comprehensive theoretical synthesis of SME risk management in geopolitically uncertain environments, it is important to acknowledge its limitations. This study is conducted as a literature review, which means that it relies on existing empirical findings and theoretical models.

Since this study is theoretical, the practical effectiveness of entry mode strategies in sudden geopolitical shocks depends on underlying theoretical assumptions. Another limitation is the resource gaps among SMEs. The Resource-Based View does not fully consider the internal heterogeneity of the sector, for instance, a technology-driven company may have a different risk tolerance than traditional manufacturing firms.

Based on these limitations, several points for further research can be suggested. It would be important to empirically study how SMEs react and have reacted to a precise, limited geopolitical crisis. This would help examine how the rapid withdrawal option and the relinquishment of operational control are implemented in practical decision-making under real uncertainties.

Future research could also explore the role of digitalization and artificial intelligence in enhancing SMEs' ability to monitor, predict and respond to geopolitical shocks. Such tools could reduce the information irregularity between SMEs and larger multinational corporations and improve strategic decision-making in the internationalising process.

Consequently, further studies may investigate the development of dynamic capabilities in SMEs and particularly their rapid resource reconfiguration under geopolitical uncertainties. Understanding SMEs and how they sustain and build these capabilities would further intensify the relation between practical internationalisation strategies and theoretical frameworks.

5 References

- Acharya, A., Estevadeordal, A., & Goodman, L. W. (2023). Multipolar or multiplex? Interaction capacity, global cooperation and world order. *International Affairs (London)*, *99*(6), 2339–2365. <https://doi.org/10.1093/ia/iiaad242>
- Annarelli, A., & Nonino, F. (2016). Strategic and operational management of organizational resilience: Current state of research and future directions. *Omega*, *62*, 1–18. <https://doi.org/10.1016/j.omega.2015.08.004>
- Asgary, A., Ozdemir, A. I., & Özyürek, H. (2020). Small and Medium Enterprises and Global Risks: Evidence from Manufacturing SMEs in Turkey. *International Journal of Disaster Risk Science*, *11*(1), 59–73. <https://doi.org/10.1007/s13753-020-00247-0>
- Bai, W., Johanson, M., Oliveira, L., Ratajczak-Mrozek, M., & Francioni, B. (2022). Where business networks and institutions meet: Internationalization decision-making under uncertainty. *Journal of International Management*, *28*(1), 100904. <https://doi.org/10.1016/j.intman.2021.100904>
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, *17*(1), 99. ABI/INFORM Collection (215258436; 00567751).
- Brouthers, K. D. (2002). Institutional, cultural and transaction cost influences on entry mode choice and performance. *Journal of International Business Studies*, *33*(2), 203–221. ABI/INFORM Collection; Asian & European Business Collection (197164959).

- Brouthers, K. D., & Nakos, G. (2004). SME Entry Mode Choice and Performance: A Transaction Cost Perspective. *Entrepreneurship Theory and Practice*, 28(3), 229–247. <https://doi.org/10.1111/j.1540-6520.2004.00041.x>
- Bruneel, J., & De cock, R. (2016). Entry Mode Research and SMEs: A Review and Future Research Agenda. *Journal of Small Business Management*, 54(sup1), 135–167. <https://doi.org/10.1111/jsbm.12291>
- Caldara, D., & Iacoviello, M. (2022). Measuring Geopolitical Risk. *American Economic Review*, 112(4), 1194–1225. Business Source Ultimate (156053417). <https://doi.org/10.1257/aer.20191823>
- Castagna, F., Centobelli, P., Cerchione, R., Oropallo, E., Shashi, & Strazzullo, S. (2020). Assessing SMEs' Internationalisation Strategies in Action. *Applied Sciences*, 10(14), 4743. <https://doi.org/10.3390/app10144743>
- Cuervo-Cazurra, A., Doz, Y., & Gaur, A. (2020). Skepticism of globalization and global strategy: Increasing regulations and countervailing strategies. *Global Strategy Journal*, 10(1), 3–31. Business Source Ultimate (141720474). <https://doi.org/10.1002/gsj.1374>
- de Diego Ruiz, E., Almodóvar, P., & Birkinshaw, J. (2024). The effects of a firm's internationalization, age, and environmental turbulence on the capabilities that comprise strategic agility. *International Entrepreneurship and Management Journal*, 20(3), 1935–1961. ABI/INFORM Collection (3112676227). <https://doi.org/10.1007/s11365-024-00971-9>

- Dunning, J. H. (1988). The Electric Paradigm Of International Production: A Restat. *Journal of International Business Studies*, 19(1), 1. ABI/INFORM Collection; Asian & European Business Collection (197149944; 00407422).
- Eduardsen, J., & Marinova, S. (2020). Internationalisation and risk: Literature review, integrative framework and research agenda. *International Business Review*, 29(3), 101688. <https://doi.org/10.1016/j.ibusrev.2020.101688>
- Ekeledo, I., & Sivakumar, K. (2004). International market entry mode strategies of manufacturing firms and service firms: A resource-based perspective. *International Marketing Review*, 21(1), 68–101. <https://doi.org/10.1108/02651330410522943>
- Erramilli, M. K. (1991). The Experience Factor in Foreign Market Entry Behavior of Service Firms. *Journal of International Business Studies*, 22(3), 479. ABI/INFORM Collection; Asian & European Business Collection (197153946; 00581138).
- European Commission. (2025, May 21). *European Commission 2025*. https://single-market-economy.ec.europa.eu/smes/sme-strategy-and-sme-friendly-business-conditions/sme-performance-review_en
- Evenett, S. J., & Pisani, N. (2023). Geopolitics, conflict, and decoupling: Evidence of Western divestment from Russia during 2022. *Journal of International Business Policy*, 6(4), 511–540. ABI/INFORM Collection (2890176195). <https://doi.org/10.1057/s42214-023-00167-y>
- Fjellström, D., Bai, W., Oliveira, L., & Fang, T. (2023). Springboard internationalisation in times of geopolitical tensions. *International Business Review*, 32(6), 102144. <https://doi.org/10.1016/j.ibusrev.2023.102144>

- Guo, J. (2024). How geopolitical risk affect firms' internationalization performance: Evidence from China. *Heliyon*, 10(9). <https://doi.org/10.1016/j.heliyon.2024.e30152>
- Heijala, H., Myllymäki, M., & Suomalainen, M. (2023). *Mikä on pk-yritysten vaikutus talouteen—Määritelmällä on väliä*. <https://stat.fi/tietotrendit/artikkelit/2023/mika-on-pk-yritysten-vaikutus-talouteen-maaritelmalla-on-valia>
- Herbane, B. (2019). Rethinking organizational resilience and strategic renewal in SMEs. *Entrepreneurship & Regional Development*, 31(5/6), 476–495. Business Source Ultimate (136089704). <https://doi.org/10.1080/08985626.2018.1541594>
- Hopkin, P. (2012). *Fundamentals of Risk Management* (2nd Edition). Kogan Page Limited.
- Johanson, J., & Vahlne, J. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies, Suppl. The JIBS 40/AIB50 Anniversary Issue: Innovations In*, 40(9), 1411–1431. ABI/INFORM Collection; Asian & European Business Collection (197134746). <https://doi.org/10.1057/jibs.2009.24>
- John, A., & Lawton, T. C. (2018a). International Political Risk Management: Perspectives, Approaches and Emerging Agendas. *International Journal of Management Reviews*, 20(4), 847–879. Business Source Ultimate (132188541). <https://doi.org/10.1111/ijmr.12166>
- John, A., & Lawton, T. C. (2018b). International Political Risk Management: Perspectives, Approaches and Emerging Agendas. *International Journal of Management Reviews*, 20(4), 847–879. Business Source Ultimate (132188541). <https://doi.org/10.1111/ijmr.12166>

- Knight, G. A., & Liesch, P. W. (2016). Internationalization: From incremental to born global. *The World of Global Business 1965-2015*, 51(1), 93–102. <https://doi.org/10.1016/j.jwb.2015.08.011>
- Knight, G. A. & S Tamar Cavusgil. (2004). Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies*, 35(2), 124–141. ABI/INFORM Collection; Asian & European Business Collection (197132040).
- Laufs, K., Bembom, M., & Schwens, C. (2016). CEO characteristics and SME foreign market entry mode choice: The moderating effect of firm's geographic experience and host-country political risk. *International Marketing Review*, 33(2), 246–275. <https://doi.org/10.1108/IMR-08-2014-0288>
- Laufs, K., & Schwens, C. (2014). Foreign market entry mode choice of small and medium-sized enterprises: A systematic review and future research agenda. *International Business Review*, 23(6), 1109–1126. <https://doi.org/10.1016/j.ibusrev.2014.03.006>
- Luo, Y., & Van Assche, A. (2023). The rise of techno-geopolitical uncertainty: Implications of the United States CHIPS and Science Act: The rise of techno-geopolitical uncertainty. *Journal of International Business Studies*, 54(8), 1423–1440. <https://doi.org/10.1057/s41267-023-00620-3>
- Mejri, K., & Umemoto, K. (2010). Small- and medium-sized enterprise internationalization: Towards the knowledge-based model. *Journal of International Entrepreneurship*, 8(2), 156–167. Business Source Ultimate (50377764). <https://doi.org/10.1007/s10843-010-0058-6>

- Miller, K. D. (1992). A Framework for Integrated Risk Management in International Business. *Journal of International Business Studies*, 23(2), 311. ABI/INFORM Collection; Asian & European Business Collection (197153533; 00624175).
- Müllner, J. (2016). From uncertainty to risk—A risk management framework for market entry. *Journal of World Business*, 51(5), 800–814.
<https://doi.org/10.1016/j.jwb.2016.07.011>
- Oviatt, B. M. & Patricia Phillips McDougall. (2005). Toward a theory of international new ventures. *Journal of International Business Studies*, 36(1), 29–41. ABI/INFORM Collection; Asian & European Business Collection (197132950).
<https://doi.org/10.1057/palgrave.jibs.8400128>
- Robles, F., & El-Ansary, A. (1988). Book Reviews: Entry Strategies for International Markets. *Journal of Marketing*, 52(4), 128. ABI/INFORM Collection (227819084; 00252660).
- saad, M. H., Hagelaar, G., van der Velde, G., & Omta, S. W. F. (2021). Conceptualization of SMEs' business resilience: A systematic literature review. *Cogent Business & Management*, 8(1), 1–33. Business Source Ultimate (154391078).
<https://doi.org/10.1080/23311975.2021.1938347>
- Schellenberg, M., Harker, M. J., & Jafari, A. (2018). International market entry mode—A systematic literature review. *Journal of Strategic Marketing*, 26(7), 601–627.
 Business Source Ultimate (132230246).
<https://doi.org/10.1080/0965254X.2017.1339114>

- Sharma, V. M., & Erramilli, M. K. (2004). RESOURCE-BASED EXPLANATION OF ENTRY MODE CHOICE. *Journal of Marketing Theory and Practice*, 12(1), 1–18. ABI/INFORM Collection (212168013).
- Shen, T., & Badulescu, A. (2025). Managerial Capabilities and the Internationalization Process of Small and Medium Enterprises: The Sustainable Role of Risk and Resource Management. *Sustainability*, 17(15), 6943. <https://doi.org/10.3390/su17156943>
- Sullivan-Taylor, B., & Branicki, L. (2011). Creating resilient SMEs: Why one size might not fit all. *International Journal of Production Research*, 49(18), 5565–5579. Business Source Ultimate (63634560). <https://doi.org/10.1080/00207543.2011.563837>
- Tihanyi, L., Griffith, D. A., & Russell, C. J. (2005). The effect of cultural distance on entry mode choice, international diversification, and MNE performance: A meta-analysis. *Journal of International Business Studies*, 36(3), 270–283. ABI/INFORM Collection; Asian & European Business Collection (197132894). <https://doi.org/10.1057/palgrave.jibs.8400136>
- Witt, M. A. (2019). De-globalization: Theories, predictions, and opportunities for international business research. *Journal of International Business Studies*, 50(7), 1053–1077. ABI/INFORM Collection; Asian & European Business Collection (2277733749). <https://doi.org/10.1057/s41267-019-00219-7>

Appendices

Appendix 1. Use of Artificial Intelligence

Open AI ChatGPT 5.5 has been used in this study as a tool for language planning. This AI model has been used to check grammar and clarify expressions. This model has also been used to help find synonyms in academic context. Final linguistic choices have been checked and confirmed by the author.