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Geopolitical Effects on SMEs' Export Strategies

Finnish SMEs exporting to the USA

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ABSTRACT:

This thesis examines how Finnish small and medium-sized enterprises (SMEs) adapt their export strategies in a geopolitically challenging context in the United States market. As the United States remains a significant export market for Finland, the study addresses the increasing relevance of geopolitical uncertainty for SME internationalization. The research focuses on how Finnish SMEs perceive geopolitical risks, how these risks affect their exporting activities, and how SMEs adapt their export strategies in response. The study implements a qualitative multi case study approach based on semi structured interviews with three Finnish SMEs operating in different industries. The data was analyzed by using a thematic analysis approach. The findings present that geopolitical uncertainty affects SMEs through different industry-specific elements. These elements include tariff increases, customer investment cautiousness, regulatory shifts, partner vulnerability, and concerns relating to technology infrastructure. The findings show that the companies responded to uncertainty by adapting selectively through pricing decisions, cautious market commitment, product repositioning, partner evaluation, and informal monitoring. The results of the study indicate that geopolitical uncertainty can create opportunities and threats, as some companies used the shifting market environments to identify new strategic opportunities. SME responses to geopolitical risk are based on their business model, resources, international experience, networks and managerial judgement. The findings also presented that geopolitical risk influences export strategies by company specific interpretations and adaptation rather than by simple direct effect.

KEYWORDS: Export, Small and Medium-Sized Enterprises, Finnish SMEs, Geopolitics, Geopolitical Risks, Foreign Trade, Trade Policy, United States

VAASAN YLIOPISTO**Johtamisen yksikkö**

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TIIVISTELMÄ:

Tämä tutkimus tarkastelee, kuinka suomalaiset pienet ja keskikokoiset yritykset (pk-yritykset) mukauttavat niiden vientistrategioitaan geopoliittisesti haastavassa toimintaympäristössä Yhdysvaltojen markkinalla. Koska Yhdysvallat on ollut ja on Suomelle merkittävä vientimarkkina, tutkimus käsittelee geopoliittisen epävarmuuden kasvavaa merkitystä pk-yritysten kansainvälistymisessä. Tutkimus keskittyy siihen, miten suomalaiset pk-yritykset havaitsevat geopoliittisia riskejä, miten nämä riskit vaikuttavat niiden vientitoimintaan ja miten pk-yritykset mukauttavat vientistrategioitaan vastauksena näihin riskeihin.

Tutkimus toteutettiin laadullisena monitapaustutkimuksena, joka perustuu puolistrukturoituihin haastatteluihin kolmen eri toimialalla toimivan suomalaisen pk-yrityksen kanssa. Aineisto analysoitiin temaattisen analyysin menetelmällä.

Tulokset osoittavat, että geopoliittinen epävarmuus vaikuttaa pk-yritysten erilaisten toimialakohtaisten tekijöiden kautta. Näihin tekijöihin sisältyvät tullimaksujen nousu, asiakkaiden varovaisuus investoinneissa, sääntelymuutokset, kumppaneiden haavoittuvuus sekä teknologiseen infrastruktuuriin liittyvät huolet. Tulokset osoittavat, että yritykset vastasivat epävarmuuteen mukautumalla valikoivasti esimerkiksi hinnoittelupäätösten, varovaisen markkinasitoutumisen, tuotteiden uudelleenaseoinnin, kumppaneiden arvioinnin ja epämuodollisen seurannan avulla. Tutkimuksen tulokset viittaavat siihen, että geopoliittinen epävarmuus voi luoda sekä mahdollisuuksia että uhkia, sillä jotkin yritykset hyödynsivät muuttuvia markkinaympäristöjä uusien strategisten mahdollisuuksien tunnistamiseen. Pk-yritysten reaktiot geopoliittisiin riskeihin perustuvat niiden liiketoimintamalliin, resursseihin, kansainväliseen kokemukseen, verkostoihin ja johdon harkintaan. Tulokset osoittivat myös, että geopoliittinen riski vaikuttaa vientistrategioihin yrityskohtaisen tulkinnan ja mukautumisen kautta eikä yksinkertaisena suorana vaikutuksena.

AVAINSANAT: Export, Small and Medium-Sized Enterprises, Finnish SMEs, Geopolitics, Geopolitical Risks, Foreign Trade, Trade Policy, United States

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1 Introduction

1.1 Background of the study

It is usual for the process of internationalization of small and medium-sized enterprises to begin with exporting strategies (Malca et al., 2019; Hultman et al., 2011). Exporting requires considerably fewer resources, than other entry methods and it is therefore often used in Small and Medium-sized Enterprises (SMEs) entries to foreign markets (Fuchs & Köstner, 2016). SMEs using exporting as their main entry mode are risking their resources less compared to other modes.

Geopolitics and strategy are highly intertwined in businesses expansion strategies, but in the current climate numerous companies fail to recognize, interpret, and respond to global complexity. Firstly, the strategic imperative to internationalize is a strong catalyst in growth and performance. Secondly, the inherent complexity, instability and constant change relate to difficulties in forming functioning strategies. Thirdly, the complexity of geopolitical situations affects the organizational models of companies internationalizing and the models might not be adaptive enough for these scenarios. And fourthly, the incompetence and lack of experience of the boards of directors when operating in a geopolitically complex situation increases the difficulty to operate (Rosenberg, 2017).

Export strategy can be understood as the managerial decisions that lead to a company to organize and adapt its activities in a foreign market in order to achieve objectives related to export. This includes decisions concerning market choices, commitment, pricing, distribution, partners, product adaptation, export marketing adaptation, relationship management, and resource allocation. The understanding is consistent with the existing export marketing strategy literature, where strategy includes the company's choices regarding how products and services are positioned, delivered, priced, and adapted in foreign markets, while not being limited to promotion or sales activities (Chopra et al., 2024; Fuchs & Köstner, 2016; Leonidou et al., 2002; Mandler et al., 2021; Morgan et al., 2004; Sousa et al., 2008).

However, while strategies and geopolitics are studied and researched, the connection of export strategies and geopolitical effects in especially SMEs is not directly studied. The existing literature covers a foundation for understanding SME internationalization, export strategy, export performance, and the position of political and institutional influences in international business. The gap of this research can be identified in the relationship between geopolitical uncertainty and Finnish SMEs' export strategy adaptation.

More specifically, SME internationalization literature has found gradual market entry, experimental learning, networks, and resource limitations in being relevant for the matter. The Uppsala model indicates that internationalization is a gradual process where companies increase their commitment to foreign markets once they have accumulated knowledge and experience (Johanson & Vahlne, 1977, 1990, 2017). Literature has additionally emphasized the relevance of networks, international experience, and born-global characteristics explaining market expansions for SMEs (Loane et al., 2007; Torkkeli et al., 2018; Vuorio & Torkkeli, 2023; Zander et al., 2015). While this literature aims to explain how SMEs internationalize, it does not provide direct understanding on how SMEs adapt their export strategies in the context of a strategically important market becoming geopolitically uncertain. This topic is particularly relevant because SMEs often lack financial, managerial, and organizational resources that larger multinational corporations may have the availability to (Leonidou et al., 2011). Therefore, geopolitical uncertainty may have differing effects on SMEs, as they may have less resources to adapt.

The existing export marketing literature has examined the role of standardization and adaptation in international markets, and demonstrated that export strategy decisions may be shaped by international commitment, managerial experience, competitive intensity, cultural distance, target country characteristics, and market growth (Fuchs & Köstner, 2016; Mandler et al., 2021; Morgan et al., 2004; Seinauskiene et al., 2022). This research creates the understanding on how companies adapt their pricing, product,

promotion, and distribution strategies across foreign markets. However, the role of geopolitical uncertainty and risk as a driver for export strategy adaptation is limited.

The existing literature regarding geopolitical uncertainty and international trade explains that geopolitical tensions may influence trade flows (Lederman & Özden, 2007; Fetzer & Schwarz, 2021; White et al., 2021; Carnegie & Gaikwad, 2022; Kuenzel, 2023). Much of this literature focuses on macro-level trade relationships, policy instruments, and trade outcomes, and has less attention on how geopolitical risk is interpreted and managed on a company-level, especially in SMEs. As a result of this gap, there is a need for qualitative research that examines the interpretations and perceptions of SMEs on geopolitical complexity.

Additionally, research on institutional theory and political risk imply that companies need to align their strategies with formal and informal institutional conditions in foreign markets (Delios & Henisz, 2003; Henisz & Delios, 2001; Hessels & Terjesen, 2010; Torkkeli et al., 2019). However, the current complexity of geopolitical risk affects global value chains, technology dependencies, partnerships, and overall customer confidence (Patsiaouras, 2026). This creates a gap in the understanding of SMEs responses when institutional uncertainty emerges from extensive geopolitical complexities.

This study aims to address the existing gaps by explaining how Finnish SMEs perceive and adapt to geopolitical uncertainty in the US market. The US being Finland's largest trade surplus and the third largest export country (Tulli, 2025), the trade dynamics and the effects of geopolitics is a relevant topic for the study. Finnish companies consist of 479 557 SMEs, 96 % micro-companies (under 10 employees), 3,2 % of small companies, and 0,6 % of mid-sized companies. These companies all together represent 99,8 % of Finnish companies and generate 53,6 % of all Finnish companies' revenue. The GDP share of SMEs in Finland is approximately 40 % (Suomen Yrittäjät, 2024). Therefore, the perspective of Finnish SMEs is relevant for the phenomenon that the study examines.

1.2 Research question and objectives of the study

The purpose of this study is to explain effects of geopolitics on Finnish SMEs' export strategies by answering the following research question:

- How do Finnish SMEs' export strategies adapt in geopolitically challenging context in the US market?

To reach the answer to this research question, the study will assess:

- How do Finnish SMEs perceive and experience geopolitical risks in the US market?
- What operational and strategic impacts do geopolitical changes have on Finnish SMEs' exporting activities to the US?
- How do Finnish SMEs respond strategically to geopolitical uncertainty in the US market?

The methods used to conduct this study are an empirical look into different geopolitical challenges considering the Finland – US trade dynamic and the SMEs affected by these situations with interviews from different companies to construct an overall view about the situations, how the strategies have changed, and how the companies are prepared if the geopolitical situations change, since the companies cannot most likely move elsewhere.

1.3 Structure of the thesis

The structure of the thesis follows the academic research structure: the thesis begins with a literature review, and it follows with the methods and data. After showcasing the data, the research is done and explained and finally, the findings and discussion are presented. Finally, the thesis follows with managerial and theoretical implications and suggestions for future research.

2 Literature Review

2.1 Conceptualization and characteristics of small and medium enterprises (SMEs)

Small and medium-sized enterprises (SMEs) hold different characteristics that define them. They are often characterized by a certain size threshold in terms of employees, revenues, and assets. While there is no universal definition of what constitutes an SME, they can be identified by their characteristics. SMEs typically have fewer than 250 employees and generate less than 50 million euros in annual revenue (Malca et al., 2019).

SMEs are usually owned and managed by one or a few individuals, who are often in a position of autonomy over the enterprise. Innovation is a usual characteristic for SMEs, since they can be more innovative than larger businesses, as they are able to use experimentation with new technologies and new ideas. SMEs are often able to respond quickly to make changes in the market, due to their small size and lack of bureaucratic processes. When compared to larger corporations, it is often evident that SMEs possess a management with lesser competence on a global management scale and limited resources such as employees, finances, production, and relationships. Also, SMEs are lacking in scale economies in manufacturing and marketing leading to low market competitiveness (Leonidou et al., 2011).

2.2 Internationalization

Internationalization refers to the process where a company expands its operations into foreign markets. Classic theories of internationalization often frame it as a gradual and evolutionary process as the Uppsala model (Johanson & Vahlne, 1977) defines it. The Uppsala model suggests that companies internationalize in steps, increasing their international commitment to foreign markets as they gain international experience and market knowledge. Companies tend to begin with exports to culturally or geographically close target countries and progressing towards more distant countries and

internationalization models requiring increased levels of international commitment. These higher commitment internationalization models can be joint ventures or wholly owned subsidiaries. Studies have presented that the Uppsala model is not necessarily always followed, and in the geopolitical context, political capabilities play a key role in internationalization strategies (Jiménez, 2010; Johanson & Vahlne, 1990, Vahlne & Johanson, 2017; Slangen & van Tulder, 2009).

Additional perspectives have been added to the model post-creation, such as the network view. The network view highlights that companies are embedded in networks of relationships that can offer internationalization opportunities. In network models, companies leverage their relationships with foreign customers, distributors, or partners in order to gain knowledge and access new markets. For SMEs, that often lack resources to internationalize, networks can impact the process positively by providing market knowledge, referrals, and connections related to trust that lower their entry barriers (Vahlne & Johanson, 2017; Leonidou et al., 2011). Institutional environment of the home country of an SME internationalizing has direct effects on internationalization performance and a positive relationship with network capabilities. Institutional environment refers to social forces that are external to a company but impacts the company's behavior. (Torkkeli et al., 2018).

Born global companies differ from the Uppsala model. Compared to the Uppsala model, born global companies internationalize rapidly and early in the company's operations. Born global SMEs obtain a significant amount of their revenues from international markets soon after founding instead of establishing a strong domestic presence. Born global companies tend to be innovative and entrepreneurial. They also often possess distinctive capabilities, such as specialized knowledge or international human capital. These capabilities enable them to gain competitive advantage despite the resource disadvantages of SMEs (Zander et al., 2015; Loane et al., 2007; Vuorio & Torkkeli, 2023). Strong networks accelerate the success of born global SMEs explained by the market knowledge

and credibility for market entry. While the born global companies differ from the Uppsala model, they may also act according to a step-based model.

Additionally other theoretical perspectives have broadened the view on SME internationalization. The resource-based view signifies the role of company-specific resources and capabilities in enabling international performance and growth. From resource-based view's perspective, SMEs with valuable, rare, inimitable, and well-organized resources can gain competitive advantages in foreign markets despite their smaller size. (Barney et al., 2021; Helfat et al., 2023; Zander et al., 2015). Capabilities can be seen as the process by which the company develops, combines and transforms its resources into value offerings, and in this context in the foreign market (Leonidou et al., 2011).

2.3 Export and export marketing strategy

In the modern society and the age of globalization companies tend to internationalize and offer their products and services to new markets. The most frequent method used to enter new markets is exporting, which accounts for more than 25% of the world's gross domestic product (Morgan et al., 2012).

Export strategy can be conceptualized as managerial decisions through which a company organizes, positions, and develops its foreign market activities in order to reach export related goals. In export literature, strategy includes choices concerning target markets, customer segments, pricing, product offering, distribution channels, promotion, partner relationships, resource allocation, and the commitment to the target market. Export strategy is connected to the company's ability to use resources and capabilities to create positional advantages in export ventures, and additionally it is shaped by internal factors and external factors. Export strategy can be understood as the connection between a company's internal capabilities and the external conditions of the target market (Leonidou et al., 2002; Sousa et al., 2008; Morgan et al., 2012).

A distinction can be made between export strategy and export marketing strategy. Export strategy being the broader concept, including the overall direction of a company's exporting activities. Export marketing strategy is a specific section of export strategy and focuses on how the company standardizes or adapts its marketing in foreign markets. These activities can include product, price, promotion, and distribution decisions (Leonidou et al., 2002). The current literature often focuses on export marketing strategy (Leonidou et al., 2002; Sousa et al., 2008; Morgan et al., 2012)., and export strategy can be treated as the broader concept involving export marketing strategy. The distinction allows for an understanding of the relevant dimensions of impacted export strategy elements.

Export marketing strategy is a plan developed by companies to market their products or services in foreign countries. The strategy aims to increase the companies' revenue by identifying and meeting the needs of customers in different markets. It involves a range of challenges and planning, including market research, product development, pricing, promotion, distribution, and after-sales support. These challenges are in the realm of positional advantage in export marketing. When developing an effective export marketing strategy, a company needs to conduct thorough market research to identify the market and country size, competitive intensity, regulatory environment, cultural distance, and customer preferences (Morgan et al., 2004).

In this thesis, the focus on the division in export marketing strategies is divided between standardized export marketing strategy and adapted export marketing strategy. Standardized export marketing strategy is mainly using a similar marketing strategy in different markets (Mandler et al., 2021) and adaptive export marketing strategy is adaptive to different market's needs (Fuchs & Köstner, 2015).

Over-adaptation or under-adaptation can be the outcomes of inaccurately estimating the effects of cultural distance. For an optimal performance outcome when considering cultural distance, the maximum amount of information leads to less uncertainty, and

therefore, leads to foreign market familiarity and the qualities to find the correct strategic fit for export marketing. Foreign market familiarity is tied to international commitment and experience. With having a low amount of international experience (including export marketing experience), a higher degree of distribution adaptation leads to better performance outcomes (Seinauskiene et al., 2022).

2.3.1 International Experience and International Commitment

International commitment in the context of export strategy is connected to positive influence in the level of adaptation of the marketing strategy of a company in order to meet the needs of the target market (Fuchs & Köstner, 2016). In the contingency theory, the argument is that the effect of price adaptation on export performance is mediated by a third variable, which can be considered as commitment or managerial experience (Fuchs & Köstner, 2016). In a case of a firm having high level of international commitment, the internationalization strategy of the company might gain an advantage. This stems from the managers being able to recognize the importance of certain export initiatives and therefore being able to put more effort into, for example, country-specific adaptation in the marketing strategy of the company (Cadogan et al., 2005).

2.3.2 Competitive Intensity

Competitive intensity in the field of export marketing strategy is considered as an external economy (Leonidou et al., 2013) and competitive intensity is considered to be an exceptionally important external factor in export marketing (Keskin et al., 2021). Degrees of competitive intensity and dynamism in export markets are affecting factors in efficiency of export marketing activities in order to gain export performance (Boso et al., 2019).

Competitive advantages and export performance have a linkage on the issue of competitive intensity and these factors influence export marketing strategy as well. The competitive advantages include cost advantages, product advantages and service advantages

(Keskin et al., 2021). In competitively intensive markets product standardization strategy with competitive pricing to provide competitive price-quality solutions (Kumlu, 2014). With low competitive intensity markets, the export competitive strategy and positional advantage have positive relation. (Morgan et al., 2004).

The structure-conduct-performance -theory suggests, that the "level of competitive intensity is an essential determinant of market attractiveness" (Porter, 1980). On the other hand, Morgan et al. (2004) argue, that competitive intensity is considered less important in direct determination of export positional advantage and performance than the structure-conduct-performance -theory indicates.

When competition is dysfunctional, the companies may not earn the expected revenue from satisfied customers because the dysfunctional competition undercuts may undercut the sales made from export marketing processes. Hence SMEs export performance may be affected negatively from highly responsive markets with competition being opportunistic (Boso et al., 2019).

2.3.3 Cultural Distance

The definition of culture is, for example, "the collective programming of the mind that distinguishes the members of one group or category of people from another" (Hofstede, 2001). The term "cultural distance" measures the differences between countries in terms of countries' norms, ideas, values and beliefs (Shenkar, 2001). Psychic distance on the other hand is defined as "the distance between the home market and a foreign market, resulting from the perception of both cultural and business differences" (Evans & Mavondo, 2002). Cultural distance in the context of SMEs internationalization, it is considered to be an important source of uncertainty and the cultural differences in culturally distant markets increase the barrier of information transfer (Azar & Drogendijk, 2016).

Differentiation in the context of cultural distance and export performance is considered a competitive advantage. SMEs often opt to begin their export ventures into culturally

similar markets because of the low effort and low cultural distance. The differentiation advantage in culturally distant markets uses the cultural distance as an advantage in terms of export strategy. Although, to reach this differentiation advantage, the company has to be innovative in terms of its organizational strategy and structure. Innovativeness in this case also considers products and processes (Azar & Drogendijk, 2016).

2.3.4 Target Country Growth and Size

In target country growth, the division between different economy growth stages can be developing, emerging and developed markets. Morgan et al. (2012) argue that there is significant and negative correlation with competitive intensity, market performance and financial performance.

When looking at the differences between developed and developing countries, the generalisation of the markets is considered inappropriate. In global competition a low pricing strategy might not be sustainable over time because of other new developing economies emerge offering a lower price and lower production costs (Sousa et al., 2009). When relating this to target country growth, the target country's economy is correlating with the variables in the target market and the competition.

In emerging markets, adaptation might be necessary, for example in design and launching new products, in order to fit the needs of the markets (Lorvorlak & Wongsurawat, 2019). Adapting export marketing orientation and marketing capabilities have significant impacts on export performance in emerging markets (Acikdilli et al., 2022).

The definition of export market responsiveness is a company's ability to respond to customer needs and competitor moves in its target countries. Export product innovativeness is defined as a company's ability to introduce new products into target countries. When export market responsiveness and export product innovativeness are aligned,

they contribute to high export performance in less-developed markets. Developing markets hold the challenges of inefficient and informal. This inefficiency and informality lead to incapability to accommodate distribution of innovative products. This is a result of the developing countries' inability in prosecuting and banning of illegal copies of innovative products (Boso et al., 2019).

As SMEs are considered to frequently gain competitive advantage through innovation so the aspect of illegal copies reflects on performance outcomes as negative. In the case of developing countries, product innovativeness may not always lead to superior export performance (Boso et al., 2019).

Target country-specific adaptation of marketing elements has a positive effect on export performance. Product adaptation to the characteristics, including target country size, of the target country is positively related to sales-based export performance measures (export sales growth, export sales ratio growth and export sales volume) and promotion adaptation on the basis of target country characteristics is positively effective on export sales growth and export intensity (Fuchs & Köstner, 2016).

Mandler et al. (2021) argue that in the macro-economic environment the most considered variables in terms of marketing strategy standardization/adaptation are economic (23.1%), political and legal (27.7%) and socio-cultural (23.1%). Geographical and physical variables conclude only to 3.1% and are considered less frequently. A lack of study is shown on the area of size of the target country in these statistics.

2.4 Export performance

Export performance refers to a firm's ability to compete in the international market and generate revenues from exports. SMEs' export performance has also a great impact on a country's economic growth and competitiveness (Calantone et al., 2006).

The determinants of export performance include both internal and external factors. Internal factors include product and firm characteristics, and they have shown to have a positive impact on export performance. External factors that affect export performance include industry and market characteristics (Calantone et al., 2006). These include, for example, export marketing experience, international commitment, competitive intensity, cultural distance, target country growth, and the size of the target country. These factors can be considered as the attributes which influence the choice of the SMEs export marketing strategy (Seinauskiene et al., 2022).

Significantly good export performance has an impact on a country's economy. Exporting can lead to increased employment, higher wages, and increased revenue. Exporting also help SMEs to access new markets, diversify their customer bases, and increase profits. On the other hand, poor export performance can lead to decreased wages, job losses and reduced economic growth (Sousa et al., 2009).

Multiple different key performance indicators (KPIs) are used to measure export performance. The most used KPI in order to measure a company's export performance is export intensity. Export intensity considers the ratio of export sales to total sales made by the company. This measure is criticized because of its inability to take into account all of the competitive determinants in export strategy success. Other KPIs indicating export marketing strategy and exporting strategy success (export performance) include export sales growth, export sales ratio growth, export sales volume, and export profitability, which is the most often utilized measure in export performance related to profit (Järviukuona, 2007).

Export sales growth presents the increase in financial value of exports in a certain time period. The criticism of this indicator is mostly based on overstatement of performance because of market growth and rapid growth in pricing (Katsikeas et al., 2000; Järviukuona, 2007). Export sales ratio growth is rather considering the intensity and sales share over a specific time period. Export sales volume indicates the amount of export financial gains

in objective financial value in a certain time period (Katsikeas et al., 2000; JärviKuona, 2007).

Export profitability can be an objective financial measure when considering profitability of the exporting venture or a subjective review of the profitability of the export venture when compared to domestic marketing (Ali, 2004; JärviKuona, 2007).

The broader concept of export performance includes the measuring of companies' outcomes of the exporting venture in terms of strategic and financial performance outcomes. This concept concerns the managers' subjective assessment of satisfaction with the export venture success (Ali, 2004). In the present thesis the concept of export performance is defined as the broader context: strategic and financial performance outcomes and satisfaction of the export venture success.

Export performance is influenced by different factors, and these are characterized as internal and external factors. Internal factors are firm-specific and include resources, capabilities, product quality, export marketing strategy, company size, international experience, and networks. External factors include the conditions in the target country and the home country environment, such as competition, target country preferences, economic and political states and stability, trade agreements, and home government support programs. A supportive external environment with positive external factors, such as favorable trade agreements or high demand in target country tend generate higher export performance. A non-supportive external environment with negative external factors, such as rise in tariffs or target country recession, can affect export performance negatively even if the internal factors of the company are strong (Henisz & Delios 2001; Torkkeli et al., 2008; Loane et al., 2007).

Geopolitical influences, such as diplomatic tensions leading to sanctions or vice versa improved relations generating new agreements, can directly affect the export performance of SMEs. Such instances may be seen as changes in tariffs, quotas or regulatory

issues. These all relate to external environment when assessing export performance factors (Lederman & Özden, 2007; Jiménez, 2010).

Internal factors, such as business model innovation and entrepreneurial orientation, are tied to international performance. Entrepreneurial orientation refers to how entrepreneurial activities of companies are conducted. It is specifically orientated in specifying the practices, activities, and processes that companies become involved in making decisions that lead to market entry decisions or innovation. It is also described as a posture that involves a company's commitment to innovation, risk-taking, and proactiveness to develop and implement the company's strategies (Asemokha et al., 2019).

Business models are conceptualized as elements included in value proposition, value creation, and value capture. Business model innovation is conceptualized as designed nontrivial changes to the key elements of a company's business model or the architecture that links the key elements. Business model change is targeted to identify and explore growth opportunities while creating sustainable competitive advantages. Business model innovation as a competitive strategy is created by developing unique capabilities that allows the company to adapt or change a key standard process (Asemokha et al., 2019; Clauss et al., 2022). Entrepreneurial orientation has a significant positive impact on business model innovation. Business model innovation relates to positive international performance of SMEs, and therefore export performance. SMEs that innovate their business models under uncertain conditions are able to increase their international performance (Asemokha et al., 2019).

2.5 Geopolitics and international trade

Geopolitics is often defined as an analysis on how geographic factors influence political strategy and power relationships in a global context. In practice, geopolitics examines how a nation's strategic interests, alliances, and disagreements affect international relations and policies. Geopolitical implications can impact international trade, since trade policies are often used as instruments of national strategies. Trade geopolitics refers to

the strategic use and leverage of to achieve geopolitical goals. These may include tariffs, agreements, and sanctions (Carnegie & Gaikwad, 2022; White et al., 2021).

In recent years, geopolitical disputes have become factors influencing global trade flows negatively and disrupting them. Trade disputes and trade wars, such as the US – China trade war that started in 2018, are examples of geopolitical rivalries affecting economics. Countries imposing punitive tariffs or quotas on goods due to political disputes, the effect increases the cost of trade and goods and can reduce trade volumes (Bown, 2004; Fetzer & Schwarz, 2021; Muchopa, 2025). Increased geopolitical risk tends to reduce trade openness and volumes, and geopolitically distant countries have lower trade volumes, and their bilateral trade tends to decrease. Strong alliances and aligned political policies increase trading volumes.

Geopolitical factors influence trade in different aspects. A primary tool is policies. These include tariffs, sanctions, export controls and investment restrictions. Policies can be based on geopolitical motives. Tariffs make imported goods more expensive compared to locally produced products. This reduces the imported product's competitiveness and import volumes. Sanctions and embargoes may cut off trade in certain goods or with certain entities, such as countries. Non-tariff measures may be applied against certain countries, and this may increase friction in trade. Non-tariff measures have been used increasingly, and it has been a focus point of multilateral trade negotiations. (Kuenzel, 2023).

An element in geopolitics and international trade is geopolitical alignment that leads to preferred trade agreements. Countries with close political relations may pursue free trade agreements or similar contracts to lower entry barriers and increase trade. These agreements include, for example, General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO), that focus on globalization. The estimates of the success of WTO at preventing trade wars is near 340 billion USD per year. GATT and WTO memberships has demonstrated reduction of export volatility by up to 33%. (Ossa, 2011;

Larch et al., 2025). In the case of the US, the United States imports approximately 25% of its products under a preferential agreement (Lederman & Özden, 2007).

2.6 Geopolitical Risk in SME Export Strategy

Geopolitical risk can be characterized as the uncertainty gained from political tensions, conflicts, and policy changes that affect international economic activities. Uncertainty itself can be characterized as an aversive state that people and organizations cope with unwillingly. Additionally, people and organizations generally aim to avoid uncertainty (Griffin & Grote, 2020). Geopolitical risk includes multiple factors, such as trade wars, sanctions, regulatory changes and diplomatic conflicts (Carnegie & Gaikwad, 2022; Patsiaouras et al., 2026; White et al., 2021). All these factors and attributes can affect international business operations. Geopolitical risks are closely linked to political risks, which in comparison refers to the event that political decisions, electoral uncertainty or government instability may negatively affect a company's operations in international markets. Even though political risks include geopolitical risks and events, political risks mainly focus is on domestic challenges, and the concept does not include the understanding of geographic and distributed risk elements. Geopolitical risk seeks to explain the impact and reconciliation of this (Delios & Henisz, 2003; Henisz & Delios, 2001; Patsiaouras et al., 2026). Geopolitical risk has additionally become more complex and systemic, which affects global value chains and networks in addition to individual markets, resulting to companies having to consider direct and indirect effects of geopolitical events when creating internationalization strategies (Patsiaouras et al., 2026).

Geopolitical risks influence SMEs export strategies through multiple key effects. Companies may avoid entering a specific market that is perceived as a politically unstable or subject to trade policy changes affecting the company's market selection decisions. Geopolitical risk influences export intensity and market commitment of the company, since increased uncertainty may lead to a company to reduce their commitment to specific markets or adopt a more cautious strategy. Companies may also shift from direct exporting to indirect exporting through intermediaries in order to reduce their exposure to risks

(Chen et al., 2024; Chopra et al., 2024; Hessels & Terjesen, 2010). Geopolitical risk tends to drive market diversification strategies, and SMEs may expand to multiple markets in order to reduce dependency on a single country. Market diversification strategy is consistent with risk diversification, and by spreading risk across multiple markets, companies can mitigate the impact of geopolitical uncertainty in one region (Chopra et al., 2024).

Understanding how geopolitical risks influence SMEs' export strategies, institutional theory contributes a perspective by emphasizing the role of institutional environments in shaping company behavior. Institutions consist of formal rules, such as regulation and laws, and informal norms, such as cultural practices or political relationships. These together conclude the context in which companies operate internationally. Institutional theory suggests that a company must align its strategies with the institutional conditions of target markets in order to reduce uncertainty and gain legitimacy. SMEs may be dependent on external environment to outperform resource constraints (Hessels & Terjesen, 2010; Torkkeli et al., 2019). In the context of geopolitical risks, geopolitical events or uncertainties have changes in institutional environments, such as trade policies, regulations, and political relations between countries. (Carnegie & Gaikwad, 2022; Pat-siaouras et al., 2026; White et al., 2021).

Geopolitical risks can create changes to SMEs' supply chain and partnership decisions. Companies may try to reach local partners in the target country or prioritize partnerships with politically aligned and less uncertain markets. Friendshoring reflects a phenomenon where adjust supply chains based on geopolitical alignment rather than fully economic consideration (Charpin & Cousineau, 2025).

2.7 Finland and US trade

According to statistics by the Finnish Customs (Tulli, 2025), export from Finland to the US had a decrease of 18% from 2023 to 2024. The value of exports to the US was approximately 7,0 billion euros. The decrease is explained by a single order of a cruise ship worth 1,9 billion euros, and if not taken into account, exports increased by 5,5% in 2024

when compared to 2023. The US was significantly the largest trade surplus for Finland in 2024 with a 3,2-billion-euro surplus. The percentage of US export of total exports from Finland was 9,6% in 2024, decreasing from 11,1% from 2023. The US was the third largest export country after Germany and Sweden. The percentage of imports from the US to Finland was 5% during the same year, and US was the sixth largest exporter to Finland. According to the statistics, the total trade between the US and Finland has increased historically in both, imports and exports, increasing the importance of the US as a trade partner with Finland.

2.8 Theoretical framework

Based on the literature review, the following theoretical framework guides the analysis of geopolitical effects on Finnish SME export strategies to the US. The conceptual model proposes that geopolitical events create perceived uncertainty for exporting companies rather than assuming a direct relationship between geopolitical changes and export performance. The framework suggests that the impact of said uncertainty depends on company-level capabilities. The capabilities shape the company's ability to assess geopolitical developments and determine if it can react to the developments proactively or defensively. This leads to the proposition that company-specific capabilities act as moderating factors between external geopolitical pressure and strategic responses.

Export strategy adaptation is seen as the central strategic response in this framework. SMEs may have alternative responses to geopolitical uncertainty by modifying pricing, distribution, partner structures, market commitment, or the degree of export marketing adaptation. SMEs may additionally diversify their target markets or shift from direct to indirect exporting in order to reduce risks. These strategic and operational responses influence export performance and are seen in this study as different outcomes. Therefore, the framework explains SME export outcomes as the result of how the companies perceive, interpret, and adapt in the context of these conditions.

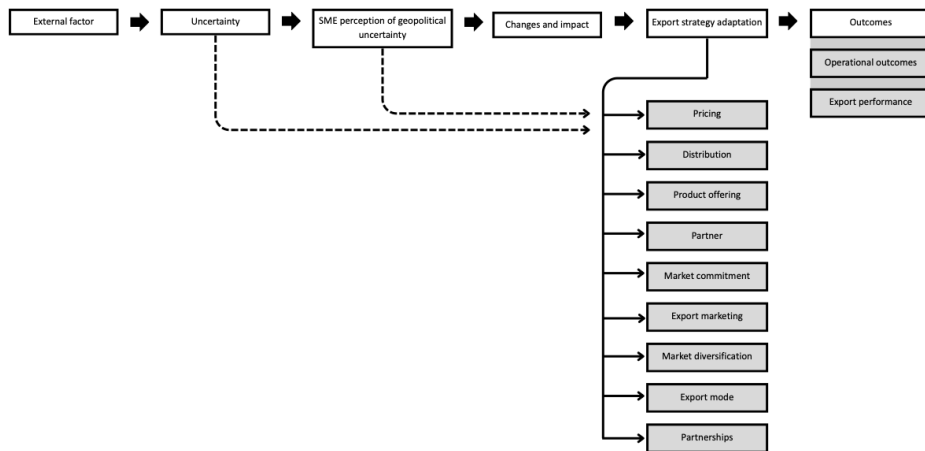


Figure 1. Framework of the study

3 Methodology

This chapter will explain the methodological approaches in this study. The first chapter will explain the academic research methodology selected for this study. The next chapter will follow with a discussion on qualitative research and explanations on why the research methodologies were chosen. Thirdly, the research design is presented with introductions to the case companies, following with elaboration on the data collection, how the data was collected, and the sampling used in this study. Data analysis explores the different procedures to analyze the data that has been collected.

3.1 Research approach

In this study the methodological approaches taken will be demonstrated by utilizing the framework created by Saunders et al. (2007), that explains the philosophy, approach strategy, choice, time horizon, techniques, and procedures concerning this study. This thesis implements an interpretivist philosophy, since the data is created from semi-structured interviews that include case company employees, owners or representatives, that are mainly subjective around the research subject. The perceptions of the interviewees are inherently subjective and dependent on context and therefore cannot be analyzed through purely quantitative approaches.

By exploring existing theoretical models and remaining open to emerging insights, an inductive research approach is appropriate. Inductive research in this study's context begins with empirical findings and observations and proceeds with developing broader conceptual understandings from the collected data. Existing theories are used to explain the background of the study and concepts. The collected data through interviews is then analyzed to identify patterns and themes. This analysis allows the study to assess how the observed phenomenon can be understood in the context of Finnish SMEs exporting to the U.S.

The research employs a qualitative mono-method methodology, interpreting and analyzing interview data from semi-structured interviews. The semi-structured interviews allow the data to include a realistic perspective on the data, so that the interviewees provide information they perceive as relevant. The strategy for this study adopts a multiple case study design. A multiple case study design was chosen for this study to examine the phenomenon from multiple perspectives, and to gain an in-depth understanding on how geopolitical uncertainties affect the export strategies of Finnish SMEs exporting to the U.S across industries. The time horizon for this study is cross-sectional, since the data is collected in a limited single timeframe, to gain insight at a specific time period and to compare the results of the collected data. The research aims to examine how Finnish SMEs perceive the geopolitical effects on exporting to the U.S. currently, and even if the events referred in the interviews may be from the past, the data is collected in a single timeframe allowing for the comparison of the experiences of different companies under similar external conditions.

3.2 Research sample

The case companies are selected based on purposive sampling, which ensures the relevancy of the case companies for the research objectives. The selected case companies are Finnish SMEs that have experience in the US market and therefore can provide relevant and meaningful insights to the study. The selected case companies include three Finnish SMEs operating in different industries. All companies have prior experience in US market expansion. The companies are referred to as Company A, Company B, and Company C.

The interviewees from these case companies are the CEOs of each company and can therefore provide relevant data for the analysis. CEOs have direct involvement in strategic decision-making, market selection, risk assessment, and international expansion. Therefore, the CEO position allows the interviewees to provide answers leading to analysis answering to the research questions. Additionally, the case companies are all from different sectors, and this provides relevance for the data and study by allowing the

analysis to capture the phenomenon in various sectors. This diverse perspective supports the identification of themes and differences in the collected data. Although the number of interviews is limited, the aim of the approach to the study is to identify patterns across the data and to not generalize the phenomenon statistically. The selected case companies therefore provide a suitable and a focused empirical data that allows to understand how the companies experience and react to geopolitical risks in their export strategies.

Company A is a company that produces alcoholic beverages. The company is based in Finland and has export activities to several markets and areas, including the US, and started its internationalization early on after the company was found (Company website). The company is over 10 years old, and its turnover is under 10 million euros. The interviewee is the company's CEO. The interview with the interviewee was 34 minutes and 23 seconds, and the transcription of the data was 25 pages long.

Company B is a software company (Company website) that offers a specific type of software for mainly retailers, and IT consulting and services. The company is based in Finland and has export activities, the main target area being Europe and more specifically Finland. The company has clients in the US market. The company has approximately been in operation for 10 years and has a turnover of approximately 1 million euros. The interviewee is the company's CEO. The interview with the interviewee was 24 minutes and 59 seconds, and the transcription of the data was 21 pages long.

Company C is a management consulting and software company, specializing in risk management (Company website). The company is based in Finland and has international operations in multiple countries. The company's market expansion to the US with extensive investment and established partnerships has been in preparation for years. The company is over 10 years old and has a turnover of under a million euros. The interviewee is the company's CEO. The interview with the interviewee was 23 minutes and 4 seconds, and the transcription of the data was 20 pages long.

For the anonymity of the selected case companies and the interviewees, the specific industries are not specified and the financial figures presented are not exact and only provide approximates. The interviews were recorded via Microsoft Teams and transcribed. One interview was conducted as a phone conversation and was recorded using Microsoft Teams.

3.3 Data collection

Data collection for this study was primarily conducted through semi-structured interviews. Semi-structured interviews offer a consistency for guiding questions and additionally the freedom to explore themes with specific follow-up questions based on the interviewees' responses (Saunders et al., 2007). The interviews were conducted in March-April 2026 via remote connection, recorded and transcribed. To ensure the agreement for interviews and the transparency for answers, it was agreed with the interviewees to anonymize all of the case companies. The case companies' exact financial figures and operations are not disclosed in order to protect the anonymity of these companies. The decision is based on the limited number of companies operating in the industries of the case companies, and specific company information may violate the agreed anonymity. The interviews were conducted in Finnish to ensure a mutual understanding of the conversation subjects and to create an interview environment that allows the interviewees to answer the questions presented in their best ability. The interview citations used in this study were translated to English.

Secondary data used in this study consists of publicly available case company information, such as company websites, financial information, and reports. Secondary data was used to complement the primary data collected from the conducted semi-structured interviews.

3.4 Data analysis

The analysis of the data is done by using a thematic approach linking the themes collected from the semi-structured interviews to theoretical background and further answering to the research questions. The analysis included a review of the recordings and transcriptions of the conducted interviews. Once reviewed, the categories were coded to identify reoccurring patterns and themes relevant to the research objectives. The coding was then related to emerging themes contributing to the study's theoretical framework. The themes were reviewed and finally defined and refined.

The thematic analysis process consisted of an analysis of the collected data using the Gioia method (Gioia et al., 2013) in order to address the presented research question. The formulation of the thematic analysis can be seen in Appendix 2. The first order concepts were identified by reading and analyzing the transcriptions of the interviewees' responses. The number of identified first-order concepts was 15. The first-order concepts were then matched to a total of five second-order themes, which were found reflecting on the literature review, data and first-order concepts. Determining if the themes aligned with existing themes or concepts, or if new concepts were found, they were compared with the theoretical framework. The second-order themes were connected to aggregate dimensions. The data was structured in Microsoft Excel and imported as a picture that can be seen in Appendix 2.

4 Findings

This chapter explores the empirical findings of the collected data. The chapter is divided to three case company specific sub-chapters and a sub-chapter that includes a summary of the findings. The chapters discussing the case company specific data follow the same structure. The interview material was read by each case to identify relevant findings from the transcriptions and recordings.

4.1 Case Company A

Company A is a Finnish SME specializing in alcoholic beverages. The company has broad export operations. The interviewee described the company's export activities as global, including important markets in Europe, Asia, Africa and North America. The US market has been part of the company's export activities since 2018 and represented approximately 7-8 % of the company's turnover. Therefore, the US market was not the company's only export market but was commercially relevant and important because of its size and growth potential.

The attraction to the US market was strongly explained by market size. The interviewee described the US as the largest market in the world for the industry, allowing it to be a target market despite being a complex market to entry. The company did not enter the US as one of its first export markets. Instead, the company initially decided to expand to markets considered to be easier, such as Europe and parts of Asia. According to the interviewee, the US market required more background work and more technical compliance than previous markets. The company therefore decided to export to the US at a later stage after the company had exporting experience from less complex markets.

"We went with the easier markets first, Europe and Asia. The market requires lots of background work. The US requires different sort of compliance, and you can't just go there just like that"

The company's entry and operating model is based on selling to distributors. In the US, the model is shaped by the three-tier distribution system distinct to the industry, where importing, distribution, and retail are institutionally separated. The interviewee emphasized that this makes the US market different from European markets because one actor cannot control the complete value chain. As a result, the export strategy adaptation is not only about sales and marketing, but additionally about understanding the regulatory structure through which the product reaches the importers, distributors, retailers, restaurants, bars, and the final consumers.

"The US three-tier-system makes the distribution a little bit more challenging. In Europe it would mean that ... the same actor cannot control the complete chain"

For Company A, the clearest geopolitical risk related to the US market was tariff policy. The interviewee commented that tariffs had been "on the table" since the beginning of the latest Trump administration and that an additional tariff of approximately 15 % had been imposed on products. The company perceived the risk not only as the existing tariff increase, but also as the possibility that tariffs could increase further. Therefore the main risk was partly financial and partly predictive, as the company could manage the present level but uncertainty about future policies and policy changes complicated decision-making. The tariff increase had a direct and immediate cost effect because the additional tariff was applied when products were imported into the US. However, the company's position as a small producer was partly protected by favorable tax treatment for smaller alcohol producers in the US system. The interviewee explained that these tax refunds or relief mechanisms made it possible to continue exporting despite the newly imposed higher tariffs. Without these benefits, exporting would have become significantly more difficult. This demonstrates the industry-specific institutional rules and regulation had mediated the company's exposure to geopolitical risk.

"The tariffs (have been adding uncertainty to US business) overall ... there came an additional 15% tariff and there has been a risk that there would be more, and it has been a big impacting factor. Us smaller producers have a favorable tax policy"

compared to larger producers and this has helped us to continue. But without these tax policies the situation would be very difficult”

The interviewee highlighted unpredictability as a central risk. The problem was not only that costs increased, but that policy changes could occur while goods were already in transit. Once goods had been shipped, the company could no longer fully influence the cost structure at the target market. If tariff rates changed prior to the arrival, the business case could be way weaker unexpectedly. Geopolitical uncertainty affected the reliability of planning horizons and increased the perceived risk of committing inventory to a distant market. Even though tariffs were the most concrete US-specific issue, the interviewee did not frame geopolitics into being something exceptional to the present only. Instead, geopolitical tension was described as a reoccurring and almost constant element of international business. The company perceived that political tensions always exist somewhere and that companies must adapt to them.

“There’s a lot of uncertainty related to the geopolitical situation, but there always is more or less, so it’s a sort of a norm that somewhere it is constantly happening. So, I don’t see the current situation as special. There are always geopolitical tensions ... you need to adapt one way or another”

4.1.1 Strategic impacts

The first impact of tariffs appeared in the company’s cost structure and profitability assessment. The interviewee described how the company had to assess the complete value chain and decide whether the additional tariff could be transferred into pricing. The company then concluded that it could not increase prices because the market was already highly competitive. The company then absorbed the tariff damage internally rather than passed it on to the customer or consumer. The company accepted a margin hit in order to protect the market position it had gained and potentially increase market share. In this case the adaptation did not automatically mean changing the product, exiting the market or increasing prices. Instead the company’s adaptation was a controlled decision not to adapt the final consumer prices. The company maintained its price level

and accepted lower profitability in order to remain competitive. The interviewee explained this as a calm and continuous analysis of whether the US business remained viable.

“We evaluated if we could transfer (the tariffs) to the prices when the increases occurred and we came to the conclusion that we can’t, since the market is so competitive ... We would rather take the hit and try to increase our market share at the same time.”

The tariffs did not significantly change the export process itself. The interviewee mentioned that the process remained the same, but the profitability logic changed. These distinctions allowed to understand the type of impact. Exporting continued through the same import and distribution structure but the shipments sent to the target country required a renewed assessment of cost and pricing understanding and the realities of margins. The company additionally observed an indirect operational effect in the industry. According to the interviewee, the industry was globally in a difficult situation for other reasons than tariffs. In this weaker market context, the lower volumes appeared to make some compliance processes faster than priorly. This was described to have a reverse effect. Because of the decreasing of industry volumes, some of the processes that had previously taken a long time could move faster.

4.1.2 Adaptation

Company A’s adaptation was characterized by continuous monitoring and scenario planning rather than formal contingency planning. The interviewee described the company as operating calmly and reviewing the business case through the supply chain and value chain. The company’s alternative options were considered as limited, which made a full withdrawal or radical restructuring as less realistic options. Instead, the company followed developments and made case-specific decisions about whether the US market remained as a commercially rational target.

"I have come to the conclusion that as an entrepreneur you need to understand yourself what is happening in the market and be awake."

A key adaptation concerned pricing, as the company analyzed whether tariff increases could be transferred into prices and decided not to do so. The findings suggest that pricing adaptation is constrained by competitive intensity. Company A therefore adapted by protecting their market position rather than protecting margins.

Opportunity-oriented scenario thinking was described by the interviewee as how tensions between the US and Canada led local American competitors to be removed or reduced from Canadian markets. Company A interpreted this as a disruption and an opportunity. The company acquired its first major listing in the Canadian monopoly system. This was described as a case where geopolitical tensions opened a market that had previously been difficult to enter. The company's strategic response therefore included using geopolitical shifts to identify nearby market opportunities.

"When US producers left the Canadian market we saw an opening opportunity. Now we could enter the Canadian market that has usually been extremely difficult to enter because of the country's monopolistic system. We used the opportunity and now for the first time in our history we got our products there"

Monitoring responsibility was not formalized in the company as a separate geopolitical risk function or position. The interviewee explained that the person responsible for the market area also follows what is happening in the market. In the case of the US and North America, the responsibility was with the person managing that region. The company does not use external consultants for geopolitical monitoring, but the interviewee explained that they use industry reports and data. The interviewee emphasized that an entrepreneur or market manager must personally understand the market environment. This displays the SME geopolitical capability being centralized in the managerial capability rather than a separate risk department.

Long-term investment planning had not been strongly changed because of influences from geopolitical risks, because the company did not have major short-term investment needs. The interviewee described the recent period as an operational fixing rather than an investment restructuring. The company interviewee still acknowledged that the external environment has an effect on long-term planning.

4.2 Case Company B

Company B is a Finnish SME specializing in software. The company has a smaller US exposure, and Finland is the company's largest market. The company does have customers across Europe and in the US. The company's US export business has existed for several years, but it has not been a major share of the company's operations. The company entered the US once an opportunity presented itself by a client contacting them, and it has sold directly to US customers rather through a dedicated US sales organization or localized presence. Company B has not actively pursued a large-scale US expansion, and the reason has not been lack of interest in the market but rather the size of investments required in a credible US expansion. The interviewee explained that entering the US more seriously would require establishing a local office, recruiting sales employees, and creating local customer support capacity. Because the software that Company B offers is aimed at mainly larger retailers and handles sensitive data, credibility and trust would require local market knowledge and a stronger local presence. The interviewee summarized this as a situation where building a US department would almost create "two companies". The company's export strategy is not necessarily built around committing resources to the US market, and it is more focused on serving existing customers while considering further market developments and their justification. The interviewee repeatedly emphasized that the company is not yet in a position where it could freely choose where their revenue comes from, and instead it must serve its current customers and remain open to opportunities that emerge.

"The main reason why we haven't scaled our operations there more is the required investment to go there. It has not been justifiable for us in any way. It requires a

larger company to be sensible to go there. You can't handle many customers if you cannot manage the relationships at night when they need service"

In Company B's case, tariffs were not the most relevant geopolitical issue. Because the company is focused on software services, traditional import tariffs were not perceived as a significant direct risk. Instead, the interviewee identified broader demand-side and trust related risks. One large concern was that existing or potential customers may reconsider investments under geopolitical or macroeconomic uncertainty. If companies begin cutting costs, the software providers can quickly appear on lists of expenses to be reduced.

"The larger risk is that companies begin to cut costs and we are there as any other software on the list very quickly. This is a larger risk for us than for example tariffs. Another geopolitical risk for us is that our service is built on ... so could it be that companies leave from US service providers and don't allow for data transfers to the US."

Another perceived risk of Company B concerned the reliance of US-based technology infrastructure, specifically cloud services. The interviewee stated that the company's service is built on a major American web service provider and that a possible risk is whether companies would be detaching themselves from US service providers or to data being transferred through US-linked infrastructure. Even though the company had not yet experienced customer concerns directly because of the identified issue, the interviewee considered it to be a realistic concern that could emerge. The risk was described not as a customer loss event but as a possible future risk if trust in US companies or institutions weakens. The interviewee framed the issue as a question of whether US actors remain reliable contractual partners. The interviewee compared the situation as the US should potentially be considered similarly to Russian partners in the context of assuming that political and institutional conditions will remain stable. This did not mean that the company would have stopped exports to US clients but demonstrated that geopolitical risk was perceived as a decrease in trust in the predictability of the US market.

Company B viewed geopolitical risk as global rather than only US-specific. The interviewee referred to conflict risk and general fear in markets, suggesting that people and companies become cautious when they fear major disruptions. For company B, the US is one part of a wider environment in which customer confidence, investment decisions, and market sentiment can change quickly.

4.2.1 Strategic impacts

Impacts of Geopolitical uncertainty on Company B were indirect. The company had not changed its pricing, product offering or logistics because of geopolitical risks. The interviewee stated that no such changes had been made because of this. However, the company had considered which markets would be less sensitive to fluctuation, but not a fully implemented adaptation. The most concrete impact had been cautiousness around resource commitment. The company had not built a US partner network or sales organization. While the company had European partners, there were no US expansion partners at the time of the interview. As a US investment would be large including local employees and functions, the current geopolitical risk environment has made it more difficult to justify.

“We have started to think about which market areas would not necessarily be as sensitive to this sort of fluctuation. We need to think if it is a risk if somewhere in the world a military crisis escalates, and after that business is not the first worry.”

Company B had prioritized customer retention over market expansion. When asked about contingency or scenario planning, the interviewee explained that the company is still so small in their perspective that the essential goal is to deliver well to their existing clients and customers and keep them satisfied. The company did not report any long-term investment changes that would have been directly caused by geopolitical risks. The interviewee stated that the risks had not affected long-term investment planning or strategic planning clearly. The company’s current strategic position limits the extent to which the company can make market change or diversification decisions. The company is not yet established enough in the interviewee’s opinion to shift their resources between

larger market commitments. “Revenue comes from where it comes from” as the interviewee stated.

4.2.2 Adaptation

Company B’s adaptation can be described as cautious monitoring combined with market focus. When asked if the company had considered market diversification, the interviewee responded that the direction has been almost the opposite. The company had considered focusing more on fewer markets rather than expanding to more markets. In the company’s view, limited resources make market concentration more realistic than market diversification.

“The opposite of market diversification, we have been thinking that we should focus on less markets rather than expanding to more ... We have to read the news and understand where we are going”

The company’s geopolitical situation monitoring is informal. The interviewee stated that geopolitical developments are followed by reading the news and by understanding what is happening. Company B did not use external advisors or formalized monitoring systems for geopolitical risks or uncertainties. Responsibility is shared mainly between the interviewee, COO and the board. The process is therefore based on managerial interpretation and general awareness rather than a structured function, position, or department. The interviewee mentioned that a learning from operating in a geopolitically unstable market was the importance of sentiment change. The interviewee stated that once the market sentiment changes, it may be the final moment to react. Individual political statements or events may not matter by themselves, but they become more significant once they indicate a broader shift in sentiment. In the case of Company B geopolitical risk is therefore interpreted through the movement from isolated events to a changed sentiment in the market.

“It is not one specific oddity ... when they say things like they are saying, it means that this will continue for years and this craziness will just escalate ... they (US

companies) are in such an environment where you cannot trust that things are tomorrow like they are today, such as tariffs”

Company B’s export strategy adaptation in the US market was still limited in implemented context, but the interview demonstrated that geopolitical uncertainty had shaped strategic thinking, market prioritization, resource commitment, and market cautiousness. The company remained willing to exporting to the US, but the US was not treated as a potential market for justified heavy proactive investments at the time of the interview as stated by the interviewee.

4.3 Case Company C

Company C is a Finnish SME focused on management consulting and software. The company’s activities are mainly in Finland and in the Nordic countries, but the company has actively attempted to enter the US market for approximately two years. The US effort has focused especially on sustainability and risk management themes, including materiality analyses and related services. The company had organized several events with the Finnish consulate and built a sales pipeline through contacts and partner networks. Company C has made an active and a structured attempt to develop their US market presence, although it has not managed to fully establish itself yet to the market.

The US market was attractive to the company for two main reasons. First, successfully opening the US market would increase perceived value in the eyes of clients. Second, the company had access to experienced internationalization competence through a business development manager with wide experience in North America. Therefore, the US strategy was based on both the market attractiveness and on internal capabilities. The interviewee stated that the company believed it had a relatively good entry condition for entering the US market. The company planned an internationalization model relied on direct export and co-operation with consultants or strategic partners. In practice their relationships and partner credibility were important, because the company was small and needed access to networks when expanding to the market. Additionally, the

company had relied on customer trust and events in the process. This made the company especially exposed to sudden shifts in the institutional and political environment, that affected partners, regulatory agendas, and customer demands.

“The perceived value of customers and producers if you can open the US market. One driver was also that we had an experienced manager who’s been working and living in the US for many years. So we thought that we had a good basis for the expansion from a capability perspective.”

Company C has identified two major recent sources of uncertainty. Changes in the political environment in the US and changes in European sustainability regulation, and the interviewee connected the changes in the US political agenda, especially the second Trump administration, to a strong shift away from sustainability, ESG, diversity, and equality agendas in the corporate field. From Company C’s perspective, these changes affected the attractiveness and viability of the US market that the company had been planning to expand in. The interviewee described the sustainability market as having partly disappeared. A concrete example from the interviewee concerned the company’s strategic legal partner in the US. The company had worked to secure a partnership with a law firm that had its own network and physical presence in New York. According to the interviewee, the Trump administration named or treated the company as a prohibited or unfavored actor relating to its previous involvement in legal proceedings against Trump. The result from this was that the partner became difficult to work with and Company C had to suspend planned work with them

“Our partner was labeled as prohibited, and we had to think if our main partner is dropped. As a small company we had done lots of work to acquire a partner like this that has their own skyscraper in Manhattan. Their complete operations became very cautious.”

Another major risk concerned regulation. The interviewee stated that sustainability, ESG, diversity, and equality agendas were pushed to the side in the US. At the same time EU Omnibus regulation reduced the number of companies required to conduct double

materiality analyses. Since the company's offering and US market angle had been partially built around these themes, the regulatory shift weakened their market view.

"Omnibus regulation from the EU side of things and Trump's second administration have had the most effects on our US business"

The company identified additionally cloud and technology dependency as a geopolitical risk. The company has cloud-based software services and recognized the possibility that US cloud providers could become unacceptable to customers. The interviewee mentioned that if customers would say that (Certain US web service provider) would be no longer acceptable, the company would need to examine German or other European alternatives. Company C has had concrete discussions about these concerns with clients, and the interviewee stated that the issue is also discussed on a governmental level, indicating that technology infrastructure has become part of the geopolitical risk landscape for software-related SMEs.

"We have a major dependency even on a governmental level to the US on data and AI. The technology ecosystem is massive where we are dependent on."

4.3.1 Strategic impacts

The most significant impact for Company C was that their original US market approach was weakened significantly. The company had invested in building a pipeline around sustainability and systematic risk themes, but the political and regulatory environment changes reduced demand and confidence in their partners. This did not lead to a complete exit from the market, but it changed the company's view on the market. The US was no longer approached from the same angle as prior. Company C's experienced partner risk demonstrated that the company's export strategy was affected by US customers, regulations, and the shift in operating conditions of a partner.

Customer behavior was affected by wider topics of geopolitical uncertainty. The interviewee stated that some of their customers were operating in a crisis management mode

because of war. This affected procurement and decreased the pace of co-operation. Simultaneously geopolitical instability and uncertainty created demand for the company's risk management offering in varying contexts, such as customers with Asian operations preparing for a Taiwan-related conflict. Therefore, uncertainty had an effect in delaying some co-operation but also in creating new use cases for risk management offerings.

Company C had not yet made major long-term investment changes or decided to withdraw from the US market. The interviewee stated that the business environment had changed but the company had not decided to leave completely.

4.3.2 Adaptation

Company C had adapted by repositioning their products and use cases. The company did not emphasize their original sustainability-based offering to the US market but shifted toward their geopolitical risk management offering. The interviewee described this as selling a different product or use case aiming to benefit from or to respond to geopolitical uncertainty. The company created a value proposition from the external factors influencing the export strategy.

“We are now selling a separate use case ... it aims to benefit from geopolitical uncertainty ... basically our offering portfolio has changed at least partially.”

Company C had done scenario and contingency planning. The interviewee explained that the possibility of the Trump administration disregarding the sustainability agenda was a risk that became real. Additionally, the company was considering of being prepared for a situation with the US state becoming worse, with a concrete example of shifting their focus on Canada instead of the US. In this case Canada was considered as an alternative in the case if the US would become too uncertain.

“... for example, if Trump is elected for a second term, sustainability agenda will not be relevant, and this happened. That is what would happen and it was a risk that could come true.”

Company C used external networks for monitoring the geopolitical landscape. The interviewee mentioned that geopolitical understanding is obtained partially through the business itself and through collaboration with relevant programs and Finnish networks in the industry. The company's own industry exposes the company to geopolitical risk discussions, and this has allowed market monitoring and product development to be slightly connected. Since the company's product offering includes risk management solutions, the company learns about geopolitical concerns from their clients and partners, and additionally from the news.

"We have in-house monitoring through the business. ... We have Finnish partners in this market that we work with (on monitoring) so we have partners yes in this sense as well."

When asked about the future of risk management, Company C expected geopolitical risk to become an increasingly important dimension in Finnish business planning. The interviewee stated that Finnish companies should consider geopolitical events proactively and appropriately, using scenarios and being prepared. Company C intended to manage these risks better and to create products around geopolitical risk management as a service. The interviewee additionally recognized the limitations of an SME, remaining closely to the Finnish market and to Finnish geopolitical exposure. This including Russia-related geopolitical risks.

"If you're in the market and depending on how deep, you need to recognize vulnerabilities in the scenarios and find contingency plans, ... there can be opportunities that benefit from the crisis. If you are not creating the crisis and you can help and serve people, it is not taking anything away from anyone."

4.4 Summary

The findings present multiple indications of elements presented in the data. The first and most found element is external geopolitical factors. This was seen in the case of Company A, where tariffs created immediate cost pressure and forced pricing and margin considerations. The second element is customer and investment behavior. This was

visible in Company B, where the central concern was that uncertainty may cause the company's customers to postpone or cut spending in Company B's offerings. The third element is regulatory and institutional change that could be seen in Company C's case. Company C's market approach was affected by changes in sustainability policy, ESG-related service demand, and EU regulatory changes. A fourth element is technology dependency, where software related companies raised concerns about the reliance on US-based cloud providers and possible customer reactions to data and technology reliance issues.

Another finding is that the case companies did not respond to uncertainty by immediately exiting from the US market. Instead, their responses were cautious and selective. The case companies demonstrated resource-dependent responses as well. Company A maintained its US business and absorbed the costs from tariffs rather than raising its pricing for intermediaries or consumers. Company B continued serving its existing customers but avoided a larger US investment. Company C did not exit the market but changed its market angle and considered alternatives.

Market diversification was found, as Company A and Company B had identified Canada as a relevant opportunity. Company A gained a concrete market opportunity from US-Canada geopolitical tensions. Company B's reaction differed as the company considered concentrating on fewer markets rather than diversifying.

Managerial judgement was found as a relevant factor in monitoring geopolitical risk, as all of the case companies described the monitoring as being the responsibility of the companies' management, and not having a formal position or department for it. Company A had the responsibility for the market-area manager, and in this case part of management, Company B relied on the management, and Company C used management and external networks related to its industry. Monitoring geopolitical situations was based on news, industry data, customer discussions, partners, and managerial interpretation.

Geopolitical uncertainty can additionally create opportunities in addition to threats. Company A used geopolitical tensions to enter the Canadian market and Company C turned geopolitical risk into a product use case. Company B did not report this similarity but recognized that changes in the market sentiment may signal when to react. Through the cases the most adaptive companies were the cases that identified changes quickly and connected them to pricing, product, market, or partner decisions.

Figure 2 presents the revised framework of this study, combining the theoretical findings in Figure 1 with empirical additions.

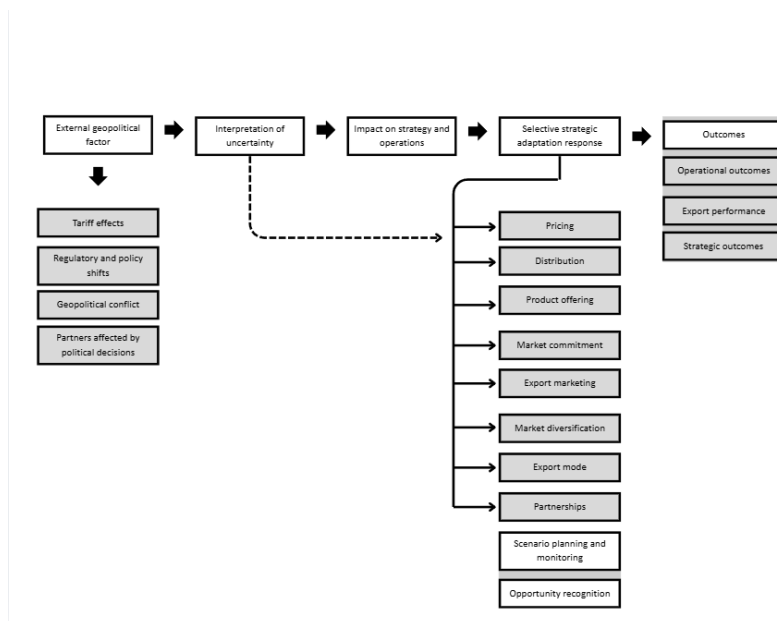


Figure 2. Synthesis of the theory and empirical findings

5 Discussion and Conclusion

The discussion section of this study examines the empirical findings presented in this study to explain the key findings for the reader. After, the theoretical contributions of the study are explained, along with the managerial implications for more practical view on the research findings. To conclude, the limitations and future research suggestions that emerge from this study are explained.

5.1 Summary and discussion of the key findings

The main research question for the thesis was presented as: How do Finnish SMEs' export strategies adapt in a geopolitically challenging context in the US market? The findings suggest that adaptation is selective and strongly shaped by the company's business model. The three case companies did not adapt in one identical way. Company A had physical export products and mainly experienced the US geopolitical uncertainty through tariffs, import costs, price competitiveness, and export structures. Secondary data supports the claims of the interviewee about the company's products and export operations. Company B experienced the phenomenon through customer investment cautiousness, need for local presence, and technology infrastructure dependence. Secondary data supports the claims of the interviewee's explanations about the company's business model, partners, and technology infrastructure dependence. Company C experienced the phenomenon as regulatory breaks, partner instability, and a need to reposition the company's value proposition. Secondary data confirms the business model, partner, and product offering claimed by the interviewee. Therefore, Finnish SMEs adapt by adopting wide geopolitical uncertainty into export decisions specific to the companies concerning pricing, market commitment, partner use, market focus, product positioning, and risk monitoring.

Geopolitical risk is connected with political tensions, trade wars, sanctions, regulatory changes, diplomatic conflicts, and changes in formal institutional conditions (Carnegie & Gaikwad, 2022; Patsiaouras et al., 2026; White et al., 2021). The findings support this

but also demonstrate that the factor must be specific to a company before it becomes strategically relevant. Company A's factor was the introduction of additional tariffs. The tariffs directly affected the financial logic of exporting since they directly increased the costs for products entering the US market. For Company A, geopolitics was therefore not an abstract concern about international relations but a concrete change in exporting cost structure. This is consistent with the trade geopolitics literature where tariffs are instruments that are used as influence of international trade flows for political goals and company competitiveness (Kuenzel, 2023; Muchopa, 2025).

For Company B, the main geopolitical factors became relevant through broader customer and infrastructure concerns. Company B emphasized that customers may postpone industry-specific investments if the general business environment faces uncertainty. Additionally, the company identified the dependence on US-based cloud services as a potential risk if European customers and clients begin to re-evaluate whether US technology providers are reliable partners for sensitive data. This expands the discussion beyond traditional export barriers and demonstrates that geopolitical factors can operate through data governance and customer sentiment. Therefore, software SMEs may experience geopolitical changes indirectly even if their product is not subject to customs or tariff-related barriers.

Company C's external factor was through political and regulatory fluctuation and discontinuation. The company's original US market entry strategy was partially based on sustainability, risk management, and demand based on and driven by regulation. However, changes in the US political environment and changes in European regulation weakened the company's original value proposition and market opportunity. As presented in the findings, a concrete example from Company C was the vulnerability of a US legal partner whose position became politically sensitive. This finding connects to the network view of internationalization. Networks can provide credibility and market access for SMEs attempting to enter the US market, but the case demonstrates that networks can become vulnerable when the institutional environment changes (Vahlne & Johanson, 2017;

Torkkeli et al., 2018). The factor weakened the usefulness of a network designed for market entry that had required significant effort to establish.

The findings indicate that uncertainty emerges when companies cannot reliably estimate how external changes will develop or how strongly they will influence the company's export activities. Company A could calculate the current impact of a tariff, but it could not estimate or control if tariffs change while products were already shipped. This created uncertainty around costs, margins, and evaluations on maintaining the price levels. Company B faced uncertainty on justifying a larger investment on market expansion, requiring investments in local employees, localized support, and building credibility. Company C experienced more strategic uncertainty as the company had to assess whether the original US market logic still existed similarly after regulatory and political shifts. These findings present that uncertainty is interpretive and measurable. Some effects can be measured, such as tariffs, but mainly geopolitical changes and its meaning require managerial judgement.

The case companies perceive geopolitical risks as concrete business uncertainties, and not as distant political phenomena. Company A perceived risk through tariffs, pricing pressure, import timings in target country, and market competitiveness, Company B perceived risk through customer cautiousness, US technology infrastructure reliability, and the difficulty of justifying a market entry with high commitment. Company C perceived risk through regulatory change, weakening demand for the original offering, partner vulnerability, and US technology infrastructure reliability. In all cases, geopolitical risk was experienced through multiple elements by which political and institutional changes affected each company's business model. This supports the assumption that geopolitical factors first create uncertainty and then lead to relevancy through SME perception and interpretation.

The cases demonstrated that the perceived US risk is not separate from wider global tensions, as Company A described geopolitical tensions as a regular reoccurring part of

international business, Company B emphasized wider uncertainty including conflict risk and customer cautiousness, and Company C connected the US political uncertainty to EU regulation, Russia-related concerns, Asia risk scenarios, and US technology infrastructure dependency. This explains that the US market is interpreted as part of a wider geopolitical system rather than a separate country market. This finding is consistent with the argument that geopolitical risk has become more systemic and may affect value chains, networks, and indirect business conditions beyond individual countries (Patsiaouras et al., 2026). For SMEs, the systemic nature can be challenging because of not often possessing large risk departments or extensive geopolitical data and information sources. This leads to the role of managerial interpretation being central, as the risk perception was mainly shaped by the entrepreneurs, market-area managers, operative leadership, boards, partners, customers, news, and industry data. This finding reflects typical SME characteristics, since SMEs often possess limited financial, human, and organizational resources when compared to larger companies. Comparably, this also allows SMEs to be more adaptative, flexible, and faster in decision making (Leonidou et al., 2011). In the cases presented in this study, flexibility was visible in the ability to re-evaluate pricing, reconsider market commitment, reposition product offering, and reposition value proposition. However, the limited resources of SMEs additionally restricted the types of possible adaptations. This was visible in Company B by recognizing opportunities in the US market but avoiding larger expansions because of the requirement for major investments.

The findings demonstrate consistency on the differences in impacts per industry, export mode, and level of market commitment. Company A's experiences in operational impact were presented as the most concrete, as the company had to reassess profitability emerging from additional tariff increases. Even though the company had to reassess this, the company did not describe a major disruption in exporting. The process was able to continue, but the financial processes became more vulnerable. For Company B the impact was mainly strategic and indirect, since the US customer could still be served, but the geopolitical environment increased cautiousness toward major US investment. The

company noted that serving many US customers would require timely service and built trust. This connects to internationalization theory, as the Uppsala model suggests that companies gradually increase commitment as they accumulate experience and knowledge (Johanson & Vahlne, 1977; Vahlne & Johanson, 2017). Company B's case reflects this gradual logic, but the findings demonstrate how uncertainty can slow the export market commitment pace. Company C identified both strategic and relationship impacts. The company had invested in building a US market entry pipeline with events, contacts, and a major partner. When political and regulatory conditions changed, the value of this pipeline weakened. This demonstrates that the impact of geopolitics can be accumulated, since prior investments in building relationships and market positioning may lose value if the institutional context shifts. Networks are often viewed as essential resources that reduce uncertainty and support SME internationalization, but the findings present that a network-focused market entry can create exposure if a partner is affected by political decisions or reputational conflicts (Vahlne & Johanson, 2017; Torkkeli et al., 2018).

The impacts identified in the collected data explore the concept of export performance. Export performance can be measured through export intensity, sales growth, export profitability, and a broader strategic satisfaction (Ali, 2004; JärviKuona, 2007; Katsikeas et al., 2000). In these cases, the relevant outcomes of impacts considered profitability calculations, confidence in the US market, resource allocation, customer trust, partner reliability, and the perceived viability of market opportunities. This supports the interpretation of export performance used in this thesis.

The findings present both defensive and proactive export strategy adaptation. In Company A's case, adaptation was primarily coping but also active. The company evaluated whether it could pass costs emerged from tariffs into prices but decided not to do so. Instead, the company absorbed the cost and margin pressure and remained to monitor the market. This reflects to the literature as price adaptation is dependent on market conditions, competitive intensity, and managerial evaluation (Fuchs & Köstner, 2016;

Morgan et al., 2004). In the case of Company A, the adaptation meant maintaining price competitiveness in order to protect market position. Company B's export strategy adaptation was demonstrated by limiting commitment. The company did not significantly create pricing changes, product changes, or delivery model in response to US geopolitics. The company's adaptation was cautiousness and focusing on current customer retention. This finding challenges the assumption that geopolitical risk leads to market diversification, and in theory diversification can reduce dependence on a single country (Chopra et al., 2024). For a smaller software SME, diversification and market expansion can require resources that the company may not have. Company B's response suggests that market concentration and careful customer selection may be a more realistic adaptation for SMEs than broader diversification. Company C's adaptation proved to be the most adaptive, since the company began to shift its offering from sustainability-based risk analysis services towards geopolitical risk management services. The same geopolitical uncertainty that weakened a market opportunity created a new opportunity. This finding demonstrates entrepreneurial orientation and business model innovation. SMEs that are proactive and innovative, and able to modify value propositions, may be favorably positioned in responding to uncertainty (Asemokha et al., 2019; Clauss et al., 2022).

Scenario thinking was found to be existing in informal and practical forms in the case companies. Company A monitored for possible tariff changes and identified an opportunity in Canada when US competitors were pushed out of the market. Company B emphasized the importance of recognizing changing sentiments early, even though it did not formalize its scenario planning processes. Company C directly discussed scenarios. These forms of adaptation indicate that SMEs may not use highly formal planning systems, but they engage in scenario planning for knowledge relevancy. This supports the concept that SME strategy under uncertainty is often based on ongoing interpretation, responsiveness, flexibility and coping rather than detailed formal planning.

The findings of outcomes support the theoretical framework by displaying a relationship between external events and export outcomes. External geopolitical factors create

uncertainty, uncertainty is interpreted through SME perception, perception leads to recognized changes and impacts, and these impacts shape export strategy adaptation. Outcomes depend on how well the company can connect its capabilities to the changing environment. This interpretation is consistent with the resource-based view, which emphasizes the importance of resources and capabilities in explaining competitive advantage specific to companies (Barney et al., 2021; Helfat et al., 2023; Leonidou et al., 2011). Relevant capabilities included international experience, managerial judgement, partner networks, product flexibility, and market opportunity identification under uncertainty. However, the resource-based view does not explain how SMEs build their geopolitical monitoring capabilities under identified resource constraints of SMEs (Leonidou et al., 2011). In larger companies, capabilities related to monitoring may be located in risk management, strategy, or compliance functions. In the findings it was presented that the monitoring is conducted by the top management or the board and the capability is built informally and by managerial interpretation, and therefore the findings extend the resource-based view.

International experience is refined by the findings, as prior international experience helped the companies analyze and understand that geopolitical risks are part of export activities. Company A acknowledged geopolitical changes as something that must be continuously monitored, and not a reason to exit an export market immediately. Company B emphasized the need to understand how events discussed in the news may affect business. Company C had built US contacts and used institutional support in its export venture strategy, which allowed the company to recognize market shifts and reconsider its offering. Experience did not remove uncertainty completely and it improved the ability to interpret the uncertainties and to choose a calculated response. This is consistent with internationalization theory, where knowledge and experience reduce uncertainty but do not remove the challenges of foreign market commitment (Johanson & Vahlne, 1977; Vahlne & Johanson, 2017; Malca et al., 2019).

The findings further indicate that standardization and adaptation are risk management choices. The literature determines between standardized and adapted export marketing strategies (Fuchs & Köstner, 2015; Mandler et al., 2021). In the cases, adaptation was visible through price decisions, product use case changes, market focus, and partner evaluation. Company A maintained its price positioning despite the emerging tariff pressure, and it can be interpreted as a deliberate choice to avoid over-adaptation. Company C adapted the product and use case more efficiently. Company B avoided major adaptation since the US market was not yet as large in order to justify major adaptations. Therefore, the degree of adaptation depended on how strongly the geopolitical factor affected the company's export strategy.

To conclude, the key findings found that Finnish SMEs adapt to geopolitical uncertainty in the US market through selective, business model -specific responses. The companies did not adapt to geopolitics as a general concept. The companies adapt to tariffs, customer cautiousness, technology trust concerns, partner concerns, regulatory change, market access conditions, and demand changes. Their responses are shaped by resources, international commitment, networks, and the perceived possibility of opportunity in the uncertainty. The findings suggest that existing theories explain important sections of SME export strategy adaptation. However, the findings also present extensions and differences to these existing theories. The Uppsala model (Johanson & Vahlne, 1977; Vahlne & Johanson, 2017) explains gradual commitment, but it does not directly support the findings of commitment hesitation or re-evaluation under geopolitical uncertainty. Network view demonstrates the value of relationships but not negative effects emerging from these relationships if the partner is exposed to geopolitical vulnerability (Vahlne & Johanson, 2017; Leonidou et al., 2011). The resource-based view explains the critical importance of capabilities but in this context not necessarily how SMEs build geopolitical monitoring capabilities (Barney et al., 2021; Helfat et al., 2023; Zander et al., 2015; Leonidou et al., 2011). In export marketing strategy literature the perspectives of external effects are often seen as based on customer, cultural, and competitive attributes and not necessarily based on geopolitical effects (Fuchs & Köstner, 2015; Fuchs &

Köstner, 2016). Therefore, this study contributes by combining these perspectives and by presenting the phenomenon.

5.2 Theoretical contributions

This study contributes to the literature on SME internationalization by demonstrating that geopolitical risk affects export strategy via interpretation and adaptation rather than through a simple direct effect. Prior literature explains that SMEs often internationalize gradually, rely on exports as a lower resource entry mode, and face resource restrictions when entering foreign markets (Fuchs & Köstner, 2016; Johanson & Vahlne, 1977; Malca et al., 2019). The findings support this view, but add that geopolitical uncertainty can slow down or reshape the shift from lower commitment exporting to wider market commitment. The cases in this study provided an outlook on direct explanations on possibilities to serve the US market, but investments and uncertainty in conditions towards stronger commitment made it less attractive. Therefore, geopolitical risk should be understood as a factor that can influence the timing and depth of international commitment in addition to market entry.

This study also contributes to export strategy literature by connecting geopolitical uncertainty with adaptation. Export marketing research discusses adaptation and standardization related to market conditions, competitive intensity, cultural distance, and target country characteristics (Fuchs & Köstner, 2015, Fuchs & Köstner, 2016; Mandler et al., 2021; Morgan et al., 2004). The findings explain that geopolitical uncertainty should be considered as a practical adaptation pressure. The result presents that adaptation is not always visible as a change in product, price, or market communication. Adaptation can mean not increasing pricing, limiting market commitment, and repositioning value proposition. This expands the understanding of export strategy adaptation as a combination of financial, strategic, operational, and associated decisions.

Another contribution concerns the role of networks. The network view argues that relationships can help SMEs access foreign markets and gain information (Vahlne & Johanson,

2017; Torkkeli et al., 2018). The findings support this, however, the findings also demonstrate that networks can create vulnerability in a situation where partners become politically vulnerable. The theory additionally does not capture how those same partnerships can become liabilities if geopolitical context is changed. This adds to the network perspective by suggesting that network benefits depend on the stability of the institutional environment of the partner. In geopolitically unstable contexts, partner selection becomes a part of export risk management.

Finally, the study contributes to the literature on geopolitical risk in SMEs by demonstrating that geopolitical risk is experienced differently across industries. Product exporters may experience the risk through tariffs and import related channels, but software companies may experience it through technological infrastructure and data trust, and advisory service companies may experience it as regulation and customer demand. This supports the view of geopolitical risk becoming systemic and affecting both direct and indirect business conditions (Patsiaouras et al., 2026). The study also presented a unique view on the matter in SME perspective. The found phenomenon has been studied in the multi-national enterprise context, but this study presented the effect of geopolitical uncertainty in SMEs export strategies uniquely.

5.3 Managerial implications

Practicality of the issues emerging for Finnish SMEs from geopolitical uncertainty can be overlooked, and they can be rather interpreted as distant political phenomenon. The case companies in this study experienced geopolitical uncertainty and complexity through several effects, such as tariffs, customer investment caution, partner vulnerability, and technology infrastructure dependence. Therefore, managers should assess geopolitical risk through the specific effects on their own business model, value chain, customers and expansion logic.

Even though SMEs are resource constrained when compared to larger MNEs, it could be beneficial to build a systematic, resource efficient approach to geopolitical monitoring.

When reflected to the findings of this study, monitoring was mainly informal. While this could be expected from SMEs, companies could benefit from assigning a clear responsibility for a specific position in the company to follow geopolitical developments in key markets. This could also affect managerial interpretation of the geopolitical factors.

Scenario planning could be useful for SMEs to additionally prepare scenarios for geopolitical exposure. This could mean, that in addition to negative scenarios the companies can prepare for opportunities in these scenarios. As we saw in the findings, SMEs that are able to interpret the relevant changes early can connect them to pricing, product positioning, market focus, or customer needs, may be able to protect and accelerate their export performance.

Geopolitical risk is not limited to physical and direct trade barriers, as technology infrastructure, data location, cloud providers and customer trust may become strategically relevant geopolitical issues in technology-related industries. Managerial understanding of the relevancy of these issues can lead to better preparedness and relevant adoption in the demonstrated plausible scenarios of needing to either explore alternative solutions or explain and justify their choices to customers.

5.4 Limitations

This study has limitations that should be considered when interpreting the findings. The first limitation is the scope of data, as the empirical material only consists of three Finnish SMEs. This allows for an in-depth qualitative analysis but does not allow statistical generalization. The findings should be interpreted as analytical insights on how selected SMEs perceive and respond to geopolitical uncertainty, and not as a representative description of all Finnish SMEs exporting to the US.

The second limitation is lack of industry variation. The three companies operate in different industries and sectors. The variation is useful for demonstrating the differences

between geopolitical risk across business models, but it also creates complexity in direct comparisons.

The third limitation in this study is the timing of the research. The interviews were conducted in a specific moment in geopolitics, and the findings reflect on the perceptions of the interviewees at that specific timeframe. As geopolitical conditions may change quickly, the study limits the interpretation of a wider timeframe of the phenomenon. A longitudinal research design would be required to examine if the adaptations in the interview discussions lead to other phenomena.

The fourth limitation is the focus on the US market from the perspective of Finnish SMEs. Even though the findings refer to wider geopolitical tensions, the empirical focus remains on the selected target market of the United States of America. The results may differ to other markets with varying institutional structures, cultural distance, trade relations, and security conditions.

The fifth limitation is the reliance on interview data. The study relies primarily on the subjective interpretations of company representatives. This is appropriate for an interpretivist qualitative study, since the research question is concerning perception and experiences. However, the findings do not by themselves verify all effects of the subject. Secondary data was used only as supportive material, and the exact financial details of the companies were not disclosed.

5.5 Suggestions for future research

The findings suggest multiple directions for future research on export strategy in the context of SMEs. One direction involves examining more Finnish SMEs with a larger qualitative study to examine if the themes identified in this study appear across a larger set of industries and companies. The research could compare industries beyond the ones presented in this study and broaden the understanding of the phenomenon.

Another direction for future research would be a quantitative study on the topic to statistically generalize the findings. This would allow the interpretation of the phenomenon to be presented as statistical relevance and to find more accurate similarities across industries.

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Appendices

Appendix 1. List of semi-structured interview guide (Translated)

Background

- Could you briefly describe your company's main industry and export operations?
- How long have you been exporting to the United States, and what share of your exports goes to the US?
- What made the US an attractive export market?
- What internationalization methods does your company currently use?

Geopolitical changes

- Which recent geopolitical factors or events have had the most significant impact on your business in the US?
- When did you first notice those effects?
- What was the first business area affected by these factors? For example, sales, logistics, or costs.
- Have you observed changes in US trade policy, export restrictions, regulation, or relations between countries that have affected your business?
- Do geopolitical tensions affect your market outlook or your trade/customer relationships?
- Are the geopolitical risks you face limited to the US market or are they a part of broader global tensions affecting multiple markets?

Strategic actions

- How has your company adapted its export strategy in response to geopolitical uncertainty?
- Has your company changed its market selection, pricing, product offering, or logistics as a result of geopolitical risks?
- Has your company considered market diversification or supply chain changes in response?
- How do you assess the current situation regarding geopolitical changes? Do you use third parties?
- Who in your company is responsible for monitoring/following geopolitical risks?
- Have these risks already affected long-term investment or strategic planning?

Future outlook

- How does your company intend to manage geopolitical risks in the future? And do you believe that this will become a permanent part of operating in export markets?
- Has your company learned something in specific from operating in a geopolitically complex market?

- What advice would you give to a company exporting to the United States regarding how to deal with geopolitical challenges?

Appendix 2. Data structure

Conceptual dimensions	Second-Order themes	First-Order concepts	Exemplary quotes (Translated from Finnish)
Geopolitical risk exposure	External geopolitical factors	Tariff effects	"The 15 per cent tariff affected us immediately" "It is added when the product arrives at the port" "It applies across the whole product category"
		Regulatory and policy shifts	"The second Trump administration changed the situation" "The ESG and sustainability agenda was weakened" "Simultaneously, EU regulation changed the market"
		Geopolitical conflict	"People are afraid that a war will come" "If a military crisis escalates, trade is no longer the first concern" "Companies need to prepare for Taiwan or similar conflicts"
		Partners affected by political decisions	"When the Trump administration came in, our strategic partner was named as prohibited" "Their whole operation became very cautious" "Our main partner suddenly dropped out in practice" "We had done a lot of work to acquire that kind of a partner"
		US market complexity prior to expansion	"The US requires different compliance" "You cannot just decide to go there" "It requires a lot of background work"
		Unpredictability of US policies	"The unpredictability is a significant factor" "It is very difficult to know what restrictions apply and how much needs to be paid" "When it becomes this insane, the sentiment changes and everything can be thrown to the trash"
		Trust and dependency concerns	"What has been agreed to cannot be trusted anymore" "Companies may start seeing Americans as not fundamentally reliable contractual partners" "No one can honestly say that they would not be slightly worried about problems with American partners"
		Cost pressure	"What if *Censored partner* is suddenly shut down and we can't do anything?" "It affects the whole (value) chain" "We need to consider whether the business is profitable" "We have to consider if there is still margin left"
		Technology dependency	"Our service is built on *Censored partner*" "There is a huge dependency on the US in data, AI, and cloud services" "If customer says that *Censored partner* is no longer acceptable, we are examining German and other cloud providers"
		Impact on strategy and operations	Operational effects
Pricing adaptation	"We concluded that we cannot transfer the tariff increases to prices" "The market is already extremely competitive" "We would rather take the hit ourselves and try to increase our market share"		
Offering adaptation	"We are no longer entering the US with the same angle" "We are selling another product or use case" "We are trying to benefit from geopolitical uncertainty"		
Market selection	"We started thinking which markets would not be as sensitive to this fluctuation" "We have considered Canada instead of the US" "We have considered focusing on fewer markets rather than expanding to many"		
Scenario planning and monitoring	"Scenario planning is continuous monitoring and staying alert" "You need to understand what news means for the business" "When the sentiment changes, it is the last moment to react"		
Strategic adaptation response	Strategic planning	Opportunity recognition	"When American producers left the Canadian market, we saw an opportunity" "Geopolitical tensions sometimes work against you, but sometimes they open opportunities" "We are then selling a product based on managing geopolitical risks"