

ENTERPRISES' INTERNATIONALISATION STRATEGY - SKILLS IN EXPORTATION AND CUSTOMS LAW

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Abstract

Economical development has always been connected to the commercial exchanges between people, due to the necessity to suppress their needs. With the increasing growth of international business and more competitive and demanding markets, exportation has become an important first step to internationalisation.

Unlike what happened in the past, companies must be aware that the enrolment in the current global market is risky and requires elaborated technical procedures. Internationalisation should not be treated as an isolated event of business management.

The first part of this paper aims to understand the export process and fit it in the current stage of international trade, keeping in mind the framework of export under the customs law. Then, we tried to understand how Portuguese companies should face this process in their internationalisation strategy, and what skills organisations must acquire to be able to export competitively in the current scenario of globalisation.

The investigation was based on interviews in companies that, through a process of internationalisation by exportation, have implemented themselves strongly in extern markets. This investigation allowed us to analyse the companies' motivations to become international, as well as the selection criteria for the export destinations. It was also possible to identify the main obstacles to the internationalisation of Portuguese companies.

We concluded that companies that choose exportation as a way to become international acquire specific skills that enable them to become competitive in international trade. However, studies have failed to answer the second initial question about whether the measures implemented by Customs potentiate exports.

JEL Classification: F23, L21, L25, L26

Key words: Export, Internationalisation, International Trade.

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1. INTRODUCTION

Nowadays, companies have to compete in more open markets, under the pressure of time and technology. Some Portuguese companies are already aware of the end of the protection offered by national boundaries. On the one hand, there are now more aggressive national companies and, on the other hand, foreign companies have been challenging our competitiveness. Selling "out there" is not the same as selling in Portugal, because of differences in language, culture, distribution/promotion systems, consumer habits and relationships between companies and their unfamiliar surroundings. It is, then, essential that companies focus on a global strategy in order to acquire greater competitive ability and integrate broader and more dynamic networks of relationships. This is necessary to face successfully an increasingly globalized competition.

Economic globalisation has given companies a wider, quicker and simpler access to markets all around the world. The goods are sold in more countries, in larger quantities and in greater variety.

These days, information and technology at the disposal of companies allow them to better understand the markets where they want to transact and to reduce the risk of failure.

But it is still crucial that companies know about the advantages of its internationalisation and the risks and technical and administrative procedures that involve transactions within the international trade. Unlike what happened a few years ago, when export was seen as an easy way to make money by selling products to foreign markets (commonly characterized by a single act of business activity), companies must internalise the export process as an activity that should take place alongside the rest of corporate management.

Some years ago, market research either did not exist or was limited. The decision to export did not take into account important factors such as the culture or the people's habits of the countries where the companies intended to export to.

Internationalisation of markets as a result of the globalisation process and the effects that this process imposes on businesses requires structural adjustments in the organisation of companies. This is similar to the changes brought into the economical, political, social and cultural development of the Global Village we live in today.

Besides that, the way we see the export regime changed. Customs' services are no longer bound by mere documentary controls - perhaps a "hindrance" to the free movement of goods. They have become active agents of the international economy, with concerns about society protection and financial interests of the States.

1.1. DEFINITION OF CONCEPTS

The need for commercial exchanges between people is now lost in time. It is taken for granted that such exchanges bloom in peacetimes, since the trade activities require safety and friendly relationships between the parties. Trade has always played a key role in countries' economic prosperity and in expanding

relationships between people. Civilizations that thrived around the Mediterranean Sea like the Roman Empire, the economies of China and India and the increase of trade at the time of the Portuguese Discoveries show this.

Export is the first step in a process of internationalisation that often has its origin "in a rational process of research, in response to an opportunity or an external approach" (Viana & Hortinha, 2002), and takes various forms depending on the number and type of intermediates. Exportation as a form of internationalisation of a firm results in an activity that allows companies to develop business with each other. This allows access to other resources and leads to a greater return on investment and to increases in market shares. Exportation is often the input mode selected by small businesses with lack of resources to establish a more complex form of internationalisation, when the political risk or the uncertainty of the destination market's response do not advise further involvement, or when there is no political or economic pressure to produce beyond borders (Bradley, 2005).

Bilkey and Tesar (1977) define export as a gradual process, based on a sequential learning with six levels: (i) in the first, the company is not interested in exporting; (ii) in the second, the company responds to requests for export but makes no effort to explore the feasibility of exporting; (iii) in the third, the company actively assesses the viability of export; (iv) in the fourth, the company makes exports on an experimental basis, exporting to a nearby country; (v) in the fifth, the company is already an experienced exporter to that country and seeks to adjust the export process to optimize the exchange rates or customs tariffs; and (vi) in the sixth, the company explores the possibility of exporting to more distant markets.

Export is assumed to be the most common form of companies to begin a process of internationalisation. According to Teixeira and Diz (2005), it can adopt three different forms, depending on the type of distribution selected: indirect (when the distribution is performed through agents), cooperative/shared (when it involves cooperation agreements with other companies) and direct (when the entire company takes all the tasks inherent to the process of internationalisation).

Other authors (Simões, 1997; Luostarinen and Welch, 1990) also propose three different forms of export: (i) indirect (when the producer does not have direct responsibility in the export activity), (ii) direct (when the producing company exports to intermediaries established in the country of destination) and (iii) own (when the operation is characterized by the absence of intermediaries between the manufacturer and the end customer).

However, most authors only distinguish direct and indirect export, considering as direct export all the exports in which the company sells directly to a customer or to a distributor based in a foreign country. In direct export, the company performs most of the export operations (from market research to the physical distribution of goods or services) without delegating other intermediary organisations. This allows greater control of the whole internationalisation process, and makes it easier to obtain better information about foreign markets and to increase international experience. In contrast, the costs are higher than in indirect export, since they are entirely borne by the exporter (Viana & Hortinha, 2002).

Indirect export occurs when a company sells to the outside through an intermediary established in the country of export. The sale in a foreign market happens without any international marketing action from the producer's behalf. Companies initiating an internationalisation process often adopt this form of export for its simplicity and low costs. However, there are some drawbacks: (i) reduction of the producer's control over the exporter; (ii) the producer only gets the added value inherent to the production; (iii) the end customers

can not establish a relationship between the product and its producer and (iv) this method does not allow the producer to acquire knowledge and experience in international operations (Viana & Hortinha, 2002).

The strategy adopted by a firm and its framework in the organisation's philosophy are related to whether a company decides to become international or not. Teixeira and Diz (2005) summarize the reasons why a company tries to internationalise to a few items. They highlight the access to cheaper/more reliable resources and the wish of companies to take advantage of these more favourable social conditions. The demand of a higher return on investment, the increased market share, ways to navigate issues of taxation or import quotas, the maintenance/strengthening of networks of relationships, the response to movements of competitors and the access to new skills and government incentives are also mentioned.

Macedo (2010), quoting Dunning & Lundan, states that internationalisation has as its main motivators the search for natural resources, markets, efficiency and strategic assets. Oliveira and Teixeira (2011) present several factors as determinant in the internationalisation of a firm. Larger and more cooperative companies are better positioned to reduce transaction costs, and this translates into benefits when deciding to seek new markets. Experience in international trading is also important, as it allows the reduction of uncertainty in the process of internationalisation. Technology is, too, pointed out by these authors as a major resource available to companies, giving them the possibility to gain competitive advantages in internationalisation.

Exporting companies tend to have higher levels of productivity and efficiency, due to the access to larger markets and to the need to overcome internationalisation's costs (Lima & Faustino, 2010). According to Ribeiro and Santos (2005), the success of companies depends on their ability to bring their competitive advantage into international markets. Cost savings are essential and they depend on the size, experience, production techniques, product design, characteristics of the production factors, appropriate use of installed capacity and ability of management. Differentiation is also fulcral. It is translated primarily by the characteristics and performance of the product, the level of service provided by the company and the intensity of marketing activities.

Another reason to start a process of internationalisation is the limited business growth in the domestic market. Planelles (2011) refers to this motivation as a major reason that drives companies to search for external markets.

Williamson (2002) divides companies in two groups: those that see export as a way to drain the surpluses not absorbed by the domestic market, and those that look for consolidation in export. Simões (1997) separates the motivations for internationalisation in endogenous and exogenous. Among the first are the company's need for growth and development, the exploitation of technological/organisational skills, the utilization of production capacity, and the demand for economies of scale and risk diversification. Exogenous motivations are the wish to penetrate in foreign markets, the demand for access to new productive resources, maintenance/strengthening of networks of contacts, the response to movements of competitors and the demand for new skills.

An internationalisation process always presents difficulties, with different consequences, which weigh when deciding what course to take. Cuervo-Cazurra and Un (2007) identify three types of difficulties in an internationalisation process: (i) the loss of competitive advantage (resulting from the inability to transfer competitive advantages gained in the intern market to international markets and from the inability to create

value in international markets), (ii) disadvantages generated upon transfer of resources to the new country and discrimination made by the government/consumers from the host country towards the origin of the product, and (iii) the lack of additional resources needed to act in a new country (specially the failure of expansion, the lack of means and resources to compete in the new country and the lack of infrastructures in destination markets, which would allow the company to optimize the use of the products they intend to market).

The strategy that companies decide to adopt in a process of internationalisation is paramount to the success of their activities. Ghemawat (2007), contradicting the theory of Theodore Levitt (according to whom the globalisation of markets causes a globalisation in production, so a global company "sells the same things in the same way in all markets"), argues that globalisation has profound and lasting limits. The patterns of consumption and production may be convergent, but business environments vary. Boundaries and cultural patterns remain important and determine the strategies adopted in the internationalisation of companies. He argues that companies must follow a process of "semiglobalisation" - neither totally standardization, nor total adaptation -, presenting as an example the higher value created between companies of geographically/culturally close countries. This theory has been consolidated over the years with various studies and by analysing the strategies of brands in several countries (such as the study on the strategy adopted by Coca-Cola). Two important articles on this topic are *The Forgotten Strategy* (Ghemawat, 2003) and *Regional Strategies for Global Leadership* (Ghemawat, 2005).

The importance of foreign trade to the countries' economy causes a sophistication of the processes inherent to the internationalisation of companies, justifying the development of international marketing. For more export-oriented companies, there is also a development in the export marketing. This suits companies wishing to extend the trade policy followed in the national market to overseas markets (Viana & Hortinha, 2002).

Although export is the process that involves lower risks and costs, it must always be preceded by market research that can assess whether the target markets are similar to the home market and mark out the risks of this decision (including those related to the consumers' possible non-acceptance of the product).

In order to be successful at negotiating during an export process, it is also important to be aware of cultural differences and of the way our partners think and act when establishing business relationships (Hofstede, 1997).

Trade policy instruments embody the set of possible measures to be implemented by countries in order to regulate trade. Its application affects prices, quantities produced and demand for goods. This implies fluctuations in the welfare of the country that implements them. It is easy to conclude that sectorial policies depend a lot on the instruments of trade policy adopted.

There are many trade policy instruments that can be applied both in imports and exports, aiming to reduce or to increase trade flows. They can be classified in two major groups: tariff and non-tariff (Rocha et al, 1992).

Tariff instruments are reflected in the application of rates. These rates have as main objectives achievement of revenue and regulation of trade, based on the provisions expressed in customs tariffs adopted by countries. Non-tariff instruments cover a significant number of measures that allow the implementation of trade and development policies established by States. We highlight the application of

Licenses of Import or Export, the granting of export subsidies, the implementation of economic and/or suspensory customs regimes and application of bureaucratic barriers that hinder or limit international trade (such as distortion of control standards of health or safety).

Speaking of exports, we can not fail to mention the action of Customs in this process. It is essential to analyse the normative-technical aspect of Customs, as well as their impact on the protection of public health and safety and on the fight against tax evasion and organised crime. The reference to these entities, which have a common mission at a community level, is important in this study because of the influence they can exert in planning an export process for companies.

Freire (2008) states that due to the ongoing process of globalisation, it is crucial to develop specific skills in export, in order to make companies able to develop sustainable competitive advantages. Plus, Monteiro, Medina and Laureano (2001) highlight "the need to acquire competitiveness abroad and business skills for export, through technological development and the formation of joint ventures or successful strategic alliances."

1.2. PROBLEM FORMULATION AND RESEARCH QUESTIONS

The current scenario of economic and financial crisis has relaunched the discussion around the importance of the export sector to the national economy. The promotion of export and the incentives to the internationalisation of companies are on the agenda. But the export activity has evolved over the centuries. It is no longer a function of the states, it is an activity of companies seeking to take their products to other markets. The export process has become a more elaborate form of internationalisation for which companies should prepare themselves competently and professionally. However, the results presented by the Portuguese export sector have fallen short of expectations. This has generated discussion in order to uncover the reasons behind the difficulties in this area.

We believe that the lack of technical and policy knowledge in this area is one of the factors unfavourable to the companies that venture in a process of internationalisation. They are often heavily penalized by trade policy measures that are not seized in studies of internationalisation. Despite the difficulties explained, Portugal has successful companies of international nature, whose path beyond borders often does not settle for simple export, but assumes other more elaborate forms of internationalisation.

The core of this study is precisely to look for the skills developed by companies with proven export ability that enabled them to become successful examples abroad and an added value to the national economy. This is reflected in the initial question: what skills should companies develop to be successful in the export? Moreover, considering the influence of customs activity in export, it is important to seek the answer to a second research question: what measures can be implemented by Customs in order to boost exports?

There are studies that examine the issue of export as an internationalisation strategy. However, we were unable to find studies that answer to the questions of this investigation; the studies focus only on the normative and theoretical analysis of an export process.

This results in assumptions applicable to the present study.

The first hypothesis argues that companies who go for export in order to internationalise acquire specific skills to become competitive, to be capable of generating added value and to contribute to the growth of the national economy. The second hypothesis tells us that the measures implemented by Customs enhance exports. Trade policy measures and the protective functions of the commercial activity carried out by the Customs, associated with the lack of knowledge of these factors on the part of the employees, create barriers and increased costs to the export process designed by companies. Therefore, we want to conduct a research that confirms this hypothesis or not and, to do so, it is fundamental to involve companies in this discussion.

1.3. RESEARCH METHODOLOGY AND DESIGN

The research methodology is a process of strategy selection that determines the choice of data collection techniques. These techniques should be effective in order to achieve the objectives.

Quantitative research is the most appropriate method when the collected data is quantifiable and results from samples of a population. It is a deductive method, of cause and effect, accurate and reliable by scientific validation (Sousa & Baptista, 2011).

Determining which skills influence a company's success or competitiveness in the process of internationalisation would be complex, inaccurate and unreliable. This is because of all the variables involved that would hardly be controlled during the investigation. Consider, for example, the differences in results that could be obtained in the quantification of the volume of export businesses of a company measured before, during or in the aftermath of a financial and economic crisis. Similarly, how can we measure the competitiveness of a Small and Medium Enterprise (SME) compared to a multinational?

Given these factors and the framework of the research process in analysis - defining the skills acquired and developed by companies that are notoriously successful in exporting - the study of this study focuses on the analysis of some companies, seeking to contextualize and understand a subjective and multifaceted reality. It is, then, more appropriate to use a qualitative research method - the interview – since it is a descriptive and inductive process, which will yield findings (Sousa & Baptista, 2011). It is also a methodology that allows the analysis of the meaning that respondents give to their economic activity and to the problems they face (Quivy, 2008).

2. EXPORT AS SEEN BY COMPANIES

In the current financial and economic context export has been identified as a "lifeline" - the best way to balance the current account, allow investment and help the country recover from the difficult situation it is in. But for this it is vital that companies are competitive and able to succeed in markets abroad. As part of the goals we set ourselves with this research, the qualitative method chosen was conducting structured interviews with companies already engaged in export. The semi-structured interviews have the advantage of

defining a set of topics to be addressed and of giving freedom to the respondent to elaborate while keeping on topic (Sousa & Baptista, 2011).

2.1. SELECTED COMPANIES

Given the research questions developed, we tried to interview companies that, by their characteristics and economic/commercial activity, would allow us to draw conclusions to answer those questions and allow the confirmation or denial of the assumptions made. We contacted several companies and some of them were available for interviews. Below is a short presentation of the interviewed companies, on an alphabetical order.

Amorim & Irmãos, SA.

In 1922 the company Amorim & Irmãos, SA. was born, and later it created Amorim Group. Amorim Group is one of the few Portuguese organisations that can be proud of leading their industry globally; reason enough for its inclusion in this research. This leadership is possible due to the excellent weather of our country, which allows us to have 33% of the total area of explored oaks and 55% of the world's cork production. Dr. Victor Manuel L. Espinheira Ribeiro, CEO of Amorim & Irmãos, SA, granted us the interview of this company.

Asta Régia – Vinhos de Portugal SA.

Asta Régia - Vinhos de Portugal, SA. was founded in 1998, assuming as its mission to become a leading operator of Portuguese quality wines, in Portugal and in international markets. It acquired an extensive experience in the commercialization of large volumes in the segment of table wines. It currently has an export quota of 80%, and that is a sign of an organisation strongly geared to external markets and with relevant skills that proved to be an asset to this investigation. This company has participated in this study through its Commercial Director, Mr. José Lourenço.

Barão de Vilar – Vinhos, SA.

Barão de Vilar - Vinhos, SA. is the newest company of Port Wine, founded in January 1996. Its social denomination retrieves a noble title granted by King Maria II of Portugal to Cristiano Kopke Nicholas in 1836. He is an ancestor of the family holding the company. We included this company in this study because it is a young SME, which sales have grown over 400% from 2009 to 2011. Plus, it holds a percentage of presence in international markets of 85% of its production. Barão de Vilar - Vinhos, SA. has in its portfolio a full range of wines of Porto and Douro wines and was awarded several medals of gold, silver and bronze, attributed to its products at international events. Mr. Fernando van Zeller, Manager of the company, gave us the interview.

Grupo Salvador Caetano

Grupo Salvador Caetano was born in 1946 and currently includes more than 150 companies. It has a turnover of over 2 billion euros and it is based in Portugal, Spain, UK, Germany, Cape Verde, Angola and Morocco. Toyota Caetano Portugal, SA. is headquartered in Vila Nova de Gaia and has a factory in Ovar where Dyna and Hiace vehicles are produced and sent to all Europe (except Switzerland). CaetanoBus SA. was born in 2002 in partnership with Daimler-Chrysler. In January 2010 the German participation in the company's capital ended, and Salvador Caetano Group acquired all the shares held by Daimler (26% of the share capital of the company). This company produces coachwork mounted on chassis of various brands and with different specifications for the service of tourism, intercity transport and airport service, tailored to the needs of its customers. It is a market leader in the manufacture of buses and most of its production is for export. We interviewed this group at Toyota Caetano Portugal, SA. - through the Head of Planning and Sales, Engineer Victor Marques - and at CaetanoBus, SA. - through the Director of Sales and Marketing, Engineer João Costa.

Imperial – Produtos Alimentares, SA.

Imperial – Produtos Alimentares, SA. has its headquarters and factory in Vila do Conde. It was born in 1942. Currently it is part, in its entirety, of the RAR Group. It is also the largest producer and national exporter of domestic chocolates, present in 36 markets distributed across Europe, Africa, Asia and America. Customers of confectionery can be defined as a pulse market, strongly influenced by novelty. This way, innovation is a key role for this company, and this led it to include in its structure a department of Research & Development. Likewise, continuous improvement and excellence in Quality Management Systems and Food Security have long been a strategic choice of the enterprise and are present in various certifications they have - ISO 9001: 2000, International Food Standard (IFS). The respondent in this enterprise was Dr. José Carlos Mendes, Director of Management Control.

Nestlé Portugal, SA.

We decided to interview Nestlé Portugal, SA. because this is a multinational company and a global market leader in its category. Nestlé Portugal, SA.'s activity dates back to early 1866 and it has a considerable portfolio of food products. The products marketed by this company range from infant nutrition, through flakes and cereals flour, yogurts, ice creams, chocolates, culinary products, roasted coffee, drinks and even pet food. A pharmacist named Henri Nestlé created Nestlé in the nineteenth century, in order to find a healthy alternative to breastfeeding for mothers who could not breastfeed their children. However, Nestlé only settled in Portugal in 1923. It is primarily engaged in the manufacture, import and marketing (both in Portugal and abroad) of food. Nestlé España, SA, owns this company. The interview with Nestlé Portugal, SA. was given by Dr. João Miguel Costa, Head of the Department of Trade and Additional Channels (Key Account Manager).

Petróleos de Portugal – Petrogal, SA.

Petróleos de Portugal - Petrogal SA. is the largest Portuguese exporter (Almeida, 2011, 25th July), not only in terms of financial volume (2.4 billion euros in 2011) but also in the quantities exported (3.9 million tons in 2011), with presence in various markets through exports and participation in consortia and partnerships. The company started on March 26, 1976 and resulted from the nationalization of several companies operating in the oil sector in Portugal. Its activity consists of: (i) refining of crude oil and its derivatives; (ii) transportation, distribution and marketing of crude oil and natural gas and their derivatives; and (iii) exploration and exploitation of crude oil and natural gas. Petrogal is the only refiner in Portugal, with a refining capacity of 310 thousand barrels of crude per day, through its two refineries (one in Porto and another in Sines). The interview was granted to us by the Director of Planning, Monitoring and Management Services, Dr. Luís Artur Ribeiro Pereira.

Sogrape – Vinhos de Portugal, SA.

Sogrape - Vinhos de Portugal, SA. is the largest Portuguese exporter of table wine. It is present in markets of the five continents, through exports and through the acquisition of companies in other markets - sufficient reasons for its inclusion in this investigation. Sogrape was born in 1942. Innovation and ambition to do differently have been the key elements that have allowed them to adapt to changing times. The size of this company is expressed in the breadth and weight of its portfolio, which includes Port wines and table wines from various regions of the country and abroad. Export was at the genesis of its constitution and it is now the target of two-thirds of its production. The interview was conducted with Dr. Osvaldo Frago, Director of Customer Service, and with Engineer Pedro Marques, Head of Marketing and Sales.

Unicer – Bebidas, SA.

We included Unicer - Bebidas, SA. in this study because it is the largest Portuguese company of refreshing drinks. Its multibrand strategy targets different markets, and it bases its activity in the business of bottled Beers and Waters. Its portfolio also includes soft drinks, wines and malt production/marketing. The current Unicer - Bebidas de Portugal, SA (named this way in 2001) has its origins in the “Companhia União Fabril Portuense das Fábricas de Cerveja”, which was popularized by the acronym CUF. CUF was born in 1890 from the merging of seven breweries, six in Porto and one in Ponte da Barca. Following the company's nationalization in 1977, CUF, Copeja and Imperial suffered a merger, and Unicer – União Cervejaria EP was born. It was maintained with public capital until 1990, when it was totally given over to private enterprise. The focus on innovation has been a constant of the company. With the investment made in 2008, Unicer conquered the 8th place in a rank of national companies that invest in innovation. The interview in this company was granted us by the Administrator and responsible for the foreign market, Engineer António Vaz Branco, and by the responsible for the Coordination and Development of the overseas market, Dr. Pedro Freitas.

Vieira de Castro – Produtos Alimentares, SA.

The operator Vieira de Castro – Produtos Alimentares, SA. is the last of the operators under analysis here. It was founded in 1943 as a company specialized in the production of traditional and regional pastries. From 1963 on it extended itself to the manufacture of wafers. Today, Vieira de Castro is the first independent Portuguese producer of almonds with sugar and chocolate. Vieira de Castro pursues a quality policy that covers production, its employees' working conditions and respect for the environment. Sales to external market began in 1992 and, currently, the company exports to more than 45 countries. The interview was given to us by Dr. João Paulo Oliveira, Director of Marketing, and by Engineer Victor Barbosa, Head of Export Department.

2.2. THE INTERVIEW AND ITS ANALYSIS. CHECKING ASSUMPTIONS RESEARCH

All traders who agreed to participate in this research have characteristics and an export vocation that allowed us to draw credible conclusions for the study done. First, the export quotas presented: 70% of the sample exports over 40% of its production, and four of these companies export more than 80% of the corresponding production.

The sample covers various sectors of economic activity, with different dimensions and with presence in several international markets. In fact, companies in analysis include both SME's and large exporters/multinationals. We will study sectors as diverse as the cork industry, the automobile industry, the oil industry, the production of table wines and Port Wine and the production of food.

The qualifications of their staff tend to increase with the hiring of young people. The departments that make big decisions regarding the company's future have employees with higher education. The recent emphasis in internal formation actions or in actions sponsored by companies is also noteworthy. We find this evolution to be quite positive. It also meets the findings of the World Economic Forum (WEF, 2011), which assigns a dominant role to the formation of companies that invest in innovation and entrepreneurship.

The export process in the Internationalisation Strategy. Business motivations

The motivations for internationalisation of the companies interviewed showed great diversity, but were consistent with the information gathered during the literature research.

The size of the domestic market, coupled with the current economic and financial situation of our country, is mentioned by 40% of respondents, and is said to justify the need for recourse to foreign markets. The importance of consolidation and increased market share is present in the strategy adopted by 70% of the panel respondents. The observations of Planelles (2011) (who points out the growth of companies in the domestic market as a reason for internationalisation) and Williamson (2002) (who attributes the export to a process for disposing of surplus that the domestic market does not absorb or for consolidating of companies) are then confirmed.

The achievement of economies of scale and the consequent increase of profitability are also determining factors for these companies that seek to reduce business risks through the diversification of

markets. The increase in results also allows them to gain critical mass relatively to the investments made in new technologies, to absorb fixed costs and to monetize business structure.

Internationalisation also appears as a way to respond to new competitors in the Portuguese market, confirming the conclusions of the work of Ribeiro e Santos (2005) and Simões (1997). After Portugal joined the EEC and with the opening to foreign markets, domestic operators felt increased competition and competition related to the technological means that they had. This, associated with the small size of the Portuguese market, did not allow large investments in new ways of production.

Expansion into other markets aims to search for comparative advantages and to identify growth opportunities. Some companies justify their export vocation with an outline of their mission and goals. This comes with a natural emphasis on a determination to innovate and the adoption of a culture of internationalisation. To pursue its goals, companies must be prepared to invest in production capacity and technological capability of the equipment (which requires the development of know-how and specific skills). But it is not enough to have a desire to internationalise the company: it is also necessary to assume, internally, a culture of internationalisation and introduce it throughout the structure.

It was also noted that sometimes the products themselves (like Port wine) have characteristics that make them easily marketable in overseas markets.

Regarding how companies initiated its internationalisation, all companies reported export. Most of the export occurs directly with the intervention of distributors in the countries of destination. Some of the companies cumulatively practice indirect export. Meanwhile, larger companies already have other internationalisation strategies, including the establishment of branches, the creation of joint ventures/consortia and the acquisition/construction of root production units in third markets. Only one firm indicated being studying licensing agreements. The evolution of internationalisation processes adopted by some of the companies in analysis is similar to the Uppsala model. This is translated here in the gradual increase in the company's involvement in international markets, due to the increasing knowledge of these markets and affectation of resources.

Locations and Criteria for Defining Markets

70% of the panel of surveyed companies said that European countries (particularly the European Union) were the leading destination of exports. Secondly there were PALOPs, especially Angola. The so-called "missing markets" also represent a major share of the exports of these companies, including Brazil, Venezuela, the United States of America and Canada. Exporting to these markets is often the initial option to start a process of internationalisation. However, after this initial phase, it is necessary to reach other customers and to promote generational renewal (this is achieved through innovation and brand quality recognition). The Far East, despite not representative of a significant volume of exports, has grown in importance for Portuguese companies. This is because of the perceived image quality there, either relatively to Portuguese products or to European products. One of the surveyed companies increased the volume of transactions with foreign markets after establishing business relationship with a distributor in Japan, contradicting the initial choice of nearby markets. The demand and organisation of the Japanese market allowed this company to gain experience and skills that were essential to increase the export quota.

The predominant criterion in the choice of markets is geographical distance, particularly for SMEs or companies with limited resources. This is why all the companies mentioned here are present in European markets. Firms also seek to choose larger markets with greater growth potential that guarantee a higher added value. Emerging markets, unlike mature markets, have a high growth rate. There is also a concern in choosing markets where there is less political and economical risk and where you can create bonds of trust with selected partners. The following criteria were also mentioned in the selection of markets: the choice of markets that do not have a direct dependency of the dollar, avoiding currency risk; the choice of markets with many consumers from lower age groups; and, when possible, the choice of quality products targeted for higher segments of market.

Barriers to Internationalisation

There were indicated several types of obstacles that any exporter faces and that can be overcome or not, depending on their degree of adaptability and responsiveness.

The obstacle mentioned by a greater number of companies (60%) is related to issues of administrative bureaucracy and legal aspects relevant for target markets. Some emerging countries have ease in exporting to Europe but maintain very penalizing barriers to entry (under the cover of measures of non-tariff trade policy). It must be kept in mind that EU operators can trigger the Regulation on Trade Barriers (European Commission, 2008) if they feel they are being penalized by violations of international trade rules.

A second obstacle felt during the internationalisation process is related to cultural and religious issues. Despite the greater openness of international markets, culture remains a determining factor in the success of the adopted strategy, especially to producers of alcoholic beverages. Some companies, however, understand that providing business management mechanisms that enable them to know in advance the reality they will face can minimize that culture shock.

The strength of the brand "Made in Portugal" is not seen by all in the same way. Companies more dependent on trade with developed countries or emerging countries feel more difficulty to sell the Portuguese brand, since it is connoted with inferior products. Although we produce quality wines, for example, we can not compete on an equal footing with producers in other countries, since these support production and the image of their products with more dynamism than Portugal.

Smaller companies also have other difficulties in their internationalisation process: allocation of resources; poor access to financenment for purchasing raw materials; and costs associated with an abroad activity (costs of internal structure to respond to the increased complexity of logistics activity, marketing costs – such as the costs of travelling to the destination countries - and the costs of transporting goods).

The geographical position of Portugal is also a theme up for discussion: for some, our peripheral position entails difficulties for operators since it involves higher transportation costs, especially in the marketing of smaller quantities of products, strongly affecting companies with lower turnover. But globalisation resulted in a relocation of the trade to the East and the Americas, raising the price of domestic products, already somewhat competitive relatively to the cheaper production costs in those destinations.

Costs of production and transportation and import rights applied by countries of destination place exported goods at a disadvantage comparatively to those of local markets, which acts as another difficulty to the competitiveness of enterprises. Another obstacle is what one of the companies called the internal constraints. These are the set of national administrative measures - which must be applied and that have a goal to accomplish. But internal constraints should monitor the need for increasingly faster and more effective responses in the pursuit of an export process. The simplification of administrative procedures has not kept up with the rapid development of international trade, despite the measures already implemented by SIMPLEX (Council of Ministers, 2010).

The Importance of Public Support for Internationalisation

All companies interviewed referred to the importance of public support for the internationalisation of companies, but none viewed it as a necessity. Public support is important but not decisive. Three of the companies said that they had never received any support. However, it was noted that such support can be critical as an activation energy of smaller companies.

The most mentioned supports were the actions taken by AICEP in prospecting new business opportunities, support for attendance at international trade fairs and some support from business associations. Companies consider public support as occasional and scattered, slow and much lower than the support available in other countries. For example, the Spanish Institute for Foreign Trade (ICEX) has forty-five people working in China, while Portugal has four. In addition to the support currently available, interviewed companies considered that the application of tax benefits would also be important. They cited the possibility of making the rebates to the collectible matter depending on the value of exported goods. The achievement of political support towards our exports from the destination markets' Governments was also mentioned.

Customs in the export process

The questions posed to the companies about customs ("What is your assessment of customs?" and "What measures can be implemented by customs in order to boost exports?") aimed to get answers to confirm or refute the second hypothesis posed at the beginning this investigation.

Only one of the operators has a customs department, and all other operators relate to customs via a customs declarant – an official broker or freight forwarder.

Generally, companies evaluated the services positively. However, only three companies pointed measures that they think must be implemented by Customs in order to expedite the export: (i) contribute to making the export logistics more efficient, facilitating an ongoing dialogue with all the agents involved in the process; (ii) promote flexibility and the streamlining of processes to help companies be more competitive; (iii) act in helping to solve problems with customs in other countries; and (iv) encourage the simplification of procedures aiming to reduce the context costs.

The technological development implemented in Portuguese Customs in recent years in the area of export and the adoption of management measures that seek to bring operators and services together, have sought to simplify customs procedures and streamline the entire export process.

The questions posed here sought to deepen the relationship with operators and identify specific problems that could be overcome, without putting into question the application of community and national law.

There was a lack of direct contact with customs and a low number of responses to the issues discussed here. This led us to consider that the data collected did not allow us to confirm or refute the hypothesis that the measures implemented by Customs enhance exports.

Skills for a Competitive Export

The final issue addressed in the interviews intended to confirm or rule out the first hypothesis raised in this study, which stipulated that companies who go for export in order to internationalise themselves acquire specific skills and become more competitive, capable of generating added value and of contributing for the growth of the national economy.

We will begin by dividing the responses into three major groups: the first for the necessary resources in the export process; the second, which groups the most important characteristics in business organisation; and the third on the importance of market studies.

Companies wishing to follow the path of internationalisation should begin by developing an integration process that covers financial, human and technological resources. Financial resources should be sized according to the company's structure and should take into account the Strategic Plan set, allowing the necessary investments. The second key feature considered corresponds to human capital. Human resources that are qualified, committed and that have a professional sense developed are one of the most valuable assets of a company. For this it is vital to know how to choose the right people to the right positions. Companies are aware of the importance of recruitment for management and they are betting more and more on a careful, well-structured and well-planned recruitment. It is also important to maintain high levels of efficiency, so the continuous training of employees should not be neglected; including training in matters related to export and related objectives to be achieved by the company.

Technical expertise in the area of export - from the knowledge inherent to the customs procedures to the clear definition of the incoterms to use - and knowledge about the law of markets where companies intend to invest are crucial to the success of the export, as are issues related to industrial property. The survey of local authorities through diplomatic representations based in the destination countries or by recurring to local distributors are some of the research methods used by companies.

The third of these resources is related to technological resources. Any organisation wishing to export should review its production capacity. A company must have critical mass and production capacity, with permanent focus on quality and meeting the deadlines set. The foreign market, with more than six billion consumers, has infinite potential and if there is no capacity to respond to the demands of the markets it is not worth it starting to export. But it is also necessary to have flexibility in terms of production to be able to make adaptations to specific requirements of a particular market. This capability translates into competitive advantages that can make a difference.

In terms of organisational characteristics of a company, we will start by developing topics related to capacity management.

A company manager should clearly define the Strategic Plan, covering theoretical and practical insight - it is important to perform a pre-strategic plan and then evaluate if that plan is applicable to reality; to actually see its applicability on the ground before accepting it as the final plan. Plus, a company manager should be able to remain faithful to the strategic principles and to priorities, while maintaining a degree of operational flexibility large enough to meet the proposed goals.

The ability of organisation and planning results in an advantage that, in the view of one respondent, should be consolidated through a serious and deep SWOT analysis that supports the decisions taken.

Following this analysis, and after defining the objectives to achieve, the company must develop a Marketing Plan, tailored to each target market. This plan should define the marketing-mix (combination of marketing variables that the firm uses to achieve the proposed objectives, considering the product, price, communication and distribution) and provide for process monitoring and verification of customer satisfaction rates.

All respondents believe that the skills related to entrepreneurship and innovation are fundamental to the success of any company. This is reflected in the inclusion in their structure of a Research and Development department which allows them to track the evolution of markets and diversify their portfolios based on innovation, permanently studying new products/packaging. Entrepreneurship as a process of creation/expansion of innovative business or businesses that arise from identified opportunities involves the growth of GDP and promotes structural change of businesses. The ability to innovate and adapt to constantly changing markets and to the competition's strategies, encourages companies to take advantage of opportunities and to have the right attitude in the face of markets setbacks.

We were told that a good management should also be concerned with the internal organisation of the company. Strong and motivational leadership should promote internal communication, either by adopting newsletters, internal benchmarking, or creating events or attitudes that foster continuous improvement through new ideas and teamwork. Closing the gap between management and employees can allow developing actions quickly and correctly. This management model, associated with fair forms of gratification and enrichment of the functions of the employees, allows the motivation and retention of the workforce, as well as increased business efficiency.

Sustained growth of an organisation may allow the adoption of other forms of internationalisation, like what happened with some of the companies interviewed. Some of them are now strongly implemented multinationals in international markets.

Six companies stressed that the model of internal organisation of an exporting firm should involve the entire structure and include, besides a commercial area, an export department responsible for monitoring the product from production to transportation to distribution to the communication with the broker or freight forwarder. Every organisation should assume internally a culture of internationalisation (acculturation of the company), and the management skills of its leaders are fundamental.

In fact, the logistical process of export involves an important interface with the area of production, in order to permit compliance with delivery schedules and the hiring and monitoring of transport along with the customer. One SME suggested that companies should consider associativism as a way to reduce the logistic costs of operations, including the costs of international transport and of prospecting markets. Selling may not

be the most difficult part, so they should develop competencies in terms of the export process, which internal trade doesn't require.

It was also noted that the product to be exported plays a key role in the whole process and in the success of companies in foreign markets. It should be appropriate to the markets where they want to be, not only in terms of the product itself but also in terms of price and positioning. To sell a product, it is crucial to set and maintain quality standards, through the implementation of certified management systems for quality and safety. Hence the importance of companies being competitive relatively to quality, product characteristics and the added know-how, as well as in terms of proposed price.

To complete this analysis, we have to refer to the issues raised by respondents relatively to the knowledge that companies must have of market destinations.

Knowing the target markets is essential in order to build the offer on its own merits, and market studies referred to in item 1.1. of this paper and cited by all respondents are fundamental. At this point, it becomes very important that companies pay heed to the cultural particularities of destination markets, considering not only the negotiation process itself, but also the penetration of the product in those markets. As already mentioned, a successful internationalisation process involves being aware of cultural differences and providing businesses with management mechanisms that take into account these particularities.

All participants in this study referred to the importance of the relationship with business partners selected in various markets. Apart from creating bonds of trust and transparency with distributors, the chosen partners must be familiar with the business and the market and have credibility among end customers. This analysis should be part of the assessment of risk of the market itself, and that assessment should ensure the return of export.

After the analysis of the interviews and considering the success of these companies abroad, we can confirm the first hypothesis investigated here. The competences outlined by each of the companies were determinant in the route taken and generated added value in all of them.

The skills listed have applicability in any sector of economic activity and do not depend on the size of the organisations. It is certain that the internationalisation of firms is not confined to the mere sale of domestic products abroad.

3. CONCLUSIONS

This investigation was conducted to study the skills that companies should develop to be active elements in the international market, increasingly globalized and competitive.

From these initial questions, we developed two hypotheses to investigate: (i) companies who go for export in order to internationalise themselves acquire specific skills in order to become competitive, capable of generating added value and of contributing to the growth of national economy, and (ii) the measures implemented by Customs enhance exports. The reasons given for internationalisation were several, but on the whole they were coincident with the motivations expressed in the literature review. The size of the domestic market and the current economic and financial difficulties were the main justifications for seeking external market shares. Factors as diverse as achieving economies of scale, the reaction to the entry of new

competitors in the market, the demand for comparative advantages, identifying growth opportunities and the vocation of marketed products for export were also noted.

Export was identified as the first internationalisation strategy taken by these companies, although some of them have already evolved into more elaborate strategies.

Regarding the destinations of our exports, they generally follow four pathways: (i) the selection of markets geographically close (particularly European countries); (ii) the markets of PALOP (notably Angola); (iii) the destination markets of Portuguese emigration; and (iv) larger markets with greater growth potential.

Barriers to internationalisation have different shapes, also identified in the literature review conducted. Some of these barriers are bureaucratic and legal aspects - with which companies are faced in destination markets and in the export phase of the country. There are also cultural and religious issues, with great weight in companies producing alcoholic beverages. The Portuguese brand does not always come as an added advantage in export, not only because of the connotation with low quality products, but also because of the lack of support for the divulgation of Portuguese products. The problems of resource allocation and access to funding, associated with transport costs resulting from our peripheral location, are other obstacles mentioned by respondents. Finally, there are difficulties due to competition from destination markets, exacerbated by customs tariffs in those countries.

The public supports to the internationalisation of companies were considered important, but occasional and scattered, and not a decisive factor when making the decision to internationalise.

The question about customs services that intended to verify whether the second hypothesis mentioned before was true or not, did not allow the collection of sufficient data to understand whether the measures implemented by Customs enhance exports. Meanwhile, we believe that technological development that has been implemented in the customs, associated with management policies that seek to bring operators and services together, puts us on the right path. Only one operator is directly related to Customs, while the rest rely on brokers or freight forwarders. Only 30% of respondents had suggestions, which did not deepened the subject as we expected to at the beginning of this work.

The last question of the interview confirmed the first hypothesis of the research; companies that decide to export seek to acquire skills that allow them to be competitive in foreign markets. It was addressed the importance of financial, human and technological resources available to exporting companies. It was also discussed the importance of a set of skills considered essential for the success of the companies – namely the capacity and quality of organisation management (which should foster entrepreneurship and innovation) – and the internal organisational model that should be adopted, as well as the importance of the product and the analysis of target markets.

One of the limitations of the research was the impossibility of obtaining data to analyse the second hypothesis. This limitation could hardly be remedied in Portugal since most companies operate with Customs through customs declarant, and the use of interviews with these operators can distort the results due to the different perspectives of analysis of export between this operators and exporters themselves.

As a tip to future investigations we suggest the elaboration of studies that address the limitations mentioned. It would also be a good idea to broaden the scope of research. The analysis of primary data obtained through questionnaires, based on the information gathered here, would broaden the range of

selected companies, encompassing not only domestic companies but also businesses that, in many countries, operate directly with customs.

The inevitability of companies' globalization is not consistent with export processes that underpin a simple movement of goods from one point to another. In order to find efficient solutions that provide organisations with competencies in the developed activities, we need to act with professionalism and determination. These are key factors to the success of the internationalisation of Portuguese companies.

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