

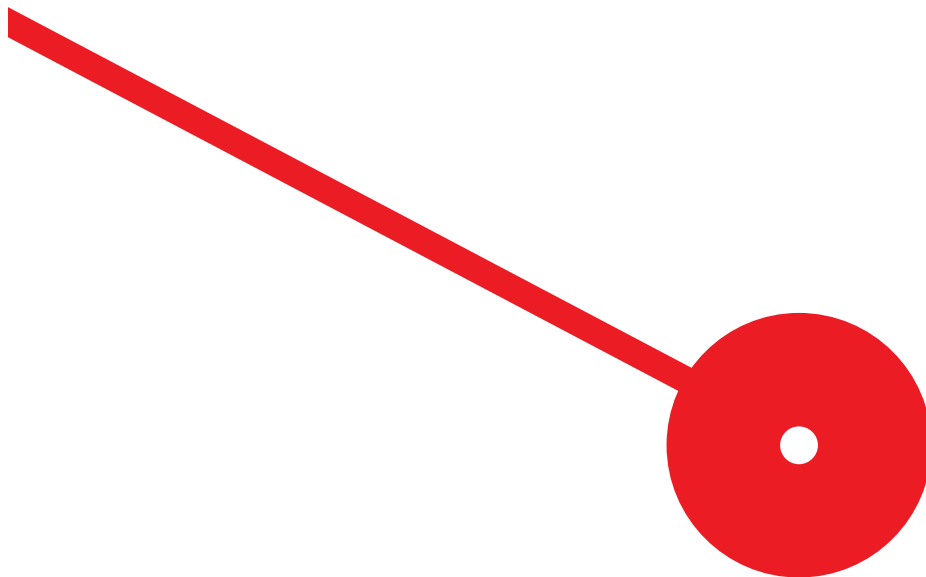


Confeções Berna LDA: A Case Study on Intercultural Businesses

Beatriz Filipa Costa Silva

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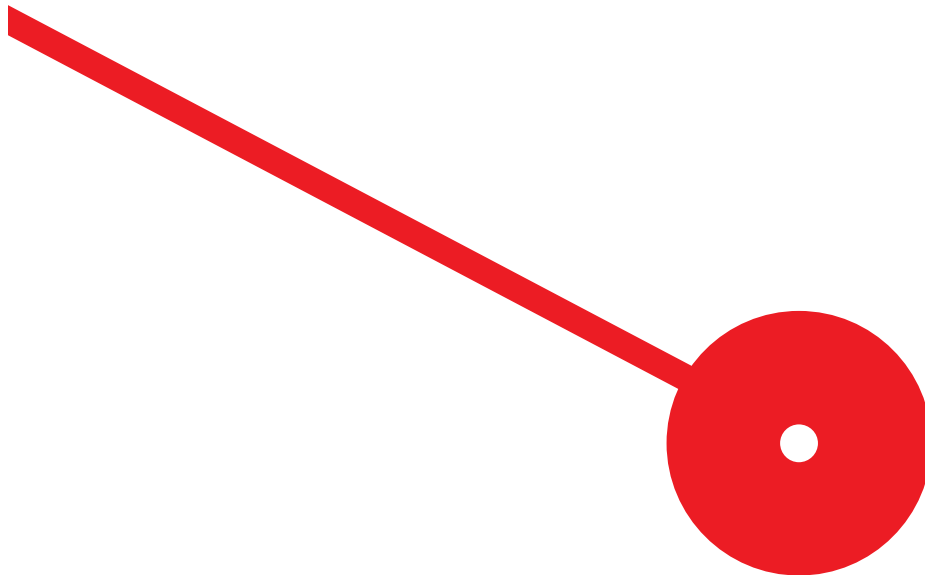




Confeções Berna LDA: A Case Study on Intercultural Businesses

Beatriz Filipa Costa Silva

Dissertação de Mestrado apresentado ao Instituto Superior de Contabilidade e Administração do Porto para a obtenção do grau de Mestre em Intercultural Studies for Business, sob orientação do Doutor Marco Lamas.



Dedication

To my family, for the unconditional support.

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I would like to, first and foremost, express my humble and honest thanks to the Institute that welcomed me so tenderly and that helped me surpass all initial insecurities and doubts.

To my mom, dad and brother for believing in my capabilities, for the words of comfort and for all the funny moments they provided to relieve me of stressful times.

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To all of you, I express my gratitude.

Resumo:

Numa era marcada pela globalização, as empresas ao redor do mundo empenham-se na busca pelo crescimento, impulsionadas pela promessa de um maior sucesso. Deste modo, a interação entre a interculturalidade e a internacionalização surge, neste cenário global, como tema central na busca pelo mesmo.

A presente tese embarca numa extensa viagem de investigação baseada na complexa estrutura de relacionamentos, desafios e oportunidades que definem o cenário contemporâneo dos negócios internacionais, aplicando-lhe uma abordagem de método qualitativo baseada em entrevistas, análise de dados e exame de estudos de caso complementares. Verificaremos que a interculturalidade e a competência intercultural são, de facto, um fator extremamente importante na internacionalização de um negócio, porém apuraremos também que não funciona isoladamente – existem outros fatores como o marketing e o *branding* que auxiliam este processo.

Sendo um elemento pertence ao corpo académico do mestrado de estudos interculturais para negócios, situada no contexto dinâmico e profissional da Confeções Berna LDA, uma fábrica de vestuário de luxo, este projeto de investigação justifica-se pela necessidade crítica das empresas compreenderem e se adaptarem aos diversos bens culturais, pelo potencial de crescimento que representa tal como a contribuição para o conhecimento na área de estudos interculturais e negócios internacionais.

Palavras-chave: Interculturalidade, Internacionalização, Evolução de Negócio, Globalização.

Abstract:

In an era marked by globalization, businesses all around the world are engaged in a pursuit of growth, driven by the promise of increased success. The interaction between interculturality and internationalisation has emerged as a central theme in the quest for success on the global stage. This thesis embarks on a journey of exploring the complex web of relationships, challenges, and opportunities that define the contemporary landscape of international business, by employing a qualitative method approach based on interviews, data analysis and examination of supplementary case studies. We will verify that interculturality and intercultural competence is, in fact, an extremely important factor in the internationalization of a business. However, we will also recognize that this competence alone is not enough — there are other factors, such as marketing and branding, that assist this process.

As a student of intercultural studies for business, situated within the dynamic and professional context of Confeções Berna LDA, a luxury clothing manufacturer, this research project is justified by the critical need for businesses to understand and adapt to diverse cultural goods, as well as the growth potential it represents, such as the contribution to the body of knowledge in the field of intercultural studies and international business.

Key words: Interculturality, Internationalization, Business Growth, Globalization.

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Abbreviations List

ISCAP – Instituto Superior de Contabilidade e Administração do Porto¹

P.PORTO – Politécnico do Porto²

COMAP – Comissão de Apadrinhamento de Estudantes Internacionais do ISCAP³

CEI – Centro de Estudos Interculturais do ISCAP⁴

IDRI Institute - The Intercultural Development Research Institute

DMIS - Developmental Model of Intercultural Sensitivity

CAGR - Compound Annual Growth Rate

CEO - Chief Executive Officer

CM – Cut and Manufacture

CMT – Cut, Manufacture and Trims

AEFMEUP – Associação de Estudantes da Faculdade de Medicina da Universidade do Porto⁵

SWOT – Strengths, Weaknesses, Opportunities and Threats

¹ Higher Institute of Accounting and Administration of Porto

² Polytechnic of Porto

³ Committee for International Students of ISCAP.

⁴ Intercultural Studies Center

⁵ Students' Association of the Faculty of Medicine of the University of Porto

INTRODUCTION

The core of interculturality lies at the junction of cultural diversity, communication, and adaptation. As businesses expand outside of national borders, learning how to surpass cultural impediments, to adapt to the ways of practice of global markets and to understand how to rightly communicate with them, thus forming a strong footing when venturing into international grounds (Basher, Zerfass et. al. 2019).

The mental picture of interculturality that may emerge in the minds of people, isn't exactly what one may have imagined: effortless, simple, and straightforward. In fact, communication with different cultures is normally quite the opposite: complex, difficult, and implicit. Being culturally competent is crucial when working with diverse cultural situations and contexts (Frawley, Russel at al. 2020). With the intense impact of globalization, businesses saw the world caving in - geographical barriers were dissipated, and the digital landscape evolved tremendously.

When speaking of the 'nowadays', the term 'global' is very much present. As an era characterized by global interdependence, diversity and connectivity, the current economic environment is proof of the rapid changes that continue to take place in global trade. However, change means several - often contradictory - things. Sometimes it refers to the external world of technology, customers, and competitors; sometimes it refers to internal changes such as practices, styles, and strategies (Senge, 2001). We consider both of these throughout the course of this study.

The central question of this thesis is as follows: "How does interculturality influence the internationalization efforts of Confeções Berna LDA, and what role does it play in enhancing business growth in foreign markets?". This investigation seeks to achieve the following objectives:

- To comprehensively examine the intercultural landscape in the context of international business;
- To analyze the role of intercultural dynamics in enhancing business growth in foreign markets;

- To assess the impact of interculturality on the internationalization strategies of Confeções Berna LDA;
- To offer practical advice and insights to companies trying to negotiate the challenging landscape of globalization;
- Apply knowledge from the master's degree in this specific scenario to better evaluate data.

In order to address and answer this question., this thesis was structured into 3 sections – literature review, Confeções Berna (case study), and methodology.

On the literature review, I deep-dive into the foundations of culture and its ramifications. I explore its definitions and weigh the significance of this concept to the present work. Following that, I examine interculturality as a whole, distinguishing it from the concept of multiculturalism, and explaining how one can be culturally competent in both social and professional endeavors. Next, I move into internationalization, providing a contextual backdrop with several definitions and outlining the Uppsala Model - and its revised version - that describes how firms set about the internationalization process. Under this chapter, I also select two specific case studies for analysis - Farfetch LTD and McDonalds - which serve as excellent illustrations of successful internationalization strategies. Sequentially to this, I examine both the motivating and facilitating factors of internationalisation as well as its barriers.

On the second section, I take on Confeções Berna LDA, my place of work, and its operations. I begin by providing some background details explaining how, when, and by whom this company was founded as well as its evolution. Then, I describe the organizational structure and the workflow. Afterwards, I provide a comprehensive analysis of this factory, looking at its financial development, costs, exports and imports, and social media presence.

Last but not least, on the final section, I explain the methodology used for this thesis. I used a qualitative approach, choosing to examine my professional ambience and conducting interviews to obtain the most accurate data. Furthermore, I also used a SWOT analysis, to gain a deeper understanding of this company's strengths and limitations, as well as consider where and how to expand.

This study aims to serve as a valuable resource for academics and businesses that are looking forward for internationalization, and hopes to provide them the best practices, thoughts, and theories. It is intended to contribute insights that act as an orientation for companies as they navigate global marketplaces.

CHAPTER I – LITERATURE REVIEW

1 Interculturality and Internationality

1.1 Culture

Before diving into the most substantial concepts, it is important – as is in any other scientific essay – to provide some background explanation of which phenomena led to the emergence of the concepts in question and how they evolved. In this specific case, I will be starting with a very important and well-known concept best identified as ‘culture’.

Raymond Williams (2000) affirms that ‘culture’ is one of the most complex words on the English language. Sarmiento (2015) explains that the same occurs with the polysemic ‘culture’ in the Portuguese language. In fact, the task of defining something, as most of us acknowledge, is tremendously difficult due to the vastness of reality. The different types of views and opinions make it challenging to consecrate anything with consistency. Nevertheless, trying to group definitions in an orderly way may prove helpful, and even reflect meaningful enlightenment.

Following this line of thought, and in an attempt of trying to define ‘culture’ as we know it, Kroeber, Kluckhohn et al. (1952)⁶ divided various definitions of culture from different authors into 6 categories. They are as follows:

1. Group A: Descriptive
2. Group B: Historical
3. Group C: Normative
4. Group D: Psychological
5. Group E: Structural
6. Group F: Genetic

As to apprise with the full meaning of this term, I selected some definitions under the categories above that I recognize as straightforward and simple to grasp.

Taylor⁷ (1871, p. 1) defined culture as the complex whole which includes knowledge, beliefs, art, law, morals, customs and any other capabilities and habits acquired by man

⁶ Kroeber, Kluckhohn et al. (1952). Culture: A critical review of concepts and definitions. 51 H26p – V.47. No.1. Printed at Harvard University. Cambridge, Massachusetts, USA.

⁷ Edward Burnett Tylor (1832-1917) was an English anthropologist, and professor of anthropology. In his works Primitive Culture (1871) and Anthropology (1881), he defined the context of the scientific study of anthropology, based on the evolutionary theories of Charles Lyell.

as a member of society. Boas⁸ (1930) expanded this definition considering, separately, customs, their manifestations and individual behavior and its products. As thus, he explained that “culture embraces all the manifestations of social habits of a community, the reaction of individuals as affected by the habits of the group in which he lives, and the products of human activities as determined by those habits” (p. 79).

Grooves and Moore⁹, took a more historical approach defending that culture is “the social heritage, the fund of accumulated knowledge and customs through which a person ‘inherits’ most of his behavior and ideas” (1940, p. 14). Angyal¹⁰ added that the previously mentioned term — social heritage — is characteristic of an area of group of people (1941, p. 187) and Linton¹¹ succinctly explained that the culture of a society was the way of life of its members; the collection of ideas and habits which they learn, share, and transmit from generation to generation (1945, p. 203).

On the book entitled “Estudos Interculturais Aplicados”¹², Sarmiento (2015) depicts three general categories for the definition of culture. The first one understands it as the general process of intellectual, spiritual, and esthetical development, centered around the division between ‘civilized’ and ‘savage’ cultures where the civilized must offer and share their knowledge to the latter. The second notion of culture — understood as *high culture* — is presented as the products and practices born out of artistic and intellectual activity. According to Matthew Arnold (1869) this one should not be restricted to a privileged minority and ought to, in turn, be within the reach of the “rude and disinterested masses of humanity”. Lastly, the third notion is understood as the way of life of a nation, group, historical period, or humanity in general.

Each explanation uncovers a polygonal vision that encompasses distinct values, beliefs, behaviors, and social systems. Culture is not static so to speak, quite the contrary – it evolves over time, influenced by historical, political, economical, and social factors. It is a dynamic concept that is constantly shaped by human experience. Understanding this notion is of big importance in order to comprehend the existing world. Culture is, for a

⁸ Franz Uri Boas (1858 – 1942) also known as the "Father of American Anthropology".

⁹ Ernest Rutherford. Groves was a short-term pastor, professor, and sociologist. He wrote more than 200 articles and 20 books and was often a visiting lecturer at various schools. Harry Estill Moore (1897-1966) was a volunteer in World War I and an American professor and sociologist at the university of Texas at Austin.

¹⁰ Andras Angyal (1902-1960) was an American psychiatrist and a pioneer in humanistic psychotherapy.

¹¹ Ralph Linton (1893-1953) was an American anthropologist of the mid-20th century, particularly remembered for his texts *The Study of Man* (1936) and *The Tree of Culture* (1955)

¹² Applied Intercultural Studies. Free translation by the author of this thesis. 2023.

nation, their identity. They each have their own norms, symbols, language, and traditions that enable the act of living life in the most natural and peaceful way.

Building upon the understanding of culture and its different dimensions, I follow into the subsequent chapter exploring the dynamics of interculturality and its role in communication as well as its implications in business endeavors. As easy as it may seem to understand culture, there's more to it than meets the eye.

1.1.1 Edward's T. Hall Cultural Iceberg Model

In today's global marketplace, understanding cultural differences and dynamics is more important than ever. Having a good understanding of cultural influences can help individuals avoid uncomfortable and naïve remarks, foster more optimistic relationships, and boost network exchanges. When people decide to use superficial observations and view one's culture based on a small part of a whole, interactions may have a more negative impact than what is expected.

The Cultural Iceberg theory developed by Edward T. Hall in 1976, on his work "Beyond Culture" exemplifies that situation. This theory is a metaphor constantly used in cultural studies that tries to explain how culture is perceived and helps understand how we should envision it. When we look at an iceberg, we can only see a small portion – what is visible to the human eye. But deep below the waterline lies an enormous but still very existing mass.

The tip of the iceberg is perceived as that which one interacts with when first entering another culture: food, art, dance, language and so on. Everything that we can easily learn and see. However, this visible part of the iceberg is, in fact, disproportionate to the icebergs' real size and importance. What lies beyond the surface is unconscious, implicitly learned, very subjective and difficult to change. Here lies the foundation of a strong culture that is often invisible to the outside world yet still demonstrates every cultural element.

Through this reasoning, Hall tries to explain that, in order to have a successful interaction, it is necessary to deeply understand someone's culture by participating in it. To feel, experience and interact with it. The more in touch a person is with another culture, the easier it is to uncover the patterns and behaviors that a specific society is ruled by.

1.1.2 Interculturality

As we can conclude from the previous chapters, culture is seen as the way of life of a community or society including their language, beliefs, and norms passed down from generation to generation through socialization. It is their identity, and it shapes how people think, behave, and interact with other individuals.

When people from different cultural spaces and backgrounds interact with each other, we call this process interculturality – a phenomenon that merged and gained prominence in the field of intercultural studies and cultural anthropology during the 20th century (Dietz, 2018).

Interculturality is the contact and discussion between individuals or groups from various cultural backgrounds, which includes acknowledging and respecting the variety of values, beliefs, and behaviors that each culture contributes (Council of Europe, n.d). It indicates a process of communication and understanding between parties, which is frequently perceived to strengthen social cohesiveness, lessen conflict, and foster creativity and innovation.

It is important to note that interculturalism can be compared to the concept of multiculturalism. However, we should not look at them as the same - although expected to be similar, the latter is understood as relativist, illiberal and more constrained (Sarmiento, 2014). Under this concept, people from different cultures coexist in the same conceptual space under ideal circumstances assuming a utopian character stripped of conflicting traits. Any agents of difference that undermine the vision of “ideal” are segregated or removed from society. In this approach, integration occurs but inclusion does not (Sarmiento, 2014).

According to Meer and Modood (2012), interculturality can be positively distinguished in 4 ways when compared to multiculturalism:

1. It is geared mostly towards interaction and dialogue;
2. It is more collective;
3. It is committed to the sense of a whole;
4. It is likely to lead to criticism of illiberal cultural practices.

People within this ‘bubble’ are more patient, open and dynamic. This notion challenges us to see ourselves empirically and further encompasses a ‘third space’ (Bahabha, 1994)

for hybridity and subversion - a space where all binary distinctions, political conservatism and static, monodisciplinary academic notions no longer apply (Sarmiento, 2014).

But how can we be certain of our intercultural competence? How we can we achieve that?

Milton J. Bennet, an American sociologist and director and CEO of the Intercultural Development Research Institute (IDRI) in Washington, is known as one of the most notable scholars that contributed to the understanding of Interculturality. While he does not explicitly provide a simple definition to this phenomenon, he developed a very notorious model, known as the development model of intercultural sensitivity – also called DMIS¹³ - that explains an individual’s progress in their intercultural development and in the achievement of cultural competence¹⁴ (2017). In sum, it answers the million-dollar question: how does one come to be communicatively competent in one’s own culture?

This model consists of a continuum of 6 different phases (Cushner, McClelland, & Safford, 2012) that helps readers understand the issues regarding cultural differences and their respective views. Such progress can be seen in figure 1, shown below.

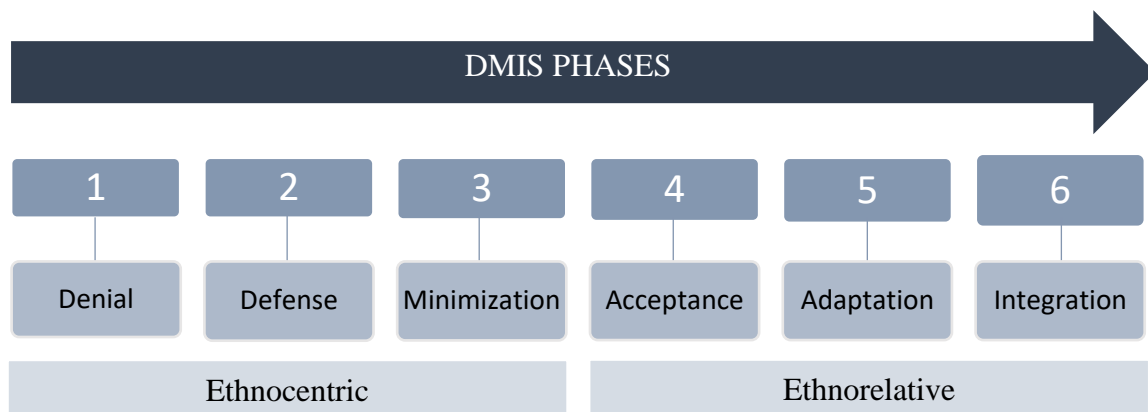


Figure 1: Adapted from “A Developmental Model of Intercultural Sensitivity, Bennet, 2017

¹³ First published by Dr. Milton Bennett in the International Journal of Intercultural Relations in 1986, and more fully developed in Education for the Intercultural Experience in 1993, the DMIS has proven to be a key milestone in the intercultural field. This model is also known as the ‘Bennet Scale’.

¹⁴ Cultural competence, also known as intercultural competence, is the ability to understand and respect each other across all types of cultural barriers. It refers to the set of knowledge and skills necessary for people and organizations to act in an intercultural way in diverse societies.

The first three stages are viewed as more ethnocentric – more culturally biased - meaning that individuals in these stages see other cultures as nonexistent and their people as ‘foreigners’, ‘immigrants’ or even in extreme cases, as people who should be tolerated, exploited, or eliminated if necessary (Bennet, 2004).

The second three DMIS orientations are defined as more ethnorelative, meaning that they focus on how one experiences their own culture in relation to others’ (Bennet, 2004). Here, people accept cultural differences and a variety of different worldviews. These stages reflect more empathetic, willing-to-learn and attentive individuals.

For the characterization and explanation of each stage, I based myself on the article written by Bennet in 2017, for the Intercultural Development Research, In Kim, Y (Ed) International encyclopedia of intercultural communication – full reference can be found on the reference list at the end of the work.

Denial is the first considered phase in the Bennet scale and lies in the failure to acknowledge distinctions within different cultures. With this mindset, individuals have difficulty in understanding that people can be culturally different – they perceive everyone as being the same and suppress the differentness of others. In these situations, attitudes such as apathy, disinterest or even hatred may be verified.

The next stage of development is entitled **Defense** characterized by the dichotomy of “us vs them” where “us” are superior and “them” are inferior. At this stage, others are perceived in highly stereotypical ways and harshly criticized. Conversely, the opposing situation can also be experienced. Sometimes, it is possible to view “them” as superior and “us” as inferior. People in this form are most likely to romanticize or exalt another culture while being more critical of their own.

When the aforementioned issue is moderately surpassed, it allows people to **minimize** their defensive approach and assume that their distinct cultural worldview is shared by others – meaning that they can now regard those values as universal and that they are applicable to everyone.

With **acceptance** people become conscious of themselves and others in cultural contexts. Still, this acceptance does not always imply agreement as cultural differences can still be seen unfavorably. One's ability to adjust their conduct to various cultural situations is hindered when they themselves have poor awareness of other cultures.

People at this stage want to be respectful of other cultures, and for that reason they may assume the ingenuous position of “it’s not bad or good, it’s just different” (2017, p.5).

And for this reason, *adaptation* is crucial. At this stage people can adopt the perspective of another culture by empathizing with their experiences and being able to discuss their cultural perspectives in a sensitive way. Bennett has described this process as “mutual adaptation”. This process can also be verified in the market when organizations embrace inclusive policies and practices that instigate respectful interactions and healthy teamwork among employees. This eventually leads to *integration*.

In this last phase, individuals incorporate the values, beliefs, and behaviors of other cultures in appropriate ways. As Bennett explains, “integration of cultural difference is the state in which one’s experience of self is expanded to include the movement in and out of different cultural worldviews... people are able to experience themselves as multicultural beings who are constantly choosing the most appropriate cultural context for their behavior.” (2004, p. 8).

1.1.3 Internationalization

The following subchapter focuses on internationalization by exploring this concept and the dynamics associated with the global expansion of businesses in today's interconnected world. As markets become each year more globalized (Kunczik, 2001), organizations feel bound to expand their borders and venture into new horizons in the objective to achieve financial stability and economic growth (IMF Staff, 2008) while still trying to remain competitive.

The rapid advancements in technology, communication and transportation have facilitated the movement of good services and information across borders, opening and expanding a wave of opportunities that turned possible international operations and new partnership developments (World Economic Outlook, 2018). However, as we shall see in the next chapters, entering foreign markets is not without its difficulties and challenges.

Internationalization is frequently perceived as the process of successfully managing a business in worldwide markets. It is used to describe an 'outwards' movement in a firm's international processes (Zeng et al. 2008) and there are several ways a business can be international (Cote, 2020) - below can be distinguished three forms of those:

- When it produces goods domestically and sells both domestically and internationally.
- When it produces goods in a different country but sells domestically.
- When it produces goods in a different country and sells both domestically and internationally.

Calof and Beamish (1995, p. 116) define it as "the process of adapting a firm's operations (strategy, structure, resource, etc.) to international environments". Welch and Luostarinen, (1988, p. 36) define it as "the process of increasing involvement in international operations". These two definitions, unique by their own, complement each other. To successfully expand a business outside of the borders, it is important for companies to understand the culture of the nation they want to operate in and therefore adapt to their environment so they can quickly and efficiently reach their target audience. It is mandatory to accommodate relevant transformations on how to communicate, interact and it should be noted that "a long-lasting effective business relationship builds itself based on trust, flexibility, approachability and communication

founded on secure channels of contact” (Cerqueira, Lamas et al, 2021, p. 3). In a nutshell, the above-mentioned authors believe that for a startup, this means cost reductions, time saving, cultural openness and the ability to be fluent and update on intercultural knowledge to solve problems.

By implementing this, companies will start to operate internationally, gaining recognition and increasing their sales.

Many startups are created with this same objective - internationalization being part of their business model since the beginning (Cerqueira, Lamas et al, 2021). However, it should be stressed that once a company has embarked on the process, there is no certainty about its continuance. In fact, the evidence indicates that “‘de-internationalization' can occur at any stage” (Shirani, 2009, p. 40). As we will see further on, internationalization has its facilitating factors but also its barriers that contribute to the success or failure of the internationalization of a business.

Nevertheless, a more conventional perspective on a firm’s internationalization contends that this idea only materializes when the company is founded, established, and expanded in its place of origin (Isenberg, 2008). The Upsala model, which is described below, also refers to this concept.

The Uppsala model, developed by researchers Johanson and Wiedersheim-Paul (2009), divides the process of entering an international market into four different steps.

- **Step 1:** regarded as the first step taken by a company when it first enters a foreign market but does not export frequently;
- **Step 2:** the company employs agents to conduct systematic exports. Through this indirect position, businesses gain experience and market knowledge about consumers in the industry;
- **Step 3:** the firm possesses necessary knowledge and information about the market and how to establish its own operations;
- **Step 4:** the firm establishes the production facilities of the company in the market where it currently exports. The reason for this is that the business feels it has adequate expertise and wants to benefit from geographic advantages.

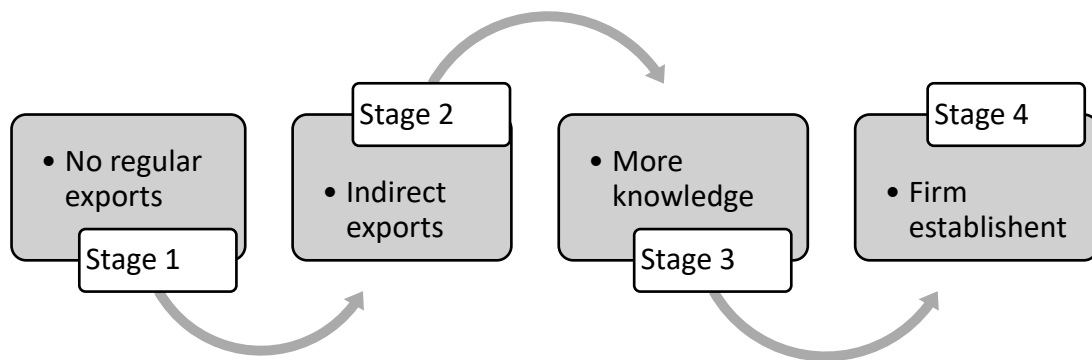


Figure 2: Uppsala Model - stages

Source: The Uppsala Model of Internationalisation and beyond. Arvidsson and Arvidsson, 2019

During their research, they found out that companies usually start to expand in a market that has less psychic distance¹⁵. The chances of being successful in those markets are higher and market uncertainty is low. Even though the Uppsala Model has contributed greatly to the broader understanding of internationalization process of companies, the model itself suffered some fundamental and substantial criticism since its publication.

Recent research in international business has shed light on small internationalizing firms that avoid the incremental internationalization process proposed by the Uppsala Model. These firms focus on international markets shortly after birth and tend to view the world as one large marketplace (Cavusgil & Knight, 2004, p. 125). They are named “born global” and their strategy focuses on early internationalization after inception despite having scarce resources (Oviatt & McDougall, 1994, p. 49).

Studying the economical habits, trading characteristics and consumption patterns, benefits entrepreneurs in having a smoother process when entering new foreign markets by fostering possibilities of increasing revenue and market expansions with the help of different platforms and strategies. It is important to know that being both culturally competent and market knowledgeable is an asset to a good business performance – it enhances trust and increases working dynamics. On the subsequent chapter, I analyze two situations where we can clearly see the importance of the forementioned affirmations in action.

¹⁵ By distance market, they refer both to cultural distance as well the differences in language, politics, geographical and the difficulty to acquire knowledge and information from the market.

1.1.3.1 1st case study: Farfetch

Farfetch is a luxury fashion-focused e-commerce firm that operated as a large-scale digital platform, bridging retailers and customers by offering goods from various international brands. It was established by Portuguese businessman José Neves in 2008 and has offices in New York, Los Angeles, São Paulo, and Porto in addition to its London headquarters (Casais & Balasyan, 2018).

The company strategically used its internet platform to reach clients all over the world and carefully target important foreign countries recognized for their fashion sector, such as the United States, the United Kingdom, and Italy (see table 1).

Table 1: Website traffic by country

Source: Semrush¹⁶, August 2023

Country	Traffic by country (%)	All devices	Desktop	Mobile
<i>United States</i>	16.67%	3.8M	64.5%	35.5%
<i>India</i>	11.54%	2.7M	5.82%	94.18%
<i>United Kingdom</i>	6.78%	1.6M	51.99%	48.01%
<i>Italy</i>	5.22%	1.2M	23.26%	76.74%
<i>Germany</i>	4.62%	1.1M	41.8%	58.2%

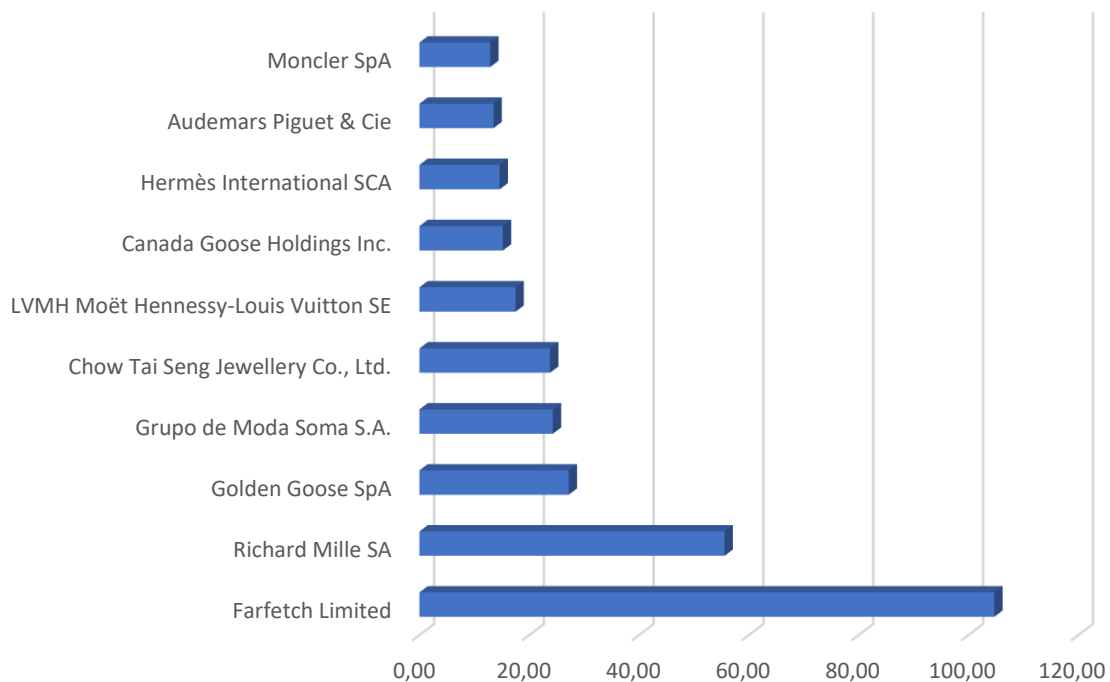
In a SIC report on the Farfetch company (2017)¹⁷, the plan is said to be continued – very focused on international relations. According to the Farfetch Executive President, they have more than 40 markets on the supply sphere, and more than 180 in the demand sphere.

Since its opening, this platform has only been increasing in recognition, becoming one of the fastest growing luxury brands worldwide between 2018 and 2021 based on its compound annual growth rate¹⁸ (CAGR), as verified in graphic 1.

¹⁶ Semrush, a digital marketing tool founded in 2008, used for keyword research, competitive analysis, site audits, backlink tracking, and comprehensive online visibility insights.

¹⁷ Report: Farfetch – tecnologia aplicada à moda e ao luxo (2017). SIC Notícias.

¹⁸ The compound annual growth rate (CAGR) measures the profit of an investment.



Graphic 1: Fastest growing luxury brands worldwide 2018-2021

Source: Global Powers of Luxury Goods 2022, page 53

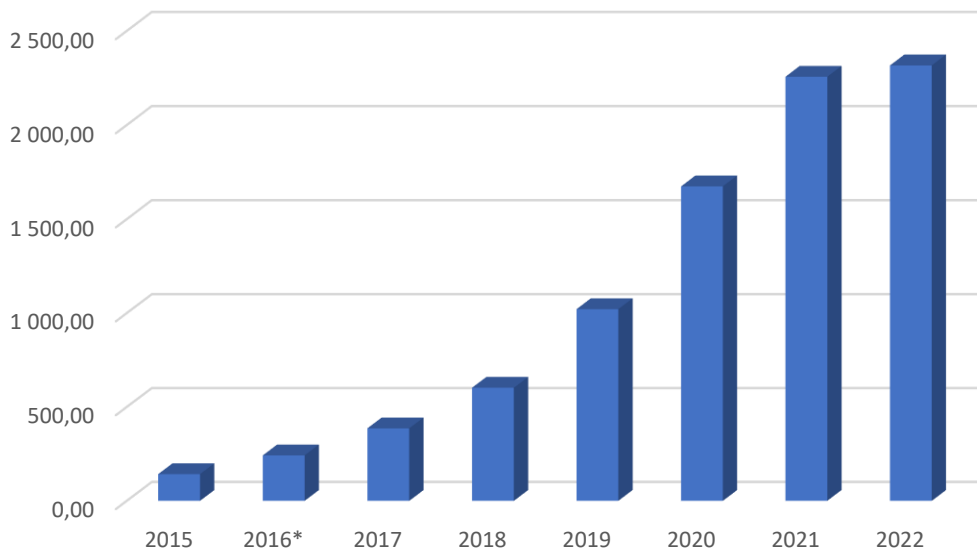
But what factors can we distinguish, that have contributed to this company's steady growth?

According to an article written by Beatriz Casais and Irina Balasyan (2018), Farfetch offers free global returns, reducing risks for first-time buyers and boosting security when purchasing high-end goods. They also explain that this company determinedly considers that customers should have the same experience when purchasing online as they do offline which is why they concentrate on the customer's geography and provide them with customized products based on their locations. Lastly, they constantly seek to improve their delivery services by offering same-day delivery, employing multiple languages on their website, and having a sizing system. Additionally, they provide split payments over a three-month period, which makes their payment options flexible.

As a result, Farfetch places a high priority on establishing brand awareness and draws clients through collaborations, advertising, and social media. By creating material that is inspirational and encouraging as well as individualized and tailored products, they are committed to fostering ongoing dialogue with their consumers. They facilitated cross-

border transactions by providing a simple and customized shopping experiences, giving clients from different nations access to a variety of high-end designer goods.

In order to cater and consider local preferences, they also recognized the significance of changing and adjusting their marketing strategies, investing in marketing, specialized customer services and language alternatives which reflected in the revenues and profit values showed below (graphic 2).



Graphic 2: Revenue of Farfetch from financial year 2015 to 2022 (in million U.S. dollars)

Source: Farfetch Q4 2022 Earnings Release, page 3

Because of this, it is crucial to not only comprehend how important it is to know our target audiences, their clients, and their consumption patterns, but it's also crucial to develop a variety of strategies that support the development and growth of a business, giving it the competitive advantage that all business owners fiercely desire.

1.1.3.2 2nd case study: McDonald's Adaptation Strategy

Another excellent illustration of how a strategy may be used to boost corporate growth is the case of McDonald's.

According to Khan & Khan (2013) their business strategy was designed to enable the delivery of consistent locally relevant restaurant experiences to customers and be an integral part of the communities.

McDonald's was founded in 1940, in the state of California in the United States of America. They have so far established 10 "core menu items" that are essentially globally available. In the paragraphs that follow we will be able to see other menu items that were created to satisfy regional preferences, based on Khan & Khan research paper. Additionally, I added a summary table at the end of this subchapter, contrasting the "core items" and the items applied in other nations to help the reader quickly visualize what has been stated throughout this section.

Portugal

Portugal is widely renowned for its love of booze and pork. In response, McDonald's created the McBifana, which pairs superbly with a bottle of beer and is one of the most popular options for a quick lunch or snack in Portugal. Sumol Laranja do Algarve, a local beverage made of oranges specifically from the south of the country, and Caldo Verde – a Portuguese traditional soup - are also available.

India

In India, the majority of people practice Hinduism, which forbids eating beef and forces its adherents to be vegetarian. Muslims, who are the biggest minority group, are prohibited from eating pork or goods that include pig. Due to this, McDonald's decided to release, in the midst of others, items such Maharaja Mac, Butter Chicken and Butter Paneer Grilled Burgers, VegPizzaMcPuf, Panner salsa wrap, McAloo Tikki® and VegMcCurryPan®

Saudi Arabia

Being a strictly religious Muslim country, McDonald's promote that 100% of their products are Halal¹⁹. All products served at McDonald's restaurants are examined and certified by local authorities and Islamic inspectors at the countries of export. Pork and alcoholic beverages are not permitted. As a result, they opted to develop specialty items such as McArabia, McArabia Kofta sandwich and grilled chicken patties. Apart from the difficulty in adapting a menu, MacDonald's also had concerns regarding human resources since:

1. They were unable to hire women;
2. Women were not permitted to interact freely with men;
3. A separate line or section had to be created for women since they were not permitted to eat inside the restaurant;
4. The restaurant had to close down for prayer at least four times a day and had to cease operations during the fasting months of Ramadan;
5. Music was not permitted.

So, all in all, McDonald's had in mind the below factors when developing menu offers:

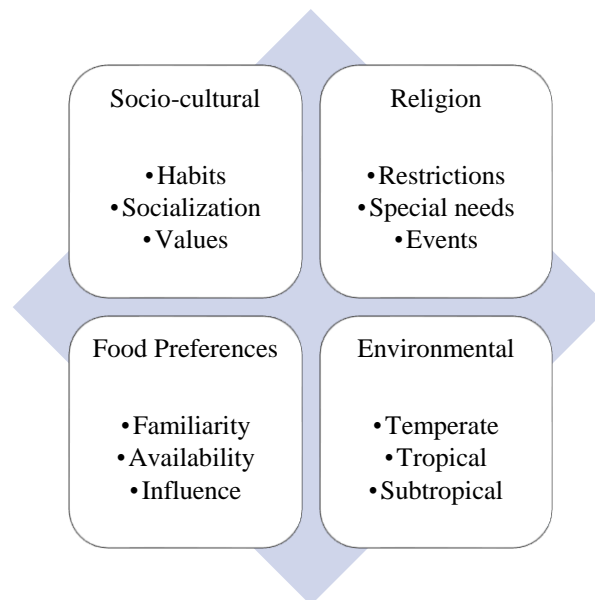


Figure 3: Selected factors considered in menu offerings.

Source: adapted from Khan and Khan, 2013.

¹⁹ Halal: a term designating foods that are permissible according to the Islamic law which has regulations related to animal slaughter, processing, and additives. To verify the most recent Certificate of Authentication of Halal product, please see Annex 2 at the end of the work.

Table 2: A Summary of McDonald's Products

Localization	Products	Why	What do they gain?
United states of America	Hamburger, Cheeseburger, Big Mac®, Quarter Pounder with cheese, Big N' Tasty®, McDouble®, Filet-o-Fish®, Chicken Selects®, Premium Breast Strips®, Chicken McNuggets French Fries.	Competitive advantage (quick service, low prices, quality, and a small list of items that appealed to USA citizens tastes)	More profit, more customers, and more recognition
Portugal	McBifana, Sumol de laranjas do Algarve, Sagres beer and Caldo Verde.	McDonald's adapted its menus to reflect the local tastes and traditions in every country. They respect cultural differences and still maintain the most iconic items.	<ul style="list-style-type: none"> - Brand recognition - Economy of scale - Broaden Customer Base - Reach worldwide markets
India	Maharaja Mac, Butter Chicken and Butter Paneer Grilled Burgers, VegPizzaMcPuf, Panner salsa wrap, McAloo Tikki® and VegMcCurryPan.		
Saudi Arabia	McArabia Kofta sandwich and grilled chicken patties		

1.2 Motivator and Facilitating Factors of Internationalization

This following chapter delves into the driving forces behind the decision of expanding businesses and sales into foreign markets and the factors that enable the process of having a smoother entry in global market operations.

In today's world where borders are blurred, internationalization is seen as a strategic plan for long-term success. I examine the main factors that prompt companies to expand their operations globally, drawing on existing literature and empirical research. By doing so, I aim to better understand how businesses can align their internationalization strategies with their overall business objectives and allocate resources accordingly.

Additionally, I explore supporting elements that help businesses effectively negotiate the intricacies of global marketplaces and build a solid presence. These aspects encompass a wide range of topics, including information, networking, collaborations, public policies, organizational skills, and assistance from the government.

Gaining insight and leveraging these enabling factors are essential for businesses if they are to get past obstacles, reduce risks, and benefit from the opportunities presented by global marketplaces.

Ultimately, by understanding the motivator and facilitating factors of internationalization, organizations make educated decisions, formulate effective strategies, and successfully negotiate in the challenging landscape of global business.

1.2.1 Motivators of Internationalization

Everyone is aware of how crucial it is for businesses to go global nowadays.

The question is, what particularly motivates company owners to expand their operations into foreign countries? A few essential components are illustrated and described in Figure 4 below.

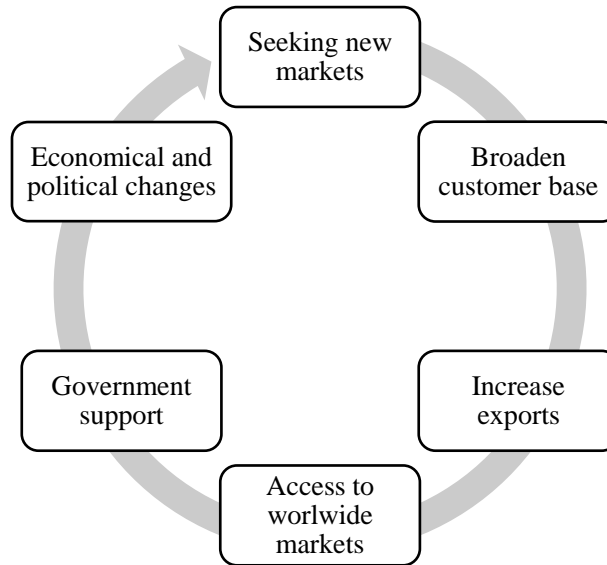


Figure 4: Motivators of Internationalization

Adapted from: Onyueshva (2018), Ogram (1982), Tulder (2015), Hollensen (2017), Bell, McNaughton et al. (2001)

When starting to have fierce competition, companies may see that they are not bringing enough revenue and because of this they feel the need to *seek new markets* to retain their businesses and give them short and long-term security (Onyusheva, 2018). By expanding into new markets, owners have a higher probability of *expanding their customer base and increasing opportunities* (Bell, McNaughton et al. 2001).

In terms of *exports*, they are important, and businesses seek to *increase* them (Ogram, 1982). The more a business sells, the more profit is made - exporting is a comparatively easy and fast way to penetrate foreign market because it involves a low level of commitment and exposure risk (Contractor, Kundu et al, 2003). However, business owners are not only dependent on their wishes but also on a product's life cycle: if a product enters its last cycle in one country, it is essential for the firm to look for new

markets to re-engage the whole process abroad or even look for new solutions (Choudhury, 2010).

Regarding *worldwide markets* (Tulder, 2015), reaching and relying on the information to the outside world has never been so easy. Online directories, search engines, online maps, social media platforms, country's information, and many more channels are at our disposal. Additionally, logistic services have developed a lot making it easy and cheap to ship goods overseas. Export-import procedures are explained in a simpler manner making it easier to know more about doing business with different cultures.

These motivators, aligned with *government support* such as tax exemption on profits, export subsidies, direct payments, low-cost loans, as well as economic and political changes motivates businesses to be international (Hollensen 2017). For instance, if the cost of production at home increases, it forces the company to find a cheaper place to produce. If an exporting company learns that tariff barriers are being built to block exports, they might consider expanding their business overseas to avoid that. If a domestic market is saturated or otherwise too small of a market, offers may exceed demand and expansion abroad is seen as a means of tackling this issue.

1.2.2 Facilitating factors of internationalization

The factors illustrated below are some examples of enablers of internationalization, that simplify the entry into global markets and help increase the chance of success.

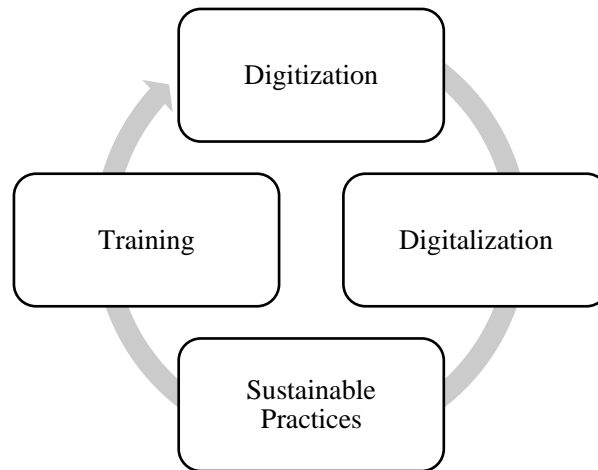
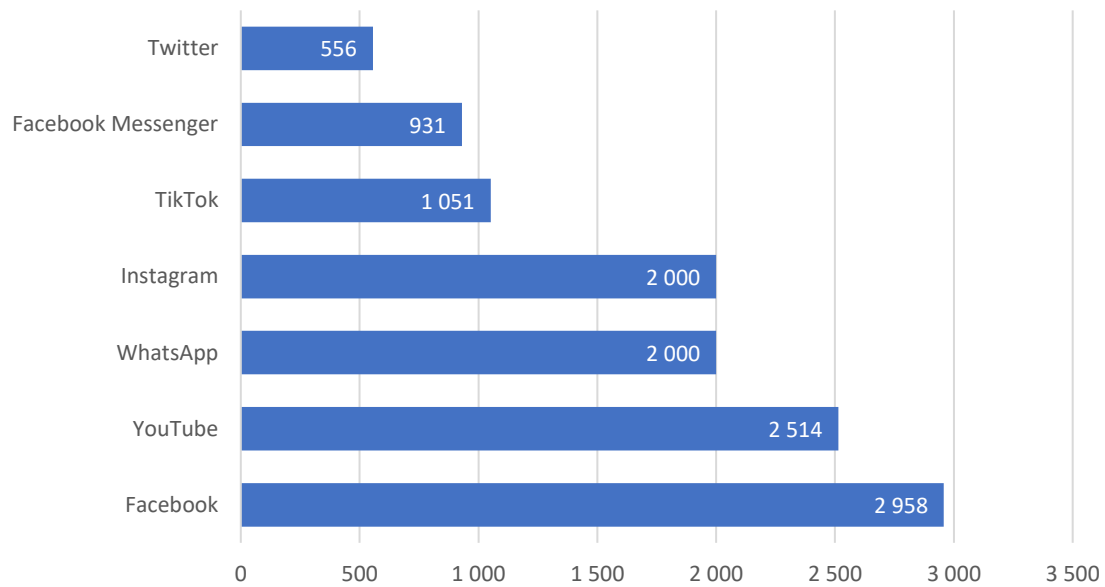


Figure 4: Facilitating factors of internationalization.

Source: Tovstolyak (2020), Chungyalpa (2021)

In the business world, ever more integrated, digitization and digitalization present themselves as the key assets to survive in this international era (Tovstolyak, 2020). The simple process of converting physical data, such as finance reports or drawings, into digital formats helps businesses tremendously by reducing storage costs and increasing smooth and fast workflows.

Additionally, during the past several years, businesses have supported themselves on digital platforms by utilizing operating systems, social networks, and e-commerce websites to interact with their consumers, improve communication, and exchange internal data (graphic 3). According to the Executive Summary of the McKinsey global institute, approximately 12% of the global goods trade is conducted via international e-commerce and 50% of the world's traded services are already digitized (2016, p. 7).



Graphic 3: Most popular social networks worldwide as of January 2023, ranked by number of monthly active users (in millions)

Source: Statista

In addition, adopting sustainable business practices has proven to be beneficial for growing in popularity and becoming a major trend, especially in western industrialized nations (Chungyalpa, 2021). According to an article of the Harvard University²⁰ sustainable initiatives can contribute to an organization's overall success. A sustainable business earns profits by upholding ethical standards and conserving the environment. Utilizing more cost-effective lighting or making use of already-existing materials helps to cut expenses, while projecting a positive image that helps build reputation. People consider sustainability to be positive, therefore businesses that share similar values are keen to promote them. Furthermore, it offers a competitive advantage because sustainable businesses outperform non-sustainable ones (Eccles, Ioannou et al. 2011).

Intercultural training is another excellent facilitator that makes the process for organizations entering new markets go smoothly. In order to have easier and more effective communications in global corporate settings, this training seeks to inform workers on the cultural variations between nations or globe regions (Brown, Martindale, 2012; Washington, Okoro et al., 2012). It goes through important cultural "don'ts" that might undermine a business relationship, it targets culture business etiquette, how to

²⁰ Chladek, Natalie, 2019, Why you need sustainability in your business strategy". Harvard University Online. <https://online.hbs.edu/blog/post/business-sustainability-strategies>. Updated article: March 22, 2021.

greet and address oneself to others and explains practices for speaking up and bartering in meetings, and more.

Two summary tables are provided below to conclude this subchapter and to assist the reader to better comprehend all of the drivers and enabling aspects of internationalization as well as their related repercussions that have been discussed and explored above.

Table 3: Motivators of Internationalization - a resume

<i>Motivators</i>	<i>Effects</i>
Exports	Increase in revenue
Customer base	More diverse and wider customer base
Worldwide Markets	Facilitated contacts
Government	Policies that support exports/imports
E/P changes	Convenient and helpful

Table 4: Facilitating factors of Internationalization - a resume.

<i>Facilitators</i>	<i>Effects</i>
Digitization	Optimized business processes, fast and instant communication
Digitalization	Saves time, space and increases efficiency
Sustainability	Helps with public image and reduces costs
Training	Aids in having smoother and successful communications

1.3 Barriers to Intercultural Development and Internationalization

This current chapter explores the overall challenges that organizations encounter when engaging in intercultural interactions and expanding their operations in outside markets. To embrace opportunities presented by the global marketplace, businesses must navigate numerous barriers that arise due to cultural differences, institutional complexities, and diverse business environments. Countless companies are now “searching of a better understanding of how to effectively strategies and compete around the globe” (Peng, 2009, p. 554) and it is now undisputable that businesses are facing obstacles that were unthinkable of in different times (Rebelo, 2019).

In this way, this chapter aims to shed light on the key barriers to intercultural development and internationalization, providing a comprehensive understanding of the challenges organizations face in their global endeavors, as well as some strategies that help overcome those problems.

Looking back at the Uppsala model, which is mentioned under the chapter "Internationalization" – pages 12 and 13 - we can see that it emphasizes a company's development through a series of stages while drawing on knowledge gained from its experience with operations and activities conducted abroad, also known as the *establishment chain* (Johanson & Wiedersheim-Paul, 1975). This idea contends that businesses' increased operational expenses while doing business abroad are the fundamental impediment to internationalization. As a result, businesses first join international markets that are geographically closer to their domestic market before moving on to areas that are located further away (Johanson & Wiedersheim-Paul, 1975).

A lack of understanding about foreign markets in which a company is considering expanding its operations will lead to diverse challenges such as:

1. Services not aligning with the preferences of local consumers;
2. Ineffective marketing which results in low brand recognition and customer engagement;
3. Missed market opportunities by overlooking potential growth areas;
4. Operating at an increased risk and uncertainty;
5. Wasted resources;
6. Inaccurate pricing strategies.

The Uppsala model revisited by Johanson and Vahlne (2009), in turn, places a greater emphasis on network relationships now implying a new but notable barrier: *the liability of outsidership* (Johanson & Vahlne 2009).

This new barrier can be easily explained: if the internationalization depends on the network of relationships of the firm, a firm that is an outsider faces additional challenges. If the business is to compete against ferocious foreign competition, its projected image, already vulnerable since it is recent, is essential for the survival of the company.

In 2008, OECD, in collaboration with Asia-Pacific Economic Cooperation (APEC), published a study concerning the major barriers to SME access to international markets as perceived by SMEs and policymakers in OECD and APEC member economics (OECD, 2008).

The barriers to SME internationalization are shown on the subsequent pages.

Table 5: Barriers ranked by SMEs using the top ten ranking method

Source: OECD (2009)

Rank	Description
1	Shortage of working capital to finance exports.
2	Identifying foreign business opportunities.
3	Limited information to locate/analyze markets.
4	Inability to contact potential overseas customers.
5	Obtaining reliable foreign representation.
6	Lack of managerial time to deal with internationalization.
7	Inadequate quantity of and/or untrained personnel for internationalization.
8	Difficulty in matching competitors' prices.
9	Lack of home government assistance/incentives.
10	Excessive transportation costs.

Table 6: Barriers ranked by Member Economies using the top ten ranking method.

Source: OECD (2009)

Rank	Description
1	Inadequate quantity of and/or untrained personnel for internationalization.
2	Shortage of working capital to finance exports.
3	Limited information to locate/analyze markets.
4	Identifying foreign business opportunities.
5	Lack of managerial time to deal with internationalization.
6	Inability to contact potential overseas customers.
7	Developing new products for foreign markets.
8	Unfamiliar foreign business practices.
9	Unfamiliar exporting procedures/paperwork.
10	Meeting export product quality/standards/ specifications.

By organizing the above data in a new, updated, internal and external barrier table, we should be able to categorize the barriers and analyze them more efficiently.

Table 7: Internal and External Barriers

Source: Glossary for Barriers to SME Access to International Markets

Internal Barriers	Informational barriers	<ul style="list-style-type: none"> • Limited information to locate/analyze markets • Identifying foreign business opportunities • Inability to contact potential overseas customers
	Human Resources barriers	<ul style="list-style-type: none"> • Lack of managerial time to deal with internationalization • Insufficient quantity of and/or untrained personnel for internationalization • Difficulty in managing foreign employees
	Financial barriers	<ul style="list-style-type: none"> • Shortage of working capital to finance exports
	Product and Price barriers	<ul style="list-style-type: none"> • Difficulty in matching competitors' prices • Developing new products for foreign markets • Meeting export product quality/standards/specifications.
	Distribution, logistics and promotion barriers	<ul style="list-style-type: none"> • Excessive transportation costs • Obtaining reliable foreign representation
External Barriers	Procedural barriers	<ul style="list-style-type: none"> • Unfamiliar exporting procedures/paperwork
	Governmental barriers	<ul style="list-style-type: none"> • Lack of home government assistance/incentives
	Business Environment barriers	<ul style="list-style-type: none"> • Unfamiliar foreign business practices

Based on our analysis tables 5 and 6, we can say that when it comes to internationalization, internal obstacles have the most influence. So, problems such as market identification, lack of human and financial resources make it difficult to internationalize. On the other hand, barriers associated with customs and economic, political-legal and social-cultural environment within the organization are perceived as less significant or consequential.

According to Rebelo (2019), when a company is not yet operating, it tends to overestimate the obstacles related to financial issues and market access while underestimating the barriers connected to its own internal capabilities and the external business environment. As the firm gains expertise, it builds a client base, making access less of a challenge. However, the business environment is now a greater barrier.

CHAPTER II – CONFEÇÕES BERNA LDA

2 Confeções Berna, LDA

2.1 Overview

Sérgio Soares, the current owner of Berna LDA, explained to me the origins, history, and journey of this factory in the course of a casual discussion (2023).

It was with Mrs. Bertila that Confeções Berna LDA was founded, in 1981.

Berna was a conventional tailor at the period, employing methods that were comparable to those from the previous century. The company eventually evolved into an industrial manufacturer, although the process of change took some time to take place.

After the revolution on April 25th, the business was shut down, and Mrs. Bertila started working from home. In 1994, José Soares, her husband and Sérgio Soares, their son, reopened the business as partners. At the time, Sir José owned 80% of the shares and his son 20%.

Sérgio Soares took over the business in 1998 after completing his studies.

During the period in which the parents were running the business, the company focused only on quality craftsmanship. They had only one client – Greanon – and their only concern was to complete their job as swiftly as possible. Whatever entered the factory had to get out quickly. Regarding this approach, Berna lacked any corporate strategy or plan to increase the range of customers, enhance billing, or boost profits. That was not their concern. In fact, they never showed the ambition and desire to search for more – the system they always used was profitable so there was no need to make any changes.

The company's pure craftsmanship technique was maintained after Sérgio took over as CEO. However, he always bared in mind that one objective of directly reaching the consumers. His parents were apprehensive and showed strong reluctance to change. But Sérgio was effective in bringing about the transformation he sought.

The entire procedure took around 10 years, and the company evolved in three stages (figure 6).

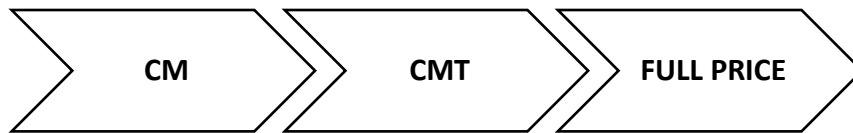


Figure 5: Berna's Development

At the first stage, CM, the company worked only in cutting and manufacturing – what we know as pure workmanship. At this stage, Berna worked with around 4 suppliers naming water and electricity as some examples. The next stage, CMT, featured certain trimmings, but not all, such as zippers, buttons or lining, in addition to cutting and manufacturing. At this point, Berna was working with around 20 suppliers which was a small increase in comparison to the last stage. Nevertheless, it was in the full price stage that Berna developed indeed. The company started to have the option and responsibility of buying and managing everything included in the production process – patterns, cutting, trims, manufacturing, packaging, and logistics.

A company that had 20 suppliers passed to 600 suppliers very abruptly. It was a complicated process that involved different variables, but it was achieved. It was only after this stage, however, that Sérgio decided to develop his own brand under the name of “CABAN”. The brand was conceived as a means to give continuity to the company – provide the business with consistency – and reduce reliance on outside clients.

The name for the brand was inspired by a declaration made by Madonna in a cinematic clip – the artist declared “I love my Caban. Dolce and Gabbana”. A Caban jacket is a wide-fitting and sporty overcoat – opportunely this item was one in the midst of others that Berna has expertise in producing. It was within their range of products; it was and still is their specialty. Thus, the name was well-suited.

In this manner, CABAN came to life.

A lot of investment came into developing the brand and its products, and also the opening of the store. Sérgio pawned many of his assets but that still wasn't enough. What helped tremendously was the appearance of a 28-year-old woman with a project and dream. She initially worked on yachts and similar boats, serving customers. She made diverse suggestions on uniforms and clothes that she believed should be worn on ambiances like this and therefore she took matters into her own hands, looked for a manufacturer and ‘Crew à la mode’ began. She had a necessity of support, and Sérgio

had the necessity to grow. *Crew* was the opportunity, and it was tightly grasped. It was with this brand that Berna started working wholeheartedly and committed to full price.

This client allowed the possibility to take the very important and necessary jump.

2.2 Office Organizational Structure

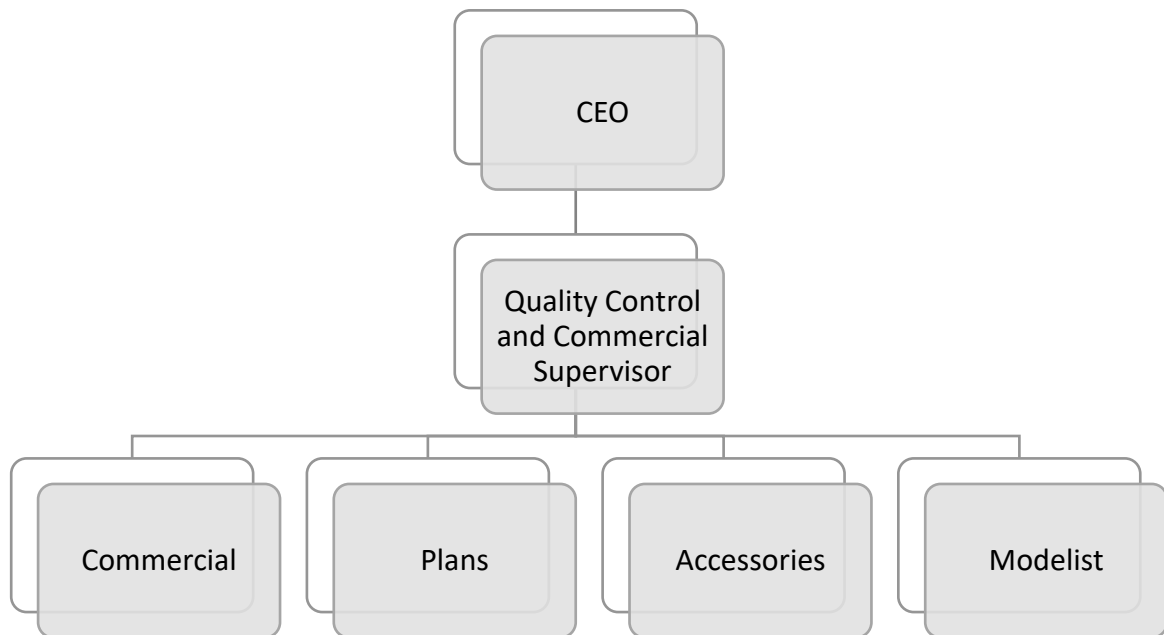


Figure 6: Office organizational structure

Berna's structure can be divided in two sections: the office (figure 7, above), and line of production (figure 8, in the next page).

The office organizational structure is hierarchical and is designed to support various functions that are crucial to the overall manufacturing process. At the top we have the CEO and right beneath him, the quality control and commercial supervisor. Under her care, we have 4 people that work with distinct matters:

1. Commercial – the position occupied by me, the writer of this thesis, Beatriz Silva.
2. Plans – occupied by my colleague Sofia.
3. Accessories – at the moment, a vacant position.
4. Modelist – occupied by my colleague Catarina.

2.2.1 Production line organizational structure

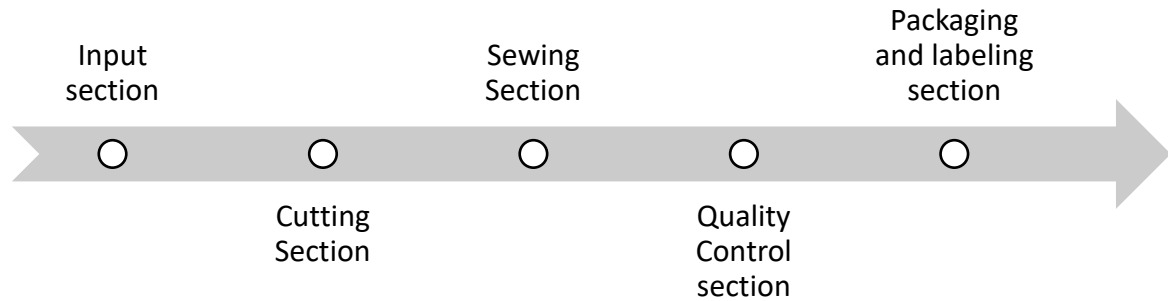


Figure 7: Production line organizational structure

In terms of the production line, it follows a linear arrangement of procedures that items go through as they are manufactured.

First, the raw materials and components for production or sampling are stored. Then, the materials are cut according to the patterns. Then they are assembled, and components are added accordingly. Following that, the items are tested for quality and flaws before being packed and labelled, ready for transportation and distribution.

2.3 Sectors

2.3.1 Commercial

The commercial department, also known as the sales department, is the main department responsible for coordinating the actions to sell the products and services that the company has in order to obtain profit and financial revenue for growth and economic survival. Its primary goal is to produce sales for the firm while finding future consumers and maintaining current ones through customer satisfaction.

The commercial department is also responsible for conducting market research to identify market trends and customer needs in order to develop competitive strategies. Additionally, this position involves exploring new partnerships and collaboration with marketing teams to make effective marketing campaigns and sales-supportive materials.

2.3.2 Modelling

A modelling department typically refers to a specialized unit within an organization that focuses on creating and utilizing models for various purposes.

This department is involved in developing models that address specific business needs or objectives and ensures proper documentation of models, including the assumptions, methodologies, and limitations.

Individuals who work in the modelling department conduct rigorous tests to everything they create and focus on a continuous improvement. They look out for advancements in modelling techniques and methodologies and engage ethical considerations.

2.3.3 Accessories

The accessories department has the responsibility of making orders of materials and accessories such as fabrics, linings, buttons, zippers, etc., for each specific style sent by the commercial clients, separating and organizing them.

2.3.4 Cutting

The cutting department is specialized in accurately cutting various materials for garment orders and supplying the sewing department with them. They cut based on predetermined patterns, templates, or designs. In this way, individuals who work under this department must be able to correctly assess and interpret any pattern or blueprint in order to use the available materials in the most efficient way in order to minimize waste. Additionally, they ensure that the cutting material meets the required quality standards.

Cutting can be made both manually or automatically depending on the quantity needed to be cut, or if it is being cut for a sample or a production.

2.3.5 Sewing

Sewing is the most important operation in the process of garments production. Its primary function is to perform sewing operations involving stitching, seaming, joining, or attaching fabric according to predetermined patterns or designs. Just like the cutting department, the sewing section must be able to interpret patterns and specifications for each piece and follow the instructions given by customers. Additionally, they must be able to be knowledgeable about different machines and techniques to carry out sewing operations successfully and to show their expertise in dealing with machine operations and attention to detail.

2.3.6 Finish and Packaging

This department is responsible for the final stages of the product before it is ready for distribution or sale. They add what we normal call the ‘final touches’ – trimming excess material, ironing, pressing, folding, and applying final treatments such as removing stains or any other contaminations.

Individuals on this department are responsible for putting on hangtags and labels correctly as well as packing the finished products in a presentable manner for protection and ease of handling during transportation. However, some customers might have a peculiar way of packaging a product and so, the people responsible must be knowledgeable and mindful of their wishes. Additionally, they conduct quality checks

to ensure that the products meet the required standards and specifications. They verify the accuracy of labels, check for any defects, and ensure that the packaging is intact and appropriately sealed.

2.4 From a Drawing to a Palpable Item: The Process

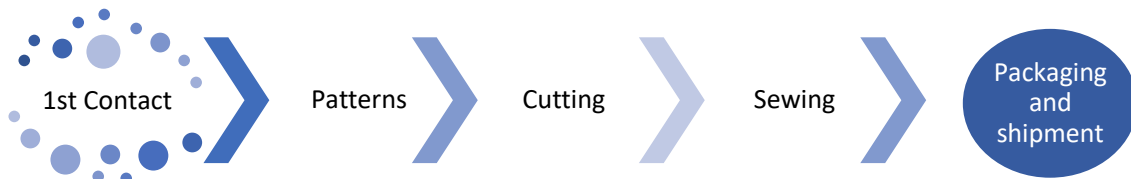


Figure 8: The process

At Berna, everything begins with the client's initial interaction with a commercial tech.

In order to better grasp the needs, worries, and goals of the customer, we first actively listen to them. They are told about our background and our services are explained to them. If required, a defined strategy is employed to match our work with the specific demands of the customer. In order to give the customer, the most comprehensive understanding of our policies and processes, a broad description of the work methodology should also be provided. The commercial tech produces and delivers a proposal of materials and price estimates once the client provides us with an idea of what they desire to build in order to determine whether everything fits in with their needs and within their budget. If it is rejected, it is critical to keep fostering the customer connection and demonstrating our openness to new suggestions for improvements. If it is approved, we then go on to the next level.

Patterns, in manufacturing, are the different components on a garment that are printed on paper to subsequently be cut. Sometimes, clients send patterns already developed – ready to be printed – fastening the process. Other times, they send a sew by²¹ with a measurement chart which in turn is sent to a modelist to turn into a digital pattern. This process is quite time consuming and may delay lead times. We also have the possibility to have a pattern already developed but in need of alterations – in this case, it is also needed to be sent into a modelist to make the desired changes.

²¹ A sew by is a reference sample of a garment that the client wants the factory to use to develop a new or altered garment.

After the patterns are completed and printed, they are sent to the cutting sector along with fabrics, lining, and other components necessary such as pocket lining, fusing, feathers, wadding, etc.

When that is completed, the accessories are separated and put together within the bag that contains the cut pieces to go into the sewing sector: here we're talking about things such as buttons, zippers, elastics, brand labels, size labels, care labels, hangtags, and any additional accessories a style might need.

After the garment is sewn, always under the quality control, the finishing sector takes care of any loose threads or deformities that appear that may be passed unnoticed in the sewing line.

To finish, the garments are packed in a polybag or any other bag of choice and put in a carton box, duly identified according to the style's name, size and color as well as the client's name – if wished. Afterwards, there is only two unique steps to cross: placing the right documentation for shipping of the material, such as invoices and airway bills, and making sure that the goods are picked up in the time and place scheduled – making sure they are safely shipped.

Finally, the process is completed.

2.5 Technologies: Simplifying the Work

Taking in mind all the factors explained in previous chapters such as sustainability, digitization, innovation and organization, Berna invested in various programs to make the most out of their employee's time.

Berna Digital is a program developed for Berna to decrease the amount of paper used and to increase storage. The program is used essentially to store invoices, proforma invoices, credit notes and payment records.

Eurogest is a very complex work program, built from factory employers to factory employees that help them, in between many other functions, to have a client and supplier database, issue order notes, invoices, packing lists and transportation guides, register new styles and their different components.

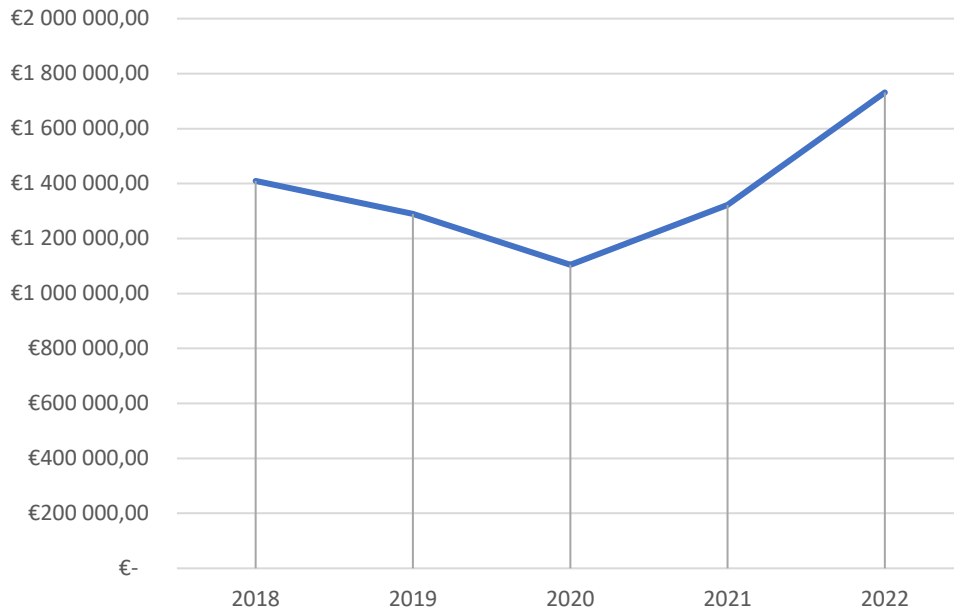
Trello is a worldwide accessible management tool to track, manage and complete tasks. It is accessible to all office workers, so everyone is on the same page regarding workflow.

Armazém Digital, in English, 'digital warehouse' helps in registering entry of material that was ordered manually or by a QR code, by giving the option to take the picture of said material and assign a localization.

Gerber AccuMark Made-to-Measure offers advanced automation functionality, from pattern modification through advanced rule-based specifications and order creation. It easily generates patterns with measurements from any source and automatically creates markers, maximizing productivity.

2.6 Overall Analysis

2.6.1 Economical Evolution



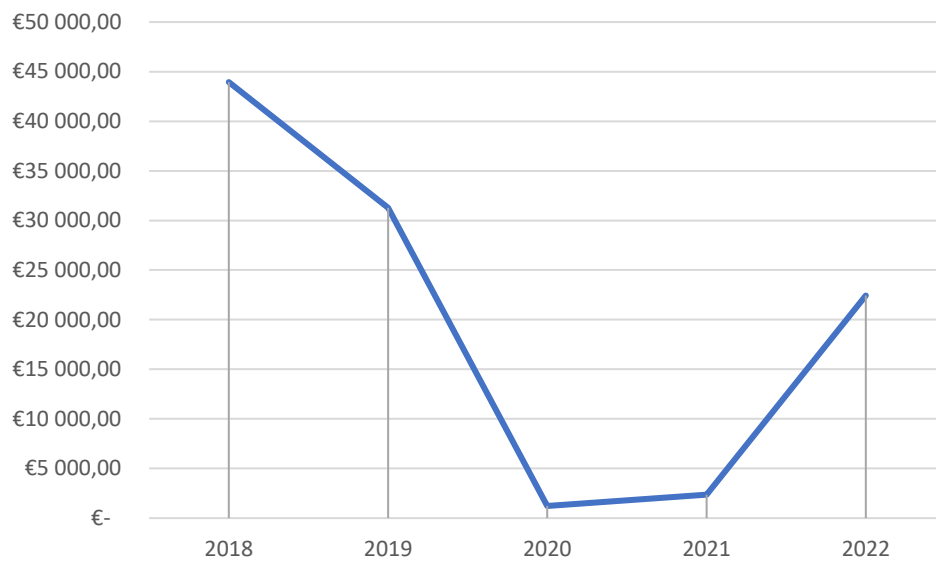
Graphic 4: Business Volume – Berna LDA

Business Volume is a financial indicator that, based on loan volume, interest paid, remuneration, and similar factors, represents the amount to which the members have utilized services and other resources throughout the fiscal year. However, we may simply define it as the amount of products and services that a business sells within a specific period of time under typical business operations.

The Business Volume at Berna from 2018 to 2022 is shown in Graphic 4.

From 2018 until 2020, Berna presents a decline in its business volume from 1.409.885,45€ to 1.104.387,40€ which represents a decrease of approximately 22%. This decrease in volume can be justified by the pandemic of COVID-19. However, business volumes climbed by 36% between 2020 and 2022 to reach 1.731.420,70€.

New planning, organizational tactics, technical advancements, and investments in human resources all contributed to this growth.



Graphic 5: Net Income – Berna LDA

The amount earned by a person or corporation after costs, allowances, and taxes is referred to as net income. Net income in company is the amount that remains after all costs, such as salaries and wages, the cost of goods or raw materials, and taxes, have been paid.

As shown in image 5, Berna's net income significantly declined between 2018 and 2021 and increased hardly at all in 2021, which is also a result of the COVID-19 pandemic. However, the net income climbed significantly over the previous year, rising from 2.357,11€ to 22.345,71€.

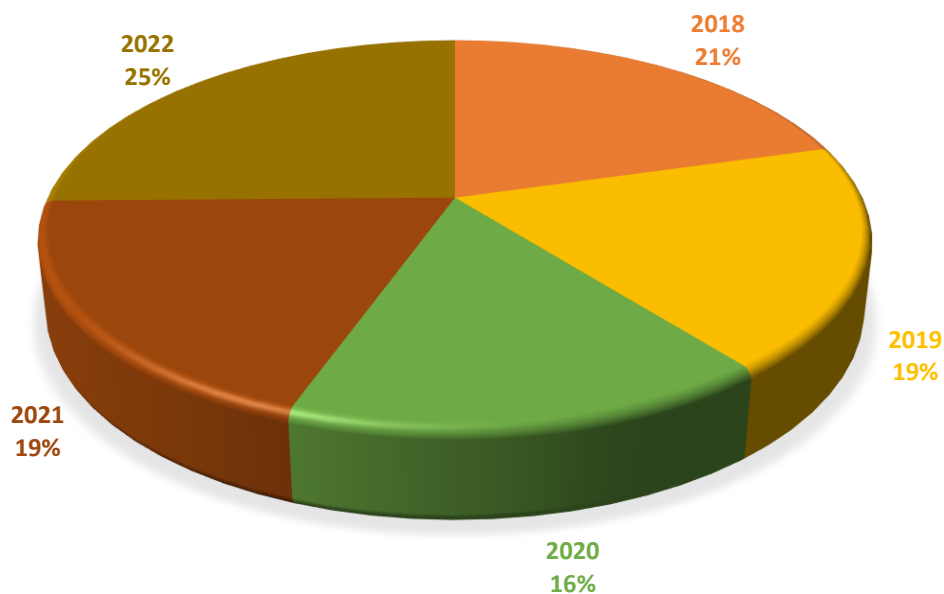
2.6.2 Exports and Imports

Table 8: Imports and Exports

	Exports / Sales			Imports / buys		
	National	EU	Out EU	National	EU	Out EU
2018	463.802,65€	918.564,81€	27.517,99€	146.662,41€	171.051,47€	47.492,81€
2019	279.555,22€	979.668,54€	30.194,70€	131.740,47€	217.701,67€	23.584,65€
2020	253.805,82€	837.914,68€	12.666,90€	88.809,69€	142.124,68€	13.328,92€
2021	625.288,48€	237.406,72€	459.607,24€	161.148,19€	203.940,80€	67.664,27€
2022	1.149.074,42€	388.655,04€	193.691,24€	157.798,31€	203.819,57€	45.663,09€

The table above shows the sales and goods imported from 2018 until 2022 from Confeções Berna LDA.

The data above, in terms of sales, is shown in further detail below.



Graphic 6: Sales between 2018-2022 (%)

As we can verify from the data above, 2022 was the year with the most sales out of every year in the analysis. But curiously, it is not outside of national borders that the numbers are higher but on domestic grounds. This is because a lot of international clients are represented by national/portuguese companies – what we call agents or representatives. Meaning that productions and samples are charged on Portuguese firms and subsequently those values are invoiced to the original customers.

An agent, in legal terminology, is a person who has been legally empowered to act on behalf of another person or an entity. An agent may be employed to represent a client in negotiations and other dealings with third parties. The agent may be given decision-making authority. Below, we can see the example said situation with our client - “Crew à La Mode”:

Table 9: Crew à la Mode - Invoiced values

	2018	2019	2020	2021	2022
51-Crew A La Mode	28 272,58	45 921,65	69 835,02	168 589,46	1 394,22
329-Crew A La Mode	-	-	-	409 379,89	723 689,97
Total	28 272,58	45 921,65	69 835,02	577 969,35	725 084,19

Still, if we focus our attention on the years of 2020 and 2022, we can see that the exports to countries inside and outside of the European Union decreased significantly due to the restrictions of the COVID-19 pandemic. Nevertheless, there was a high increase in sales in national borders. This signifies that the company invested in domestic sales in order to overturn the negative effects of the virus. As various businesses did, national investment was seen as a strategy to keep revenues flowing.

2.6.3 Expenses

Table 10: Overall Expenses 2018-2022

	2018	2019	2020	2021	2022
Personnel costs, suppliers, and external services	450.401,59€	467.933,93€	486.467,85€	525.363,00€	617.384,00€
Subcontractors	314.309,00€	218.503,00€	203.811,00€	150.715,34€	355.981,05€
Tools	9.112,00€	7.200,84€	6.959,25€	6.228,59€	8.531,55€
Office Supplies	3.047,00€	3.116,48€	3.704,63€	2.633,41€	3.038,86€
Energy and fuels	21.096,00€	17.773,72€	17.351,00€	24.096,57€	31.269,96€
Logistics	15.248,19€	24.510,48€	5.465,36€	6.079,70€	4.493,43€
Rents	16.107,00€	19.502,31€	18.240,89€	18.321,24€	30.962,27€
Telecommunications and Insurance	7.497,86€	7.482,68€	8.697,30€	8.177,36€	5.692,78€

Comparison of the data between 2018 and 2022 reveals some rises and falls in several categories. The highlighted topics - staff expenses, subcontractors, and logistics - will be my main points of emphasis.

In terms of costs, personnel expenses account for a significant portion of the budget since investing in a motivated staff is a key component of personnel expenditures, which also include salaries, wages, and benefits; they make up a sizeable amount of the budget.

Subcontractors are also very important to the expenses framework. They represent outsourced work and services that enable the company to access external expertise resources because they are more cost efficient, make it simpler to find qualified workers and provides flexibility and versatility to the mother factory.

The aspect of logistics is essential in ensuring a seamless passage of goods and services from suppliers to customers. Upon analyzing the numbers above and comparing the years 2018 and 2022, we can verify that the value for this decreased from 15.248,19€ to 4.493,43€. This is due to Berna's customer regulations in regard to exports - all expenses associated with this process being those transportations, custom fees, storage, etc, are the client's responsibility.

Furthermore, in regard to imports, Berna firstly analyses if the suppliers' company has a good deal in terms of freight. If so, then the company uses their transportation fleet, and if not, they rely on third party carriers.

Berna also checks if the supplier's firm has a favorable freight contract before considering any imports. If so, the business employs its own transportation fleet; otherwise, Berna depends on other carriers that they deem appropriate given the dimension of the volumes being shipped.

2.6.4 Social Media and Overall Internet Presence

Marketing is of paramount importance in today's business landscape for several reasons, such as market visibility, brand awareness, customer acquisition and retention and competitive advantage. Because of this, I decided to analyze Confeções Berna LDA and CABAN website and social media performance as they are directly linked.

Berna's official logo is as follows:



Figure 9: Confeções Berna – Logo

According to this, we can extract the following color scheme:

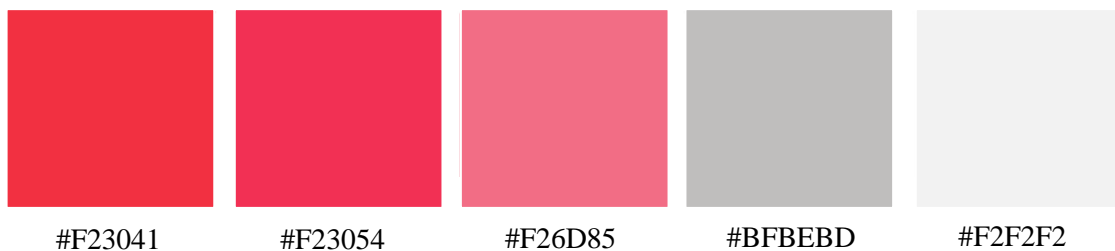


Figure 11: Berna's Logo Color Scheme

Consistency in color between the logo and website is crucial for brand recognition. When the website's colors differ significantly from the logo, it can create confusion and weaken brand identity. It can make the website appear less cohesive and well-integrated. Additionally, it can impact the visitor's ability to recall the brand in the future. The website is not particularly eye-catching despite the fact that it does not deviate significantly from the colors used.

The website is user-friendly but is currently in its very early stages of development. Since there are now only two languages available, adding additional ones would be advantageous (see figure 12 on the next page).

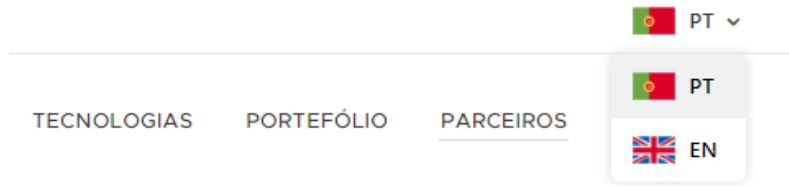


Figure 12: Language Options - Berna's Website

In addition to this, the website's English version should be reviewed as it contains a number of instances that we would typically refer to as "literal translations" – which gives the website a very unprofessional and amateur impression.

The section on style proposals is, in my perspective, the most significant part of the website and should be given greater attention. Although Berna specializes in outerwear, it would be beneficial for the business to stand out from competitors by showing prospective customers which other products are sold and developed, such as backpacks, handbags, shirts, bombers, swim shorts, cargo pants, dresses, skirts, skorts, etc. (figure 13).



Figure 13: Model Proposals in Berna's Website

In terms of social media, Confeções Berna only has a Facebook page which is not active as of 13th of March 2021. Investing in repeated and consistent publications on styles produced by Berna would increase brand awareness as well as diffuse Berna's work.

In terms of the brand “CABAN”, it has the following logo and color scheme:



Figure 14: CABAN's logo



Figure 15: CABAN's Logo Color Scheme

This logo features a monochromatic and simple appearance. It conveys a sense of simplicity, versatility, adaptability, and elegance. It increases brand identification and is simple to maintain in terms of consistency. However, logos like this have a relatively narrow spectrum of aesthetics and lack color variation and distinctiveness. Nevertheless, the website was designed to counter that lack of color. The website's bright photographs draw the viewer's attention in contrast to the monochromatic design. (figure 16)

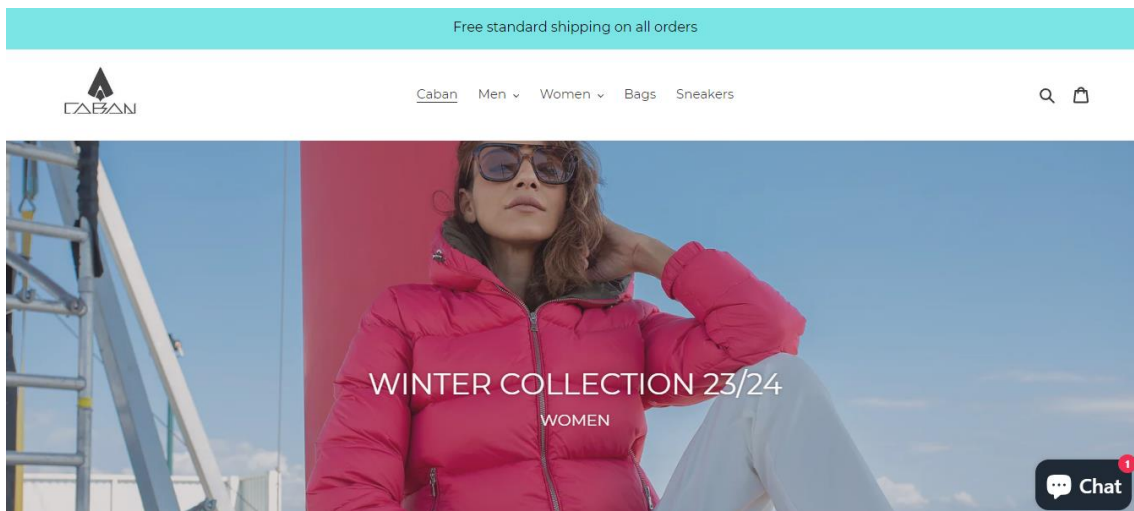


Figure 16: CABAN's welcoming page - contrast in colors

Although this website has quite some styles, it would be beneficial to also invest in marketing new models in order to have an updated and well-maintained page.

Moreover, since it was created in Portugal and its first location was established in Cascais, Lisbon, this website should likewise be initially presented in Portuguese. Only after the fact should another language option emerge, considering the visitor's location.

In terms of social media, CABAN is present in Facebook and Instagram.

In both social media accounts, posts are made with a lot more frequency, but an exact publication pattern does not exist. The publishing dates for Instagram are 24th of August and 30th of September, and they are listed on the two figure calendars below.

August

D	S	T	Q	Q	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Figure 17: CABAN'S Publication Calendar – August

September

D	S	T	Q	Q	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Figure 18: CABAN'S Publication Calendar - September

In both websites and social media, it is crucial to monitor factors such as the number of clicks, website traffic and Shopping Cart Abandonment Rate.

3 Methodology

This chapter outlines the methodology that was employed as a means to answer the research question that guided this thesis, "How does interculturality influence the internationalization efforts of Confeções Berna LDA, and what role does it play in enhancing business growth?" It also explains the reasoning behind the method's selection.

The many phases of this research, including participant selection, data collecting, and data analysis, as well as discussion and interpretation of outcomes, are also included in this chapter.

3.1 Research Methodology

According to Denzin and Lincoln (2005) a research methodology or strategy is determined by the nature of the research question and the subject being investigated. As a result, the research format used in an investigation should be seen as a tool to answer the research question.

Based on the research question, I determined that the most appropriate method to be used would be a qualitative research method used to explore the company's organizational culture, communication practices, strengths, and intercultural competence. It is a helpful method because it assists in obtaining a more holistic view of the company and its intercultural and international business practices, allowing for a deeper understanding of the research problem and the ability to draw more robust conclusions.

In this way, I begin with making a SWOT analysis of the company, examining the strengths, weaknesses, opportunities, and threats related to it, and then I proceed to an interview to the CEO and commercial supervisor. Afterwards, I discuss the results, taking into account the two case studies presented in aforementioned chapters as well as Berna's own case study.

3.1.1 SWOT Analysis

Table 11: SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
High quality production	Reduced online presence	Increase online presence	High competitiveness
Expertise in the field	Small place	Use of social media	Pending deliveries
Subcontracting	High margin of risk failure with outsourcing	Strong portfolio development	Shortage of skilled workforce
Flexible staff	Poor but improving internal organization and communication	Make audits as to have certifications	Rising prices of raw material
High technology investment	No operation manuals	Innovative products	
Sustainability	No certifications	Partnerships	

Confeções Berna LDA has various distinguishable advantages, as shown by the table above. The company's talented and motivated workforce is one of its primary assets. The staff members have a strong work ethic and substantial industry knowledge, which is reflected in the high-quality productions delivered to customers. Furthermore, the company has made investments in cutting-edge technology that not only boosts productivity but also enables the company to provide high-quality items on schedule. Subcontracting is another excellent asset; since firms may modify the amount of labor they subcontract based on their current needs or market demands, this strategy enables quick turnaround times, scalability, and flexibility.

Regarding weaknesses, Berna's lack of an effective online presence might limit exposure and consumer reach, both of which are essential in today's world. Investing in a stronger online presence and creating an effective market plan can positively assist this problem. Having subcontractors also gives the company a high risk of failure in terms of quality control or delivery delays so investing in quality control personnel is a must in these cases. Another drawback is the factory's limited size; when the customer base grows and more supplies are purchased or provided by the customers, a larger, more optimal space would be more advantageous in order to keep up organization and efficiency. Additionally, a lack of certifications may hinder the company's competitiveness in some markets or sectors, so having the necessary accreditation is crucial in upholding industry standards.

What else can Berna do to improve their reputation, sales, and earnings in addition to what was already mentioned? Creating a clear, straightforward, and powerful portfolio would be extremely beneficial in promoting Berna's work and demonstrating to clients what we do and specialize in – showcasing the team's expertise would undoubtedly be more advantageous in the future.

Investing in partnerships would also be a powerful tool to accelerate growth and gain a competitive edge. At the year of 2023, Confeções Berna accepted the challenge and partnered with Volta a Portugal, representing the Portuguese team. In addition, they are also in the process of developing merchandise for the SKY Meeting Congress created by AEFMUP – Associação de estudantes da Faculdade de Medicina do Porto²².

²² Student Association of the Faculty of Medicine of Porto. Free translation by the author. 2023.

3.1.2 Interviews

The interviews were conducted individually, featuring personnel from Berna, specifically:

- Sérgio Soares (Berna's CEO)
- Clarinda Gomes (quality control and commercial supervisor)

These interviews were conducted between the periods of 16/09/2023 and 23/09/2023 at Berna and each interview lasted approximately 20 minutes. In addition, this interview has 8 questions as a basis, being moderated by me, Beatriz Silva. This interview was transcribed in full and is registered in the appendix number 1.

Interview	
Questions	Answers
	Clarinda: The necessity to not stagnate the business and the importance to seek new markets and new clients.
What led to the decision to start expanding the business internationally?	Sérgio: Ambition. Since speaking other languages came easily to me, and I had the ambition, I felt confident in reaching out to different markets.
	Clarinda: Investing in the commercial sector.
In what ways has Berna adapted its business strategies and practices to accommodate the cultural diversity of foreign markets?	Sérgio: We first started by working through third parties (representatives/agents), and with this we gained experience. After that, it was a matter of reducing the communication channel and starting to directly contact our clients.

How do employees at Confeções Berna LDA handle communication and collaboration with international partners, suppliers, and customers from diverse cultural backgrounds?

Clarinda: Having commercial employees with the knowledge on how to deal with cultural differences.

Sérgio: Portuguese people are inherently very culturally adaptable. It is natural for us to respect different cultures and social impositions. We respect each culture and try to communicate as clearly as possible.

Was the creation of CABAN, a way of expanding and give recognition to the work made at Berna?

Clarinda: Yes. It was also a way to reach directly the consumers.

Sérgio: CABAN appears as a long-term strategy.

Do you see marketing as a business evolution weapon?

Clarinda: Definitely.

Sérgio: Marketing is, and always has been, each and every company's most important weapon. The core of the machine.

Have there been instances where cultural misunderstandings impacted business relationships or outcomes? How were these situations resolved?

Clarinda: Yes. Technical terms can be very different from nation to nation and not being in knowledge of such may put in risk a whole production, bringing loss to the business.

Sérgio: Misunderstandings on our part, on the part of the customer, or even the supplier, can lead to the loss of the customer base and, in consequence, multiple business relationships. We have to adapt to each measure or situation that customers may bring.

In what ways has the company's intercultural competence contributed to building strong business relationships with international clients or suppliers?

Clarinda: Having people with the right knowledge helped in maintaining our clients trust and wish to continue working with us, and to attract potential customers.

Sérgio: to have people with commercial mindset as collaborators – If we relegate someone with no experience in intercultural communication to a task directed towards a foreign client, the conversation will not be able to proceed.

How has COVID-19 pandemic affected international relationships?

Clarinda: Links with the outside were closed which delayed the delivery of raw material and also limited our clients' orders – resulting in a decline in exports. Because of this, Berna focused on investing on national grounds and producing items of necessity such as masks in order to keep revenues and hold the employees.

Sérgio: At first it didn't affect me. Physical and personal contact was lost, but in my opinion, it mostly affected contact that was being overused. Clients used to travel here for the smallest of reasons, but with Covid, the world slowed down and allowed us to learn how to work without such continuous proximity. There was also a revival of how to work with less mobility.

By the answers on the first question, we can verify that the reason behind Berna's internationalization was not only a necessity - as to not stagnate the business - but also the ambition to produce for more and more countries. Up until Sérgio took over the company, his parents were resistant to change and communication with the international world occurred through representatives, as they also didn't have the fluency to speak the foreign languages. However as soon as Sérgio turned responsible for the company, direct communication started to be used more frequently.

Regarding the second question, Sérgio believes that it all came down to funneling the communication channel and becoming more direct. At first, when working with third parties, our knowledge became 'our knowledge joined with their knowledge'. We gained experience, we saw how they worked, we saw how they handled different situations, and we tried the same. Clarinda adds and complements that a way that Berna adapted its business strategy was investing and employing people with the knowledge on how to handle and accommodate clients of diverse cultural backgrounds.

On the third question, regarding how employees at Berna had communicate with suppliers, clients, and partners from international backgrounds, Sérgio took a more stereotypical approach defending that Portuguese people are normally very adaptable. They are respectful and, in this manner, they have no problem in communicating with them. Still, it is important to employ people with this sensitivity competences because,

as we know, people with no regards to these ideas may bring regrettable situations to a company.

The fourth question - Caban's creation - was not only a dream and vision come true — to directly reach the consumers as Clarinda said — but it also appears as a long-time strategy; an extension of Berna's work. As Sérgio said, and I quote, "This year, many companies closed and with CABAN BRAND and CABAN CLASSIC²³ we were able to replace customers for our own benefit - in which the channel is straightforward".

In the fifth question, both participants are in agreement that marketing is definitely important in today's world. To argue his point further, Sérgio forged a link between Coca Cola's success and the great marketing investment in this sector. Still, it is important to note that marketing is very costly and companies that decide to take this big step - turning an industrial mentality to a commercial one - is one of the greatest difficulties to encounter.

In regard to cultural misunderstandings and their impacts, presented in question six, both Sérgio and Clarinda agree that it had happened before, and that it can unfortunately lead to significant client losses. Clarinda exemplifies, for instance, the fact of not knowing specific technical terms concerning the production process can cause doubts that lead to products being developed differently than expected and consequently conclude in an unsatisfied client nearly abandoning the project altogether.

Onto question 8, Sérgio and Clarinda agree that knowing how to rightly communicate and ease situations is good for both Bernas' employees and also the client. It helps to manage expectations and grow strong business relationships.

The last question, regarding the Covid-19 pandemic, was simple and straight to the point. Clarinda explained that with the virus, Berna had to adapt to this crisis and focus on national grounds producing materials better suited for the population's necessities.

²³ CABAN CLASSIC is a classier branch of the brand Caban. It focuses more on suits, blouses, corporate garments, and modern classic jackets.

3.1.3 Conclusions and Reflections

The present work was developed in order to find the answer to this thesis on "How does interculturality influence the internationalization efforts of Confeções Berna LDA, and what role does it play in enhancing business growth?".

From the case studies analyzed before, including Berna's, as well as the SWOT analysis and interviews conducted, I was able to examine some key answers to the aforementioned question. Having a company that takes importance in interculturality helps in targeting more brands and clients from different cultures and ethnicities by opening up new possible markets. In addition, investing in employees that are interculturally competent:

1. Helps with communication with foreign clients;
2. Makes it possible to have international contacts;
3. Increases trust and close company-client relationships;
4. Helps in terms of strategy adaptation;
5. Allows to anticipate cultural risks such as misunderstandings or ethical dilemmas.

In this way, as examined in the theoretical part of this thesis, it is always a huge step toward internationalization to have people who are skilled at what they do, have a thorough understanding of how they operate, how clients work, as well as the sensitivity to comprehend how the culture functions. As seen through the interviews conducted, having this type of understanding is vital when talking about being able to maintain foreign clients, appeal to possible ones and when talking of internationalization in general. Although Berna can be considered a micro-company, its range can be considered nearly global rather than purely domestic. As we saw from the data on exports, most of what is sold is sold outside of national borders. This master's degree, then, presents a pivotal role not only for this investigation but also for my professional career - it equipped me with the necessary research skills to undertake this investigation, provided me with strong academic foundations, gave me resources, mentorship, and guidance as well as the assistance in the development of critical thinking.

In a world where borders are faint and cultural diversity is often verified, the connection between interculturality and internationalization is simple, plain and unmistakable. This is a fundamental consideration not only for the academic *corpus* but also for businesses aiming to thrive in foreign territories. The journey of Confeções Berna LDA, as explored in this thesis, is an example of a desire for expansion - demonstrating in itself the complexities and opportunities that arise when facing changes and internationalization attempts.

As this research has shown, interculturality is the basis of international success emphasizes how crucial it is to adjust to different cultural norms and values, and acknowledges the critical role that cultural intelligence plays in navigating global marketplaces. However, as we have seen, being culturally competent is not enough on its own. Internally, the business must have a strong planning strategy, good internal organization and communication and also a good marketing ploy in order to give businesses recognition and appreciation.

Having the opportunity to develop this thesis on the grounds of my workplace turned possible various affairs that enriched and added both relevance and credibility to my research – it provided me with unique insights and a deeper understanding of the dynamics within this company. I was able to conduct direct interviews, have casual but straightforward conversations in order to understand the data proposed to me, and also verify with my own eyes how theory is applied in real case scenarios. So, in a way, this thesis serves as a bridge between academic theory and practical application. It is interesting to see knowledge obtained from studies applied to real life scenarios.

This study generates a series of contributions to not only the academic field but also Berna and overall businesses that are looking to expand and internationalize their business. It provides extensive and complementary information in terms of concepts as well as models presented; it provides a fresh perspective considering the opportunity to work closely with Berna. It informs business leaders, managers and decision makers on how to enhance intercultural competence and foster international growth, as well as being mindful of policies and practices on foreign land.

I expect that, for businesses who consider the importance of interculturality, internationalization, marketing strategy and cultural competence, they feel empowered

to make more informed decisions by minimizing misunderstandings. Perhaps they can agree in starting to adopt sustainable practices.

Still, there are several avenues for future work.

Further researching into developing more effective intercultural training programs could track their impact on businesses' international performance – conducting longitudinal studies would be wonderful to examine their long-term effects. Exploring the role of technology in brand awareness would also be a good idea for a suggestion of future work development.

On a personal note, this thesis allowed me to apply knowledge acquired on both my bachelor's and master's degree on a context that I was inserted for quite some time. It also allowed me to develop new skills and see things with other eyes. I am now able to deeply understand the theory and at the same time understand the difficulties in putting said theory in practice.

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Appendix I – Interview

1. What led to the decision to start expanding the business internationally?

Sérgio: What has always limited Berna to national customers? My parents' lack of international foreknowledge. They didn't speak any foreign languages, nor did any of their colleagues. When I became serious about the company, I first attempted to breach the Spanish market as both the Portuguese and Spanish markets had suffered greatly. Since speaking other languages came easily to me, and I had the ambition, I felt confident in reaching out to different markets.

Clarinda: The need to not stagnate the business. It is always important to seek new markets and new clients when we see that there is a drop in profitability or when we might lose clients.

2. In what ways has Berna adapted its business strategies and practices to accommodate the cultural diversity of foreign markets?

Sérgio: The DNA was already there — we have always worked in this *world*. It was a matter of reducing the communication channel - becoming less convoluted. As we have learned a lot through the experiences of others, our own knowledge became more diverse; and the more we connect with others, the more this knowledge broadens.

Clarinda: Investing in the commercial sector.

3. How do employees at Confeções Berna LDA handle communication and collaboration with international partners, suppliers, and customers from diverse cultural backgrounds?

Sérgio: Portuguese people are inherently very culturally adaptable. It is natural for us to respect different cultures and social impositions.

Clarinda: Having commercial employees with the knowledge on how to deal with cultural differences.

4. Was the creation of CABAN a way of expanding and giving recognition to the work made at Berna?

Sérgio: CABAN was initiated as a long-term strategy. Registered for 23 years, and though I assumed I would be able to achieve the same in a lesser amount of time, that reality did not come to fruition. To be able to do what we must, first we require a structure. This year many companies closed, but with CABAN BRAND and CLASSIC we were able to rearrange customers to our own betterment. So, in conclusion, I would claim that CABAN emerged in an attempt of striving towards the future.

Clarinda: Yes. It was also a way to reach directly the consumers. To directly reach the consumers.

5. Do you see marketing as a business evolution weapon?

Sérgio: Marketing is, and always has been, each and every company's most important weapon. The core of the machine, so to speak. Understanding how marketing can transform brands into established institutions, is globally notorious. Coca Cola's success, for example, is one of the greatest examples of marketing's importance. The challenging aspect of marketing, however, is knowing how to correctly surmise its funding. It is not enough to use a lot of money on a product's marketing ploy—especially if said product isn't up to standard. We need to be wise about the relocation of our funds, to be able to discern when our marketing strategy is viable.

Clarinda: Definitely! Marketing is one of the backbones of a company's success nowadays.

6. Have there been instances where cultural misunderstandings impacted business relationships or outcomes? How were these situations resolved?

Sérgio: Misunderstandings on our part, on the part of the customer, or even the supplier, can lead to the loss of the customer base and, in consequence, multiple business relationships. We have to adapt to each measure or situation that customers may bring.

Clarinda: Yes. Technical terms can be very different from nation to nation and not being in knowledge of such may put in risk a whole production, bringing loss to the business.

7. In what ways has the company's intercultural competence contributed to building strong business relationships with international clients or suppliers?

Sérgio: It's always very important, for there is a key person in each sector. If we relegate someone with no experience in intercultural communication to a task directed towards a foreign client, the conversation will not be able to proceed. Companies are strategically designed so that people in each sector have the ability to solve the problems that pertain to that sector alone.

Clarinda: Having people with the right knowledge helped in maintaining our clients trust and wish to continue working with us, and to attract potential customers.

8. How has COVID-19 pandemic affected international relationships?

Sérgio: At first it didn't affect me. Physical and personal contact was lost, but in my opinion, it mostly affected contact that was being overused. Clients used to travel here for the smallest of reasons, but with Covid, the world slowed down

and allowed us to learn how to work without such continuous proximity. There was also a revival of how to work with less mobility.

Clarinda: Links with the outside were closed which delayed the delivery of raw material and also limited our clients' orders – resulting in a decline in exports. Because of this, Berna focused on investing on national grounds and producing items of necessity such as masks in order to keep revenues and hold the employees.

Annex I – Halal Certificate



المجلس الإسلامي الأمريكي للغذاء و التغذية
 THE ISLAMIC FOOD AND NUTRITION COUNCIL OF AMERICA
 IFANCA HALAL PRODUCT CERTIFICATE شهادة حلال

This is to certify that the following product(s) have been produced under the supervision of the Islamic Food and Nutrition Council of America (IFANCA). The production facility as well as component ingredients have been reviewed and approved. The product(s) are in compliance with the halal requirements under Islamic laws.

Date: March 08, 2023
 Document #: 1295.1299.II230119

Company Name & Address: **Lamb Weston, Inc.** 8701 W. Gage Blvd. Kennewick, Washington 99336 USA

Plant Name & Address: **Lamb Weston, Inc.** 78153 Westland Rd Hermiston, Oregon 97838 USA

Product Name	Product Code	Halal-ID	Product Certificate #
1. 1/4" Shoestring French Fries	N5002	C17664	HC-23LAG239
2. 1/4" Shoestring French Fries 6-bag/case	M2203	C80194	HC-23LAG935
3. 1/4" Shoestring French Fries	X1005	C44729	HC-23LAFG32
4. 1/4" Shoestring French Fries 6 bags/case	M2205	D15139	HC-23LAFN31
5. 1/4" Shoestring French Fries 6-5lb. bags	A01	C31408	HC-23LAEU46
6. 3/8" Regular Cut French Fries 6-bag/case	X7905	D14361	HC-23LACN19
7. 3/8" Regular Cut French Fries 6 bags/case	WA100	D34216	HC-23LAPI57
8. 3/8" Regular Cut French Fries 6-bag/case	B36	A32582	HC-23LADJ25
9. Colossal Crisp 3/8" Regular Cut 6-bag/case	XJ857	D19141	HC-23LAEN47
10. Hash Brown Patties	M7422	C17785	HC-23LACV28
11. Hash Rounds	X7911	C84826	HC-23LACG20
12. Hash Rounds	K5900	A41205	HC-23LADC26

Muhammad Munir Chaudry
 Muhammad Munir Chaudry, Ph.D.
 President



This certificate is valid until **May 31, 2024** and subject to renewal at that time.



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