

INTERNATIONALIZATION PROCESS BASED  
ON THE INTEGRATION IN A NETWORK:  
THE CASE OF ALÔ COMUNICAÇÃO

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## Resumo

O plano de internacionalização da Alô Comunicação é baseado na premissa de que o mercado interno encontra-se saturado, enquanto as pressões internas “forçam” as empresas a considerar os mercados internacionais. Além disso, potenciais oportunidades de mercado podem ser perdidas se a empresa concentrar apenas seus esforços no setor criativo português.

Enquadrando este setor específico, foi realizada uma análise, a fim de se perceber os resultados do setor na esfera internacional. Nos últimos anos, a atividade mostra um aumento do número de exportações e importância para a riqueza nacional portuguesa, números que demonstram o potencial deste setor.

As entrevistas qualitativas realizadas a quatro empresas representativas do Setor Criativo mostraram que as condições são concomitantes com os dados coletados. Além disso, eles mostram a importância de estratégias que privilegiam os padrões de rede. Utilizando o Modelo Uppsala como referência, a investigação pretende demonstrar a correlação entre Networking e Internacionalização, especificamente para o Setor Criativo Português.

Na sequência deste estudo, os resultados recolhidos foram utilizados no caso Alô Comunicação, uma empresa recente em que, inicialmente, o plano de internacionalização privilegiará a exportação para Espanha, aproveitando sobretudo a proximidade geográfica. A médio e longo prazo, o objetivo passa pelo foco na consolidação da sua posição no mercado espanhol e no estabelecimento de alianças que possam potenciar o alargamento para outros mercados internacionais, tendo o mercado espanhol como base desse processo de internacionalização.

**Palavras-chave:** Internacionalização; Networking; Setor Criativo; Uppsala

## **Abstract**

Networking is becoming a widely accepted strategy that most companies incorporate into their internal operations. Most like products, services can also benefit from this method, relying on partnerships and relationships within the International Market.

The Internationalization plan for Alô Comunicação is based on the premise that the Domestic Market is saturated, with internal pressures “forcing” companies to consider the International Markets. Besides, potential Market opportunities could be lost if the Company concentrates its efforts only within the Portuguese Creative Sector.

Considering this specific sector, an analysis was conducted in order to perceive the results within the international sphere. In the latest years, this activity is showing an increase in the number of exports and the relevance to the national wealth, numbers that demonstrate the potential of this sector.

The qualitative interviews conducted to four representative companies of the Creative Sector showed that the conditions are concomitant with the data collected. Moreover, they show the importance of strategies that privileged network patterns. By using the Uppsala Model as a reference, this investigation provided a correlation between Networking and Internationalization, specifically to the Portuguese Creative Sector.

Following this study, the results gathered were applied to the Alô Comunicação plan for Internationalization. This recent Company will initially privilege the export to Spain, taking advantage of its proximity. In a medium-long term, the Company will focus on consolidating its position in the Spanish Market, and afterwards alliance networks will be celebrated with other foreign Markets.

**Key words:** Internationalization; Networking; Creative Sector; Uppsala

**JEL Classification System:** F23, M16

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# 1. Introduction

## 1.1 Motivation

Even though Networking has always been a field of great interest, it becomes even more relevant when an empirical approach can also be adapted to a more realistic perspective.

One of the main motivations for the elaboration of the present dissertation was that the ideas and conclusions that might arise from the study could, if deeply and correctly analyzed, be implemented in a real Portuguese Enterprise that is, for now, mostly dependent of activities developed in the Portuguese Domestic Market.

The study itself will be a useful tool for the company, since it will bring it to table a wider range of challenges and opportunities that the company can explore in a medium-long term period, something that would have never been possible without a thorough background check, that this dissertation ended up providing.

It's also worth highlining that, when considering this investigation, the managers will hopefully gain a perspective towards integrated networks, due to the advantage they provide regarding the share of responsibilities, the optimization of costs and the business growth.

From an academical point of view, the investigation provided important information that can be developed in future studies, since it incorporates a general overview of different strategy perspectives and models as a basis towards Internationalization, so that the study allowed us to validate these same models for the Alô Comunicação case. In the future, it can serve as a catapult and potential boost for other local business to take the initial step and to internationalize their operations, reducing domestic dependencies, as well as the pressure from the Portuguese economy setbacks.

This contribution will seek to strengthen research in this area, particularly in identifying the elements that have led to a large percentage of bankruptcies in Portugal during the years of the economic and financial crisis and the steps taken from there for a more sustainable future.



## 1.2 Theme Framing

With the severe setbacks in the Portuguese economy that the turnover from year 2008 has brought, Internationalization has become almost an “obligation” for local enterprises to expand their operations, stagnated in a domestic environment where the market pressures had reduced the employment rate to historical minimums.

Results from ADDICT (2016) show that the path towards Internationalization has become even more relevant nowadays, mainly due to the new challenges that the divestment raised, aligned with a decrease in the Portuguese household consumption. In a context where the economic crisis has led to an environment of uncertainty concerning future incomes, organizations are seeking for a hybrid solution that aggregates the mobilization of competitive factors with a clearer conjugation of risk and vulnerability in the international sphere.

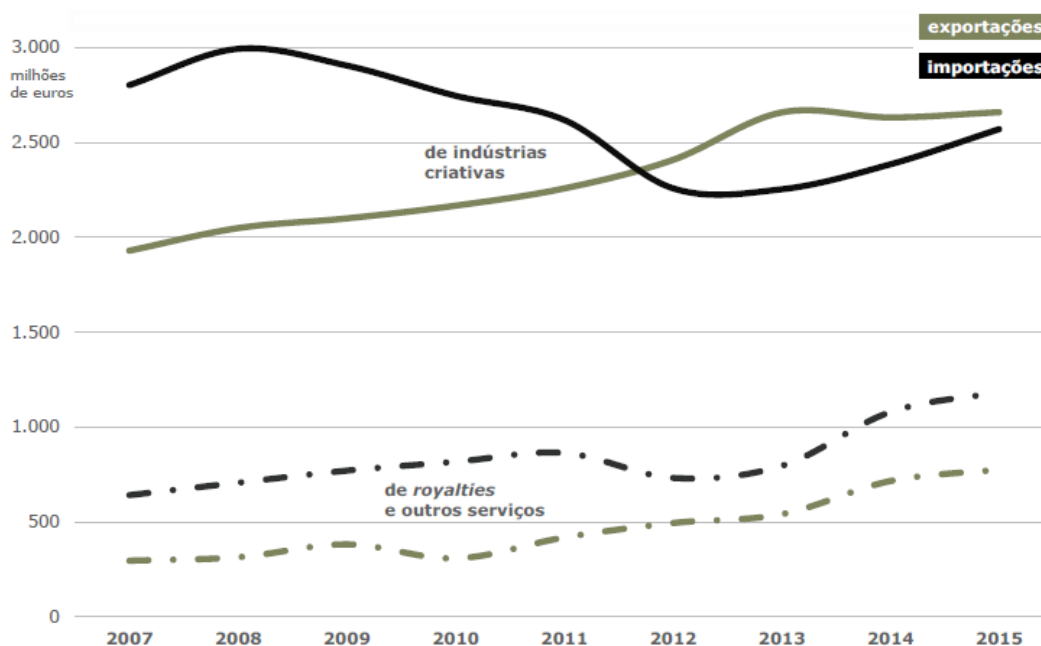
For this dissertation, we will focus mainly on the Portuguese **Creative Industry**:

*The designation "creative industries" is thus born of the recognition that culture and creativity have become strategic competitive factors for almost all economic activities of goods and services, especially in the most dynamic final consumer markets, under the impetus of success in the use of elements strongly imbued with symbolism and creativity to develop differentiating factors of immaterial or intangible character, which includes activities as Marketing, Branding and Advertising.*

— definition from ( ADDICT Agência para o Desenvolvimento das Indústrias Criativas, 2016)

In 2012, the Creative Industry was responsible for around 3,6 % of the Portuguese wealth, as a result of the introduction, in this sector, of specialized positions outside the Cultural and Creative Sector (CCS) circle, in concordance with the importance given to the qualification and education itself. Goods and Services exports of this sector have grown 38 % since 2007, opening the gate to opportunities for domestic markets facing serious challenges with local competition. In numerical terms, it generated around EUR 2,7 billion in 2015, 4% of the total Portuguese Goods and Services exports.

**Graphic 1- Creative Imports and Exports in Portugal- 2007 to 2015**



Source: ADDICT (2016)

In fact, the Creative Industry has registered an interesting growth in the International Market over the last decade and, if we focus on the Market of Services, since 2010, and according to ADDICT results, this market has consistently reduced the commercial surplus to EUR 270 million in 2015, turning Portugal into the 15<sup>th</sup> leading Creative export market of Goods and Services in Europe.

In 2014, around 54 % of the total amount of exports in the Cultural and Creative Sector were generated by services, confirming the expression of the Internationalization process of the Portuguese Creative Industry in recent years.

The evidenced trend allows us to consider the on-going importance of the international venue for the Portuguese Creative Industry, in a sense that the paradigm has shifted from an economy focused mainly in the development of infrastructures and equipment, giving way to a business perspective that privileges the creativity associated with the innovation and differentiation of the services provided, which will allow local businesses to fight toe-to-toe with big global players in terms of competitiveness.

That way, it is important for organizations to know that the processes of creativity and culture are becoming even more relevant for obtaining a competitive advantage, with the recent domestic

conjecture opening new ways to add value by differentiation, and therefore the Internationalization as a potential path.

To achieve this, these concepts must be in conformity with the two main topics that this investigation will try to address:

- ✓ Integration of Creative Enterprises in Cooperative and Competitive Networks;
- ✓ Integration of Creative Competences in Internationalization Strategies.

### 1.3 Objectives

This dissertation was developed in three main objectives in mind:

- 1) **Developing a sustainable knowledge base:** This research will be quite relevant for the Company, since it will display the main characteristics and models that can be adopted upon the integration in a Network, as well as a consistent knowledge and empirical base that will be useful in the Internationalization process.
- 2) **Analyzing the factors that determine the necessity of integrating a Network:** More and more companies are adopting this step, developing a vital business model for upcoming times, while reducing the domestic market dependency. To address this objective, the importance of this business strategy to the Alô Comunicação case, its implications and components were determined and will be explained.
- 3) **How can Networking be a vital part of the Internationalization process:** With the presentation of a few business cases, the research has the purpose of analyzing the role of Networks while companies seek to internationalize their operations, and to what point do they depend on these networks to succeed?

## **2. Literature Review**

### 2.1 Networking

This chapter will focus on pinpointing the main theoretical studies and perspectives found in the literature review, so that a solid knowledge base can be constructed, helping in the development and justification of the previously established objectives. The structure will be aligned in four main areas: the first one will address the historical evolution of the Networking concept; the second is strictly aligned with the first chapter, as it will address the current importance of Networking in the organizational performance; the third will display the main components and characteristics of the Uppsala Model and the symbiose with Networking; and the final section combines Network Theories and Models towards the process of Internationalization while using the Uppsala Model as a conceptual model of investigation that, later on, will create a bridge for the specific study and validation of this model in the Portuguese Creative Industry.

#### 2.1.1. Empirical Contextualization

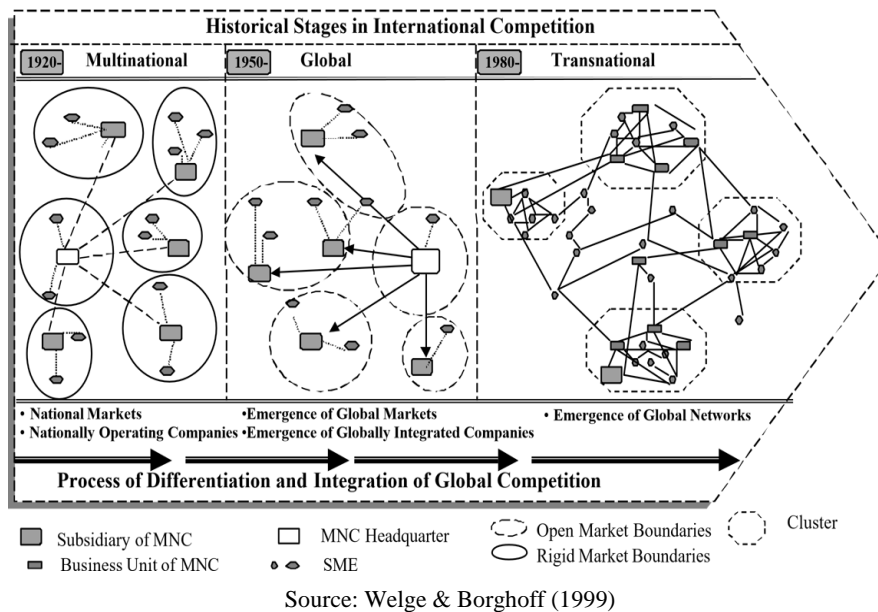
In an ongoing revolution of the Market environment, companies can go a step further to assure the growth and sustainability of their operations. If we focus on the local businesses themselves, this statement is even more relevant nowadays, considering the Economic Crisis that led several companies to bankruptcy leaving a mark that may well be irreversible.

For instance, the phenomenon of globalization made the organizations understand that they can no longer count solely on the so called “secure businesses”, that assure commodity relationships. Customers are more and more demanding, even intransigent, and they want the services performed quickly and at the most competitive price possible.

What does this mean? It means that organizations relying on local businesses alone will succumb to the robust structures of their competitors, even though the quality of their services is not in any way diminished. Therefore, it is essential to prevent these market turbulences and take full advantage of this new paradigm: Globalization and technological developments offer the opportunity to reach companies and markets that were inaccessible a few decades ago.

Academic contributions are becoming increasingly common, something that has been justified by the potential development offered by this concept, as well as the close relationship between Globalization and Internationalization, the two main players for any local and small business. Focusing on Figure 1, it is possible to identify the three main business and strategy perspectives and how Globalization has changed the business management area from an imperialistic vision (receiving this designation until the decade of 1920) to a connected and open world where the study goes beyond the multinational sphere:

**Figure 1: Historical Stages in International Competition**



The analysis of Figure 1 shows that International approaches have themselves experienced a lot of different changes over the decades, with classical visions (**Multinational-Global Stages**), dated from 1920 to 1950, being specifically focused on developing and enhancing the organizational structures where competition was particularly strong in national markets (Jarillo&Martinez, 1989).

With the emergence of Globalization and technological developments (**Transitional**), the literature from the decade of 1980 backed up the fact that organizations needed to start taking full advantage of more integrated networks. The knowledge base from the decade of 1980 marked, for this reason, a separation from the classical strategy structures vision of previous decades.

Birley (1985) analyzed the contributions that Networking can provide, at the organizational level, and his conclusions are, until today, widely accepted, mostly since was able to confirm the influence that informal and formal networks have in the sustainability of a Company. This was later

corroborated by Newel et al (2002), who presented the three main factors that led to the evolution of Networking in the field of management:

- The importance of both informal and formal structures;
- More flexible, knowledge-based and team-oriented perspectives;
- Co-operative relationships.

Even though these notions were then seen as a specific set of relations among the various stakeholders and groups (Szarka 1990; Donckels and Lambrecht, 1995), it has become even more clear that these bonds should not remain stagnated: apart from the several different actors and stakeholders that networks can have (Birley and Cromie 1991; Johannisson, 1988), it is also important to assure a consistent-base of interaction, to continuously construct the social context, (Grabher, 1993) and have a direct role in effectiveness and growth (Ostgaard and Birley, 1996).

**The turn of the millennium** has raised a more consolidated path towards the relevance of adopting network practices within the organizations processes, “obligated” as they were to follow the changes that Globalization, technology developments and business competition had brought. More recent approaches extend the concept of Networking to the organizational sphere, being a connected exchange relationship between firms (Bernal et al., 2002).

Torfining et al., (2016), for instance, stated that organizations are, nowadays, more in need to create bonds with a variety of actors with different competences, to better developed a complete co-creation process, where trust is fomented and risks are mitigated through innovation.

This framework allows us to get a general idea of the evolution of the Networking concept, with conclusions leaving aside the classical conceptions that the organizational processes should focus mainly on the theoretical venue and the importance given to the reinforcement of the organizational structures and operations solely, redesigning it to a more leveraged external knowledge purpose, where the networks assume a relevant role. This is the line of thought in which the dissertation will unfold.

### 2.1.2 Networking Models and Principles

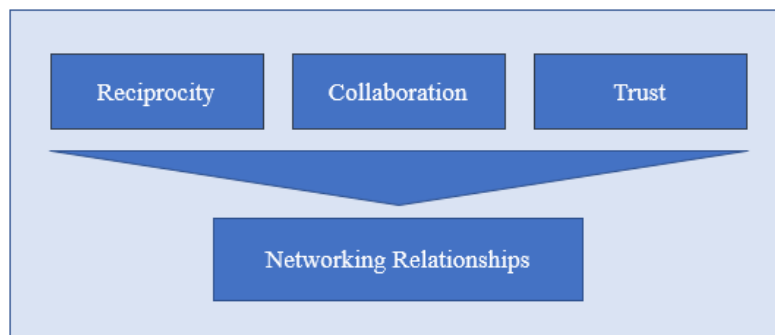
Assuming the Networking as a concept increasingly adopted in the organization, its definitions have suffered several modifications and adaptations over the years, without a well-accepted holistic vision among authors.

Last century's post-80's authors like Powell (1991), during the time of his investigation, had already perceived the importance of Networking comparatively to the vertical integration conceptions, stating that the hierarchies do not represent an endpoint of economic development.

**But what are the main principles that a good network must follow?**

To leave the Multinational stage behind, which was based on reinforcing the internal structures and procedures, Powell (1991) identified the three main principles that any organization should consider, while adopting a Networking business perspective, in concordance with a new and global business vision:

**Figure 2: Main Principles of Networking**



Source: Own production (Adapted from Powell, 1991)

✓ **Reciprocity:** The author stated that it represents a crucial stage for any Networking base, since it privileges the equivalence of benefits by reinforcing the trust in long-term relationships and enables information exchange. Following this principle, all stakeholders will benefit from the attributes of other actors, conceding, at the same time, the competitive advantage that they can benefit from.

✓ **Collaboration:** To be able to assure the security and stability in uncertain environments, Powell (1991) emphasizes the importance of developing cooperative relationships that empower companies in more unpredictable markets and enables access to market and business opportunities.

✓ **Trust:** Trust between agents, according to the author, has the potential to reduce market complexities more efficiently than a system based in authority. Hansman (1980) also contributed to the corroboration of this argument, stating that a company solely focused on profit cannot be as

trustworthy as one where agents have common interests and goals, aligned with the main organizational purpose.

Embraced in this new perspective, Powell (1991) reinforced the increasing awareness of organizations to shift their principles to a more networked scale, where the collaboration is much deeper and holistic than a simple actor-to-actor contact and the new arrangements extending the need to a constructive collaborative relationship for most business areas like Production, Marketing, Distribution, etc.

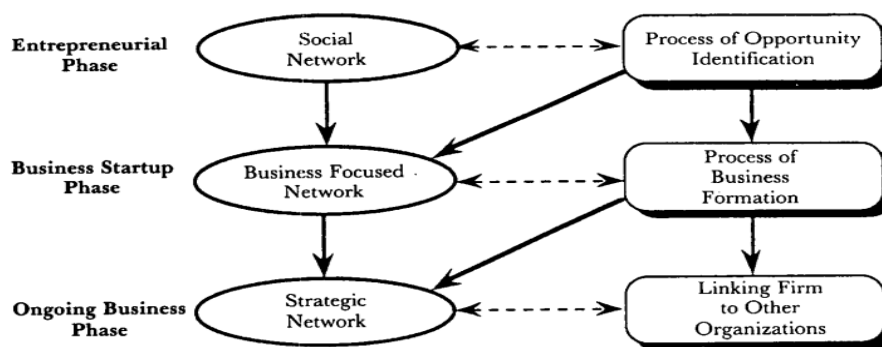
As such, the development of network forms was fomented by the fact that companies perceived the setbacks that hierarchical-based visions can bring to their businesses, with the relationships enhancing the access to privileged know-how, benefiting, at the same, with economies of scale and risk sharing that triggers collaborative alliances also in the international fashion (Powell, 1991).

Butler and Hansen (1991), influenced by the importance enlightened by this topic, suggested the need to develop the network process, which can be obtained through structural schematics. For this, and also considering the work from Birley (1985) on formal and informal structures, the authors proceeded with a conception of an evolutionary model that can be used by organizations to make their networks more efficient, which will be analyzed in the next point of this chapter.

**a) The Model**

The model from Butler and Hansen (1991), presented in this dissertation, was chosen to be the base-model of analysis for the Networking chapter, since it helps aggregating the different key concepts present in each level much like Granovetter (1973) did with the tie formation model. We present this proposed model with the intent also to display the existent relationship between the stages, making a liable framework to the Networking study:

**Figure 3: Model of Entrepreneurial Network Evolution**



Source: Butler and Hansen (1991)



Social networks at the entrepreneurial phase play a key role in embryonic businesses, since they facilitate the process of pinpointing market opportunities that more centralized organizations would have difficulties in finding on their own (Butler and Hansen, 1991).

Gravonetter (1973) and the investigations developed in social relationships, believed that companies would have a greater chance of finding new and relevant business opportunities if the nurturing of their “weak ties” was reinforced, meaning that the stakeholders whose organizations did not explore personal and daily contact could become the crucial bridge with the “strong ties”, i.e., groups of people/organizations with which the individual has a more personal relation.

#### **b) The relevance of the Social Capital**

Butler and Hansen (1991) argued that, in the initial stage of the model, social capital is considered the most important aspect for networks, as it enables a clearer process of opportunity identification and fosters the information flows through the different levels.

Coleman (1988) identified social capital as being all the aspects of the social structure that facilitate certain actions of actors within the structures. Later, Misner et al (2010) defined it as being the set of resources gathered in the social context in the form of recommendations, knowledge, information, etc.

Butler and Hansen (1991), in a prior stage, state that the business network stage will be a hybrid of the individuals connected in the initial stage to the new ones with direct business links, for an optimal alignment with the principles of Reciprocity of Services and Trust identified by Powell (1991).

The final stage of the model prioritizes a more advanced stage of the Networking process, where the main objective is to reinforce the growth and profit of organizations (Butler and Hansen, 1991).

The characteristics and steps to take in consideration for a consistent strategic Networking perspective will be deeply analyzed in the next point, since it also takes into account the relevance of allocating resources and capabilities into the Networking process, instead of relying solely on relationships that may be insufficient, which would not grant a response to the main objective of obtaining interorganizational alliances towards a sustainable competitive advantage (Strategic Network).

### 2.1.3 Networking Towards Business Excellence

The third stage of the model proposed by Butler and Hansen (1991) is embedded in a sense of trying to identify the potential role of networks within the business strategy prospect.

Tikkanen and Halinen (2003) tried to underline a few elements that networks should be considering upon arrival at this stage. The authors argue that the continuous changes in external environments call for a more dynamical business strategy, swerving from the classical visions of strategy that recall the importance of the role played by individuals in formulating and implanting the business plans, to be more adaptable to these external challenges.

With new and complex times emerging, it is essential that the strategic network approach, suggested by Butler and Hansen (1991), gathers new insights. Authors like Cravens et al. (1996), during the Transitional stage of the business and strategy perspectives, claimed that, in order to address these changes, organizations should focus on linking the intrinsic resources and capabilities into a collaborative network, which would allow them to better address potential market opportunities and to leverage their operations.

#### c) **Interorganizational Networks**

With the proposition of a new strategic management set on interactions between organizations becoming increasingly relevant for current complex external markets, several authors try to identify the best practices that these organizations can adopt for a more effective inter-cooperation stream.

Popp et al (2014) identified the collaborative network concept as being one of the most important ones at this stage. The author stated that the creation and development of interorganizational networks should be considered in a context where an issue cannot be solved through internal strategies and structures of a Company itself and there is a potential for a real competitive advantage.

(Bryson, J.M., Crosby, B.C. & Stone, M.M., 2006) defined this collaboration concept as the “...linking or sharing of information, resources, capabilities and activities by organizations in two or more sectors...”.

The symbiosis of interorganizational networks and the strategy prospect is, therefore, what will make the Networking process more efficient and clearer at all stages. Dess et al (2004) suggested a global product, where the Networking process should focus on four main levels, in order to create a transversal strategic approach:

- Management towards common goals and objectives;
- Decision-making process as a work done by multiple stakeholders;
- Short-term and long-term perspectives;
- Trade-offs between efficacy and effectiveness.

Strategic networks emerge as an alternative model that swerves from the classical and rather authoritarian visions. For Jarillo (1988), strategic networks became a new concept that understood interorganizational networks as a purposeful hand arrangement among distinct but related organizations, where profit and growth were the main objectives.

Park (1996) concludes that Interorganizational solutions are now strategic maneuvers that organizations can use to improve their competitive advantage and, at the same time, remain flexible through the minimization and cost transfer. As such, the cooperation paradigm is defended by the author as a new type of competition, presenting an innovative code of conduct that can more effectively sustain the market turbulences and evolution.

## 2.2 Networking in a Business Perspective

### 2.2.1 Resource-based View towards Competitive Advantage

As verified in previous points, the strategic network stage of the model presented by Butler and Hansen (1991) reinforces the presence of a symbiotic relationship in which the primary social relationships that the companies create with their direct contacts for the identification of business opportunities (strong ties) is aligned with the stakeholders that offer the real business opportunities (weak ties). Thus, the network strategy combines these two concepts, allowing the companies to benefit from both strong ties of trust and reciprocity and weak ties, such as knowledge and information, for an optimal gathering of competitive advantage.

#### **d) Internal Resources (Resource-Based View)**

The work from Barney (1991) was quite relevant in this area, presenting the **Resource-based View** theory, in which the companies with valuable, rare, non-sustainable and inimitable resources have the potential to create unique competitive advantages. In this view, the author defends that the tangible (like patents and cash) and intangible (such as knowledge and relationships) resources are intrinsic and exclusive inputs that have a direct impact in the performance of an organization, helping to develop strategies to reduce costs and enhance introduction in specific markets.

Barney (1991) stated also that the internal resources of the organizations have a positive and important effect towards the performance of the organizations, in which the potential technology developments potentialize economies of scale at a lower cost.

On the other hand, the valuable, rare, non-sustainable and inimitable nature of the products and services makes the process of differentiation a unique competitive advantage towards the competitors. Because of this, an organization becomes heterogeneous, even when companies operate in the same industry, due to the non-distribution of resources, allowing competitive advantages to be sustainable for long periods of time.

The Resource-based View proposes a well-accepted framework for the strategic management field, with the resources within adopting the type of heterogeneity and immobility that make them valuable, rare, inimitable and specific to the organization (Barney, 1991). However, the suggestion from **Lavie (2006)** tries to complement the traditional intrinsic RBV view with more external-based perspective, for an optimal gathering of sustainable competitive advantage and, ultimately, higher performance levels.

Huggins and Johnston (2010), in complement with the work proposed by Lavie (2006), reinforced that organizations must have an increasing awareness towards creating external networks and combine them with the internal resources, which will trigger the production of **knowledge** and **information**.

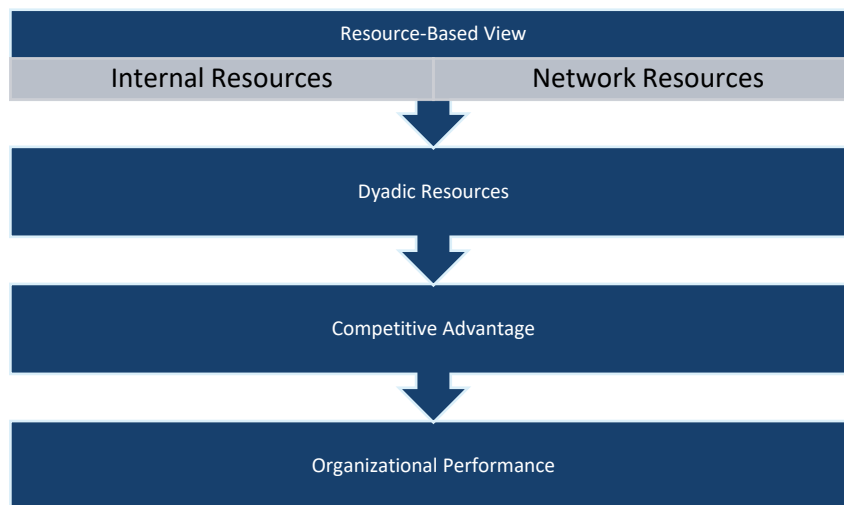
#### **e) External Knowledge and Relationships (Network Resources)**

Most recent approaches have criticized the contributions from Barney (1991), stating that the possession of a special resource is not enough to assess the organizational performance by itself.

Lavie (2006), in the suggested reformulation of the RBV theory, privileges the ongoing importance and relevance of network resources in the organization performance, by stating that “...*these resources were external resources embedded in the alliance of the firm, which was able to provide market and strategic opportunities...*”.

In addition, Lavie (2006) defended that the study of the traditional RBV framework would not be enough to fully understand the different ways in which companies can gain competitive advantages through network relationships and businesses alliances.

**Figure 5: Reformulated Resource-Based View**



Source: Own Production (Adapted from Lavie, 2006)

Huggins and Johnston (2010) affirm that the management of knowledge must be in line with the new way of making use of resources from the networks. The proposals from both Lavie (2006) and Gulati (2007) are concomitant with the visions from Huggins and Johnston (2010), being now widely accepted that the external relationships allow a consistent knowledge-basis for the creation of competitive advantages for the firms. For that, the researchers have identified two main forms of knowledge that can be gathered through networks:

► **Contact Networks:** Contact Networks are a significant source of knowledge, since it derives from informal interactions which exempt the creation of a specific arrangement and formalization of contracts. Hence, the concepts of interorganizational networks and social capital gain a new relevance in this stage, the first one being a unique way for organizations to link and collect knowledge and information through informal relationships and network contacts (Park, 1996), being the set of knowledge and shared information the so-called social capital.

► **Alliance Networks:** Compared to the Contact Networks, this type of knowledge source is more formal, where joint ventures, for example, are established, turning the knowledge from their alliance partners accessible.

Gulati (1999) perceived network resources as ways to get valuable information that gives companies an advantage towards their competitors, creating a solid learning-base between stakeholders, with the exchange of resources becoming reciprocal and fundamental to the amelioration of operations and processes.

**f) Dyadic Resources (External and Internal Resources)**

The relationship between internal and external network resources is, therefore, a consensual view which most current market characteristics call for. To reach the full competence of their performance, organizations must consider also the resources provided by the networks, which will make the competitive advantage more efficient and an optimal configuration and growth of the operations, apart from the exclusive and intrinsic internal resources that are restrict to the organization.

Dyer (1996), upon his studies on supply chain management to the automotive industry, proposed that the overcome of internal constraints can be done through the complement of external resources, something that would never be possible if the organizations focused only on developing their internal resources, through the complement of a “**relational view of the firm**”, a vision influenced by the knowledge routines, complementary resources, etc.

Following the same line of thought, Lavie (2006) has expressed that the leverage of internal resources can be complemented by the resources that companies may acquire from the alliance networks, minimizing costs and promoting structural enhancement.

However, this position of complement between internal and network resources in the competitive advantage creation process is still in a pretty embryonic state and a consensual theoretical view has not yet been fully achieved. Moreover, it reveals some limitations/challenges that must be assessed by companies once this step is reached.

Duschek (2004), for instance, pointed out that if organizations concentrate too much attention on learning, it can have a negative impact on the exchange processes provided by interorganizational networks, who fail to deliver their full potential and become inconsistent.

The RBV theory and the present adjustments created the necessary measures to give companies a theoretical framework in which they can base their strategies, mostly due to the complexity that markets assume. The next point will try to present a few paths that companies can take to overcome some limitations of these theories, as well as to create a progressive and sustainable competitive advantage process.

### 2.2.2 Importance of Dynamic Capabilities

The connection emerging from the strategic management field and the dynamic capabilities approach has come from the need of companies to create a basis for a consolidated and long-lasting competitive advantage in external markets, something that the Resource-based View had some limitations in explaining.

Originally described as “... *a pool of internal resources that have a direct impact in the creation of competitive advantage...* (Barney, 1991)”, the dynamic capabilities came to bring the dynamic factor for the RBV theory and, at the same time, tried to clarify how competitive advantage can also be created and maintained in times of unpredictable and rapid changes.

(Day, 1994) found evidences suggesting that dynamic capabilities are a “...*complex bundle of skills and accumulated knowledge that enable firms or strategic business units (SBU) to coordinate activities and make use of their assets...*”.

Grant (1998) referred that the capabilities represent the capacity of the organizations to generate value. With the integration of knowledge and resources, the RBV-theory allows companies to have dynamic capabilities in which they can base their activities and analyze the potential creation and sustainability of valuable resources for long periods of time.

Like so, the main goal is to provide a complement to both the traditional view of Barney (1991) and the adjusted RBV theory suggested by Lavie (2006): Dynamic Capabilities stand up as a method from which organizations can reconfigure their managerial and operational processes in a constant manner, so that new ways of competitive advantage can be created and the ones already set can be developed to better address the complexity of current markets (Teece et al, 1997).

## 2.3 Trinomial Networking-Uppsala Model-Internationalization

### 2.3.1 Uppsala Model - Original Theoretical Framework

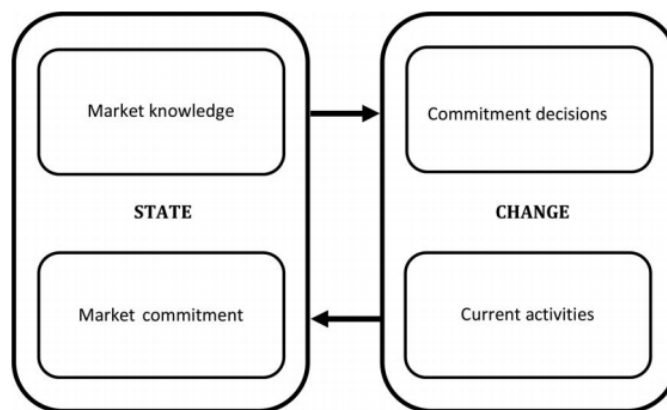
The Uppsala Model emerges as one of the most recognized theories of Internationalization, with one of its first conceptualizations originally developed by Johanson & Vahlne (1977), as a way to understand the processes of large Swedish Industrial firms.

These authors found evidences suggesting that the original Uppsala Model defended a primary integration in closer markets, being this strategy a safer alternative that provided less risk and mitigated the physical distance threat. During this time, individual organizations would focus on

creating a gradual position in those markets, taking small steps that were directly influenced by external determinants that, later, would provide a consolidated gathering of knowledge throughout time.

Johanson and Vahlne (1977) formulated a correlation model where one decision becomes the input of the next decision, being the base of the progressive Internationalization process defended in the original Uppsala model. In this context, the authors identified both state and change aspects: **Market knowledge** and **Market commitment** (State Aspects), on one hand, and **Commitment decisions**, as well as **Current activities** (Change aspects), on the other.

**Figure 6: Basic Mechanism of Internationalization**



Source: Johanson and Vahlne (1977)

✓ **Market Knowledge:** As previously stated, the lack of market knowledge in embryonic stages leads to small-risk decisions by the organizations when entering foreign markets. Buckley & Ghauri (1999), basing their studies in the work of Johanson and Vahlne (1977), stated that the empirical knowledge provided by the dynamic aspect of **current business activities** was the one with a bigger impact in this subject, as it doted organizations with the ability of perceiving and identifying market opportunities with the help of the knowledge acquired from either experienced personnel or market consultancy.

✓ **Market Commitment:** In the investigations from Buckley & Ghauri (1999), the importance of market commitment that organizations can have was also highlighted, as it is directly related with how well these companies know the specificities of the market they are inserted in. When the consolidation in these markets is reached prior to the initial Internationalization in closer markers, the commitment will also increase and the uncertainty will decrease, potentializing the decision of



allocating resources and interaction of the Company with their foreign clients, the main contribution provided by the second dynamic aspect of **commitment decisions**.

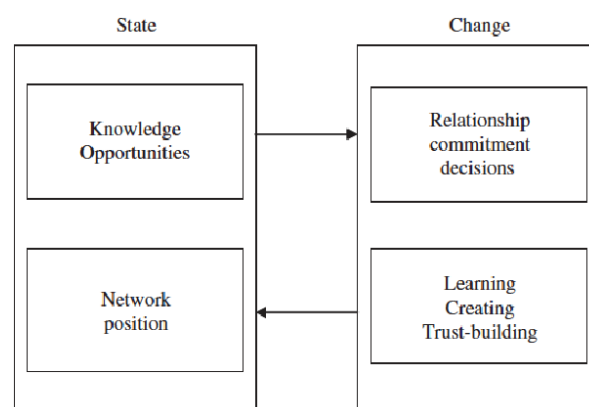
### 2.3.2 Networking as a base for Internationalization

With Globalization and technological developments creating a new and more competitive environment, local businesses face the threat of stagnation and non-exploitation of new opportunities in foreign markets.

In 2009, we followed a review of the original Uppsala model and the work from Johanson & Vahlne in 1977, and the rise of similar theoretical contributions, based on the assumption that organizations don't have all the necessary resources to fulfill a complete Internationalization process.

The new framework from **Johanson & Vahlne (2009)** privileges the role played by networks, which will determine the success of the relationships that organizations may establish in foreign markets. In this new version, Networking concepts like collaboration and reciprocity emerge, as companies will have access to exclusive resources from the different actors, ceding, at the same time, their own resources, and creating a beneficial process for both parties. Below, the 2009 version suggested by the authors:

**Figure 7: State and Change Perspectives of the Revised Internationalization Model**



Source: Johanson & Vahlne (2009)

Following a new line of thought, this version assumes a more relational and interorganizational approach, where the Internationalization operation is a natural consequence of the Networking process and not a gradual process, with the allocation of resources being influenced by the proximity of foreign markets.

Johanson & Vahlne (2009) follow an evolutionary path, revising the 1977 version of the state aspect of market knowledge to include **opportunities (knowledge opportunities)**. As such, the authors try to express the importance given to the knowledge obtained from networks, leaving aside the premise that it is solely originated by the experience gained through learning processes and current activities.

This revision has become valuable, in a sense that the current rapid need of Internationalization is not compatible with the gradual Internationalization process that the version of 1977 defends, and that a new path is needed to ensure the rapid internalization of the operations and a quicker response to market opportunities.

**The position of the Company** in a network is, therefore, what will characterize the Internationalization process in this framework, embracing Networking relationships that combine the necessary levels of trust between actors, learning from the networks themselves and from the necessary levels of **commitment (Relationship commitment decisions)** towards these relationships.

The contributions from Johanson & Mattsson (1988), in line with the ones from Johanson & Vahlne (2009), present the Internationalization process as a cumulative process, where companies seek to construct and develop relationships with other stakeholders in the network through an evolutionary chain of events:

1. Creation of relationships in totally new markets;
2. Increasing the commitment in the international networks;
3. Integration and coordination of the positions within the networks.

Johanson & Mattsson (1988) found evidences suggesting also that, in the network-based perspective, the needs of the companies when entering foreign markets are the main reason that will dictate the selection of one stakeholder over the other, so that the right opportunity can be taken in the right time and in the most suitable market. With this approach, organizations are able to mitigate the limitations that some internal resources cause, helping, at the same time, by expanding the activities abroad in a consistent and desirable fashion, always with a clear sense of mutual trust and commitment.

Johanson & Vahlne (2009) concluded their investigations by emphasizing the much-lesser attention given to the market characteristics that the version from 1977 privileged, being now

increasingly focused on the relationships created and networks specificities. For that, the network position of “insidership”, i.e., the embeddedness of an organization in a network, that the authors suggest, is seen as the difference between a successful or an unsuccessful Internationalization process in a network-based perspective.

### **g) Entrepreneurial Process Model**

The revised model of Johanson & Vahlne (2009) has shown the role played by networks and how the increasing commitment in these networks marks a difference in the external decisions, complementing such commitment strictly with network relationships of trust and reciprocity. As relationships and networks are extended through the international environment, the authors also defended the incorporation of an **entrepreneurial perspective**, so that new opportunities in new networks can be chased.

As a revised model that emphasizes the effectiveness and growth, the network-based model is complemented also by the entrepreneurial process model, where Schweizer et al (2010) reinforced the role played by entrepreneurs in the international venue.

With this in view, the authors try to find a viable way to develop the sense of “insidership” that the model from Johanson and Vahlne (2009) illustrates, which can be obtained through the ability of entrepreneurs to develop those network relationships and the capacity to enter new networks using the contingencies to evolve and consolidate positions in those networks.

**Figure 8: Correlation between the Network-Based Model and the Entrepreneurial Process Model**



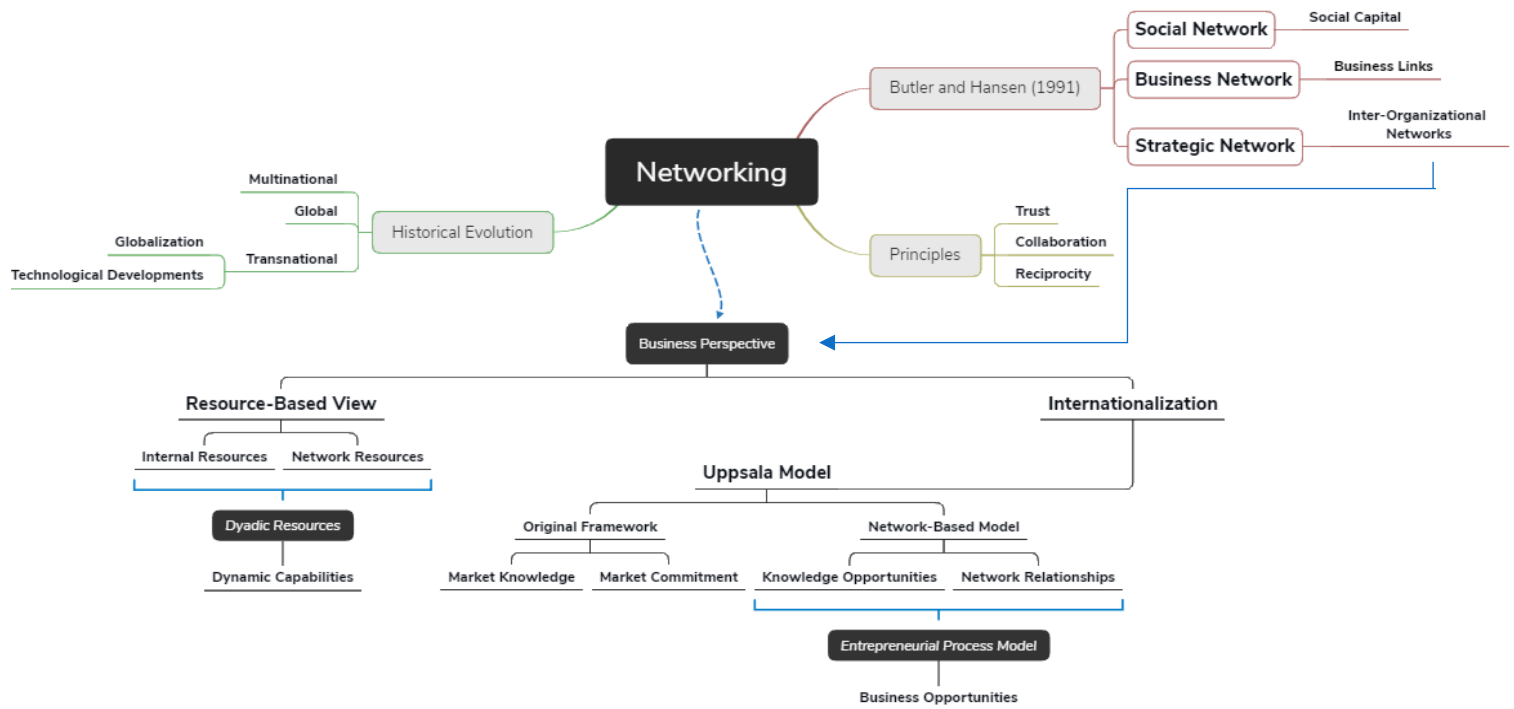
Source: Own Production [Adapted from Johanson & Vahlne (2009) and Schweizer et al (2010)]

The main premise in this model is to foster new international opportunities that the Networking creates, with Johanson & Vahlne (2006) assuming the entrepreneurial capacity as a consistent way of exploring and recognizing new business opportunities that arise from the Network-based theories, assimilating learning and commitment decisions in the network relationships.

### 2.3.4 Conceptual Research Model

As a way to aggregate all the relevant information addressed in the literature review, a conceptual framework is presented below, incorporating an attempt to display the dynamic nature of all major concepts studied with one focal topic: Networking.

**Figure 9: Summary of the Literature Review**



Source: Own Production

The model that bases this investigation has the main empirical findings highlighted in the literature review, with a special focus on the correlation between the recent concept of **Networking** and the influence that this concept has in the most recent versions of the Uppsala model, which will, ultimately, reconfigure the way most local companies internationalize their operations in foreign markets.

For the validation of the network-based approach of the Uppsala model for the Creative Industry sector in Portugal, and posterior application in the Internationalization plan of Alô Comunicação, the following investigation hypotheses were formulated:

H1: Relational Trust facilitates the Internationalization strategy of the Creative Industry

H2: Commitment with original brand values is key in all aspects of Networking

H3: In Creative Industry, the Entrepreneurial capacity is easier to establish through Opportunities and Relationships

H4: Dyadic resources help minimizing acculturation constraints

H5: Physical Distance is not a major obstacle to the success of an Internationalization process within the Creative Industry

### 3. Methodology

With the main empirical concepts highlighted in the literature review, and the investigation hypothesis formulated in the conceptual research model point in mind, the upcoming sections will attend the data collection methods used to complement the original investigation, as well as the sampling process and the conclusions based on the data collected and focused on the Alô Comunicação case.

#### 3.1 Research Outline

Before addressing the main characteristics and methods chosen, the theme of the research should once again be framed at this point. Thence, the purpose of this investigation is the following:

**To validate the network-based approach of the Uppsala model presented by Johanson & Vahlne in 2009 for the Creative Industry, specifically to the Internationalization process of Portuguese enterprises.**

#### 3.2 Research Approach

To proceed with the validation of the research outline, an exploratory research approach was used. (Creswell, 2009) emphasizes that the exploratory research is useful when “... *not much has been written about the topic or the population being studied, and the researcher seeks to listen to participants and build an understanding based on what is heard...*”.

That way, the exploratory method seeks to validate an idea with an existent theory, so that future studies can be conducted, either through new ideas that complement the original one, or new ways to look at the Internationalization processes, potentialized by the most recent Networking contributions.

The use of exploratory research is prioritized over the descriptive and explicative approaches, since this investigation focused a specific theme, and the mentioned approaches are mostly used either to understand causes or to describe characteristics of a general theme, with no contribution of the research itself, something that the exploratory approach privileges.

### 3.2.2 Research Methods

#### 3.2.2.1 Data Analysis

Both primary and secondary data were collected in order to validate the initial premises and to assess the relevance of the study itself. Secondary data has been enhanced by literature review and by using a deductive method, with the main premise starting with the presentation of general theoretical contributions by several authors and making a sequential transition to the aim of the investigation, specifically the consolidation of an Internationalization process through Networking patterns.

Due to the recent nature of some of the concepts addressed and the scarce researches that were conducted within this specific theme of Networking, the use of primary data was also applied, for a more effective and comprehensive study and its validation. As such, this dissertation presents the complementarity between primary and secondary data, in order to establish the much-needed link between theory and investigation.

#### 3.2.2.2 Data Collection

For this investigation, data were collected through qualitative methods. Williams (2007) stated that the qualitative methods needed textual support, as the quantitative data required more numerical data. For the validation of the network-based approach in the Uppsala Model for the Portuguese Enterprises, the qualitative paradigm is believed to be more suitable, in a sense that the type of exploratory-qualitative method used cannot be measured through numerical data, although it requires the validation of ideas and thoughts in a theoretical framework which will, ultimately, be able to assess the functionality or not for future researches.

In an attempt to develop the textual data that the qualitative method demands, individual qualitative interviews were conducted of selected managers of companies within the Creative Industry in Portugal. These interviews were also carried out with the aim to understand the factors affecting the current impact that the Creative Industry has over the Portuguese national wealth, and how did Networking influence the Internationalization processes of each individual Company, in alignment with the third objective defined for this investigation.

Based upon the work of Bryman and Bell (2007), the interviews followed a semi-structured paradigm, in which the purpose was to follow a set of defined questions to be answered concerning the topics mentioned in the previous paragraph. This allowed the managers to freely respond to the questions that were asked and to share the international path their companies took, rather than being limited to a structured quantitative questionnaire, for instance, that would have comprised the potential risk of not delivering the expected results in a qualitative investigation.

All interviews were conducted between the months of April and July 2019. Two interviews occurred via Skype, and the rest of them both by e-mail and telephone. The average time to complete all interviews was approximately one hour, following a guideline of seven specific questions. It is also worth mentioning that the investigation covered companies from all different geographies of the country, with no special attention given to any particular metropolitan area.

### 3.2.2.3 Sample

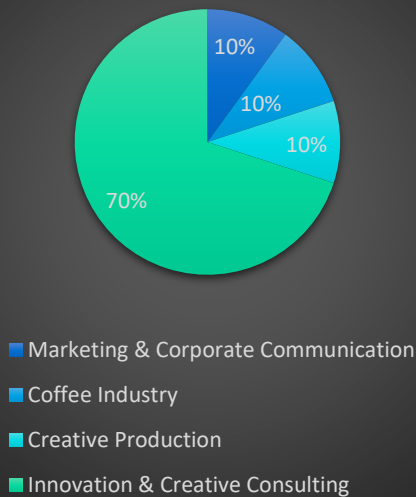
The managers interviewed were selected based on the scope and characteristics of the dissertation, as well as the potential contributions the companies might provide for the validation of the research outline. This means that the chosen companies have already established their operations in the International Market, as it was our aim to analyze the methods and approaches they chose and to apply them for the specific case of the dissertation.

In addition, the companies interviewed are an integral part of the Portuguese Creative Industry, with no prior personal or professional relationships with Alô Comunicação and picked randomly but within the characteristics stated above.

For the purpose of the dissertation, four individual interviews were conducted with the managers of companies from several geographical locations in Portugal and allocated to the Creative Sector, plus one additional interview with the Creative Department of Delta Cafés. Despite this last case not being entirely a part of the Creative Industry itself, it is considered a successful business case abroad and the analysis of its Internationalization processes is believed to be a good complement to the general goal of the investigation.

**Graphic 2: Activity Sector**

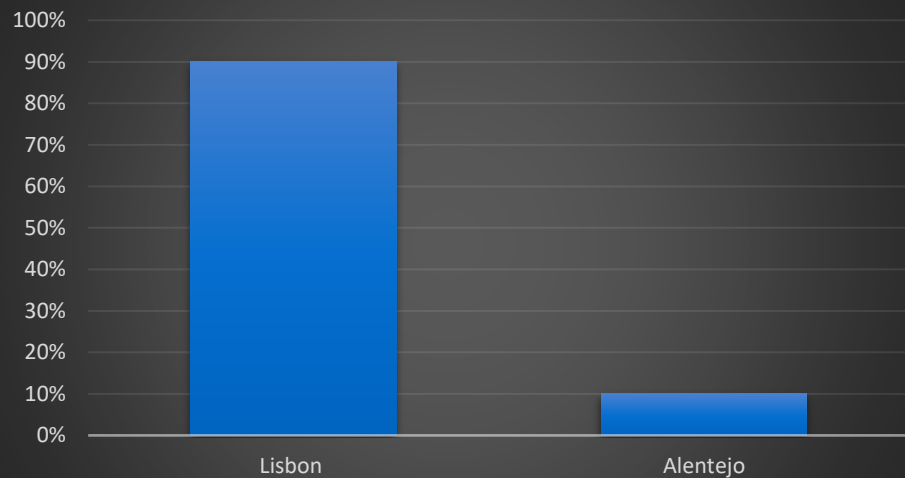
### Activity Sector



Source: Own Production

**Graphic 3: Geographical Distribution**

### Geographical Distribution



Source: Own Production

## 4. Results

### 4.1 Qualitative Analysis

The main purpose of this chapter is the analysis of the interviews (Appendix 2-6) and the adequacy of the obtained results in the research outline. Thus, the goal is to analyze the relationship between the content of the interviews and the application for the validation of the network-based model from Johanson and Vahlne (2009) for the Portuguese Creative Sector. Furthermore, the results provided by the interviews will be applied to the hypotheses testing, also included in chapter four.

#### 4.1.1 Relational Trust

As previously analyzed, Globalization and the technological developments almost “forced” the majority of companies from the Portuguese Creative Industry to think in a more international fashion.

According to **Miguel Cabrita; TKS**, “... *the Internationalization came almost by necessity, due mostly to big constraints in the local markets and the risk of another economic and financial crisis that could severely affect the business...*”. In concordance with the literature review, the relational trust is a key aspect when a company decides to internationalize the operations.



**Ricardo Tavares; Ocyan** expresses, “... *the Networking created throughout the years, in alignment with the work performed in the International Markets, gave the necessary trust to internationalize the business...*”.

This aspect is corroborated by other managers. **Miguel Cabrita; TKS**, had already established contacts in Angola, which facilitated the exploration of this market: “... *In 2010, we started developing businesses abroad, particularly to Angola, something that derived from an invitation by a local client that wanted to associate with us and we had the necessary trust to advance...*”. **André Rabanea; Torke cc**, also expressed the importance that a local contact has when a new and unknown market is explored: “... *In 2009, an opportunity came with a local client in Turkey, in which we’ve managed to win a big project.. With such a big project, we set up a local subsidiary there, taking advantage of the good contacts that we had with them...*”.

Most of the interviewees perceive that they took advantage of the network resources to proceed with the Internationalization processes. Like so, the trust derived from the network relationships is believed to be a critical aspect when this step is performed, mostly because it helps companies to overcome the market constraints and complexities, something that Powell (1991) had already studied in previous investigations (Section 2.1.2).

For **Miguel Cabrita; TKS**, for instance, entering Angola was facilitated by the reciprocity that the Company could benefit from the relationship with the local client, avoiding the market complexities and constraints. Ultimately, by associating with TKS, the local client would also benefit from the relationship, making the interorganizational network much more efficient towards the consolidation of common goals and objectives (Section 2.1.3-C).

In other cases, the relational trust was gained with time, and some risks had to be taken. **Irina Machado; Multisector**, expressed that the first activities established in Poland were performed with partners chosen with a prior screening and an analysis of the portfolio of customers, where trust was mainly superficial. Following the services and the inherent quality, the interorganizational network was established and the allocation of resources became more frequent, helping in the consolidation of the operations in the foreign markets.

The analysis also helps to understand the relevance of the social capital, in this point. For Coleman (1988), the social capital is crucial in facilitating the necessary responses that the Company has to give in certain markets.

In the case of **André Rabanea; Torke cc**, a certain activity in Turkey, for instance, could be easily managed by the subsidiaries in Lisbon or São Paulo, taking advantage of the sharing of knowledge that occurred in all subsidiaries and aggregating the information collected to provide the most complete service to the customers (Section 2.2.1.-e). It also helped boosting the trustworthiness and credibility of the actions performed by the actors (Section 2.1.2-b) and, ultimately, fostering the information flows between all local subsidiaries.

Proposals concerning the importance of trust in the Internationalization processes for the Creative Industry in Portugal were widely accepted and recognized. As a result, the commitment towards the network will become a natural consequence.

#### 4.1.2 Commitment

Overall, the correlation between Networking and an increased commitment was something that all companies believed that had occurred in each individual case.

**Ricardo Tavares; Ocyan** argues, “... *Yes, the Networking followed the idea of growth and consolidation and, at the same time, it opened new business opportunities and triggered the creation of new partnerships...*”. **Joana Gonçalves; Delta**, corroborates the previous statement: “... *the Internationalization strategy of Delta is not limited to exporting products to several geographies. The Company wants, instead, to internationalize the brands. Like so, the level of monitorization and support to each market is judiciously thought and in concordance with the strategy of the Company.*”

Initially, there is a tendency for the Internationalization processes within the Portuguese Creative Industry to follow the theoretical contributions found in the Original Uppsala Model of 1977, where the reduced knowledge of the International Markets led several companies to export either to closer markets or to gradually increase the commitment, where the culture is similar.

**Miguel Cabrita; TKS**, for instance, framed in the Market Commitment quadrant in the original Uppsala framework, took the initiative to manage the operations directly in Mozambique: “... *We felt the need of being physically present in Mozambique, backed up with a good experience in Angola and due to the fact that most structures, like Human Resources and the Office itself, needed to be set up from scratch...*”.

On the other hand, **Joana Gonçalves; Delta** expresses, “... *In the case of Spain, it is still the most important market of the Group. One of the key critical success factors comes from the fact that his*

*market is geographically close to Portugal, facilitating the creation of synergies with the central structures of the Group...". Irina Machado; Multisector, believes that," ... this need to commit comes from the fact that markets like Brazil and Angola are politically unstable and are difficult environments for Small and Medium Enterprises to consolidate without a proper market analysis prior to the allocation of resources...".*

In recent features, and following the changes that the Transitional stage brought, companies started to consider furthest markets and the importance that the networks have for a successful Internationalization.

Ricardo Tavares; Ocyan affirms, "*... The Networking followed the growth and consolidation of the Company, while creating, at the same time, new business opportunities...". André Rabanea; Torke cc claims, "... We give responses to a lot of international challenges in Portugal. Despite this, the opportunity that came from Turkey was big enough for us to physically establish ourselves in there, so that the local people that we hire can give a direct response to the needs, supported by the proposals that were sent by Torke cc Lisbon...".*

Joana Gonçalves; Delta notes, "*... In the case of China, this is a recent market in the Company's portfolio. The largest share of the business is done online, and the category of tea is far superior to the category of coffee. However, Delta Cafés intends to become a relevant player in order to exploit the growth potential of the Chinese market...".*

The recent commitment through Networking has become an appropriate matter, especially when a good initial partnership triggers such commitment and trust afterwards. Like so, the contributions from Johanson & Mattson (1988) were quite relevant at this stage, presenting the Networking as a cumulative process, in which companies take advantage of the knowledge collected to initiate other phases in the Internationalization process, increasing the commitment with the networks and fostering the "insidership", much like André Rabanea; Torke cc did in São Paulo, Joana Gonçalves; Delta, in China and Miguel Cabrita; TKS, in Mozambique, for instance, which helped also in the consolidation of the network positions in the international sphere (Section 2.2.3).

#### 4.1.3 Entrepreneurial Capacity

Several interviewees also assumed that the commitment towards the network helped in the identification of new market opportunities in the international environment (Follow-the-customer).

**Miguel Cabrita; TKS**, upon the integration in Mozambique, declares, “... *We never thought of it as a strategy that was thought and planned, it came almost as a necessity. Macau was more like this, since we took advantage of the experience in Mozambique, that went well, and we didn't have the need to have more people allocated to the project. We decided to directly manage the operations in Macau, with the management being done from a distance, contrary to Mozambique, where we felt the need of being physically present...*”.

**André Rabanea; Torke cc**, affirms, “... *With Turkey going well, we sense that the expansion of the Company can be easily achieved. With that being said, we've opened in São Paulo, since I had good contacts and a considerable number of people working at Torke cc Lisbon were Brazilian and also have contacts in Brazil...*”.

**Irina Machado; Multisector** argues, “... *There is a significant learning curve, especially in the Small and Medium Enterprises. Being this sector a high-risk market, in the first partnership, we explored unknown fields and the risk was higher. On a second stage, we are able to get a better perspective of the opportunities that should be taken...*”.

The majority of the respondents validate the premise that the initial contact networks, predominantly informal, have the capacity of generating, in a medium/long term, a platform of relationships that potentiate the growth of the organizations. The analysis also takes into consideration that the availability of a particular contact can become a catapult for the creation of new partnerships and opportunities in the most suitable market (Section 2.2.3).

As Granovetter (1973) studied, the reinforcement of the “weak ties” helps identifying new business opportunities, much like **André Rabanea; Torke cc** did in São Paulo, where the formal local contacts triggered the entrepreneurial recognition of an opportunity and helped reducing the risks of entering this market, while in alignment with the entrepreneurial capacity of directly and physically assessing its potential. For **Irina Machado; Multisector**, when she argues “... *On a second stage, we are able to get a better perspective of the opportunities that should be taken...*”, it is a natural consequence of the prior knowledge that the initial partnership has brought and the posterior mobilization of resources that the entrepreneurial capacity boosted.

#### 4.1.4 Acculturation

Part of the respondents perceived that the obstacles of acculturation were the ones that implied greater efforts, when the Internationalization begun.

**Irina Machado; Multisector**, upon the integration in Poland and Tunisia, affirms, “... *The consolidation of partnerships in Poland and Tunisia was, and it is still, very challenging. There is a very pronounced cultural barrier. We believed the correct way to overcome this issue was to have partners that locally performed the actions: Firstly, because they were already there, which helped reducing the costs and, secondly, they had privileged information that we here in Portugal don't have...*”.

**André Rabanea; Torke cc**, says “... *Brazil was very similar to Portugal. Turkey is very Muslim and all ideas had to be transformed. It was not worth having an international team in Turkey, we had to have Turkish people. We suffered a little in the part of the ideas: it works in Portugal but it did not work in Turkey. With the rhythm and the help of a local partner in the translation of ideas, the Company began to grow...*”.

**Joana Gonçalves; Delta** affirms, “... *Outside of Portugal, the brand has a notoriety and a distribution lower than the domestic market, so it requires redoubled marketing efforts, particularly in product promotion and brand communication - in order to be more relevant to the final consumer. A good example was the promotion of coffee in Angola using an Angolan public figure, where the goal was to create a sense of engagement with the brand among the Angolan Population...*”.

On the other hand, some interviewees felt that the acculturation restraints didn't have much effect on their Internationalization. **Ricardo Tavares; Ocyan**, states “... *We didn't feel obstacles of acculturation, since, in the International Markets where we entered, the culture is equal or very similar to ours...*”.

The propositions from the interviews denote a clear intention of companies to establish a contact network of arrangements where the markets are unfamiliar to the companies, creating a sustainable competitive advantage with the help of local partners (Section 2.2.1-e) that will dictate the best way to penetrate and establish in the International Market. This way, the local companies benefit from the accumulated knowledge they can get from the local partners, apart from the information concerning the market characteristics.

These proposals differ from the ones in which the companies internationalize their operations to culturally similar International Markets, in which the cultural and linguistical barriers are lower and the risk of commitment is mitigated (Section 2.3.1).

#### 4.1.5 Physical Distance

Concerning the physical distance, overall, the managers felt that this is an aspect to be considered when the operations are internationalized, since companies prefer to “play it safe” in the first attempts.

**Joana Gonçalves; Delta** and being Delta an organization that works predominantly with products, states “... *Delta Cafés has been exporting to several countries for more than 30 years. The first of which was Spain, due to the proximity of the Company's headquarters (Campo Maior) with the neighboring country. This is also the most important foreign market for Grupo Nabeiro...*”.

Despite being a Company of services, **Ricardo Tavares; Ocyan** assures “... *the distance was something that made us apprehensive at the time of the decision, but the Networking created over the years and the work that has been carried out over the years in the International Markets gave us the confidence to internationalize the business...*”.

Other managers like **André Rabanea; Torke cc** and **Miguel Cabrita; TKS** disagreed with this particular statement, simply because the experience gained throughout the years and the consolidated customer portfolio available almost “diluted” the issue of having to internationalize to closer markets, even though the processes were influenced by local partners and the entrepreneurial capacity that derived from the initial moves.

Due to the recent nature of the Internationalization processes in the companies interviewed, the initial tendency follows the contributions from the 1977 version of the Uppsala model, which defends the geographical and cultural proximity as a key factor in embryonic stages. With these investments giving the expected results, the physical distance becomes less relevant, mostly because the knowledge-based derived from the networks increases and the commitment towards the networks potentiates the exploration of foreign geographies (Section 2.3.2).

#### 4.2 Hypothesis Testing

Having presented the specific content of the interviews, in this section the investigation will try to underline the key general aspects that influence the foreign processes for the Portuguese Creative Industry. For that, and being this a qualitative study, a content analysis, displayed below, was

The Internationalization Process based on the Integration in a Network

performed, in an attempt to establish a correlation between the main general concepts and the content derived from the interviews.

Category	Subcategory	Registration Unit	Context Unit	Hypothesis
<u>Internationalization Processes of the Portuguese Creative Industry</u>	<u>The importance of having a good Social Network</u>	<u>Relational Trust</u>	<p><i>“...the networking created throughout the years, in alignment with the work performed in the international markets, gave the necessary trust to internationalize the business...” (Tavares, 2019)</i></p> <p><i>“...In 2010, we started developing businesses abroad, particularly to Angola, something that derived from an invitation by a local client that wanted to associate with us and we had the necessary trust to advance...” (Cabrita, 2019)</i></p>	<u>Relational Trust facilitates the internationalization strategy of the creative industry</u>

<u>Internationalization Processes of the Portuguese Creative Industry</u>	<u>Networking as a catapult for the identification of New Business Opportunities</u>	<u>Entrepreneurial Capacity</u>	<p><i>“...There is a significant learning curve, specially in the Small and Medium Enterprises. Being this sector a high-risk market, in the first partnership, we explored unknown fields and the risk was higher. On a second stage, we are able to get a better perspective of the opportunities that should be taken...” (Machado, 2019)</i></p>	<u>In creative industry, the Entrepreneurial capacity is easier to establish through Opportunities and Relationships</u>
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<p><u>Internationalization Processes of the Portuguese Creative Industry</u></p>	<p><u>Resource-Based View as a unique way to overcome acculturation constraints</u></p>	<p><b><u>Important</u></b></p>	<p><i>"...The consolidation of partnerships in Poland and Tunisia was, and it is still, very challenging. There is a very pronounced cultural barrier. We believed the correct way to overcome this issue was to have partners that locally performed the actions: Firstly, because they were already there, which helped reducing the costs and, secondly, they had privileged information that we here in Portugal don't have..." (Machado, 2019)</i></p>	<p><b><u>Dyadic Resources Help minimizing acculturation constraints</u></b></p>
		<p><b><u>Not relevant</u></b></p>	<p><i>"...We didn't felt obstacles of acculturation, since, in the international markets where we entered, the culture is equal or very similar to ours..." (Tavares, 2019)</i></p>	
<p><u>Internationalization Processes of the Portuguese Creative Industry</u></p>	<p><u>Physical Distance Impacts the Internationalization Process</u></p>	<p><b><u>Important</u></b></p>	<p><i>"...Delta Cafés has been exporting to several countries for more than 30 years. The first of which was Spain, due to the proximity of the company's headquarters (Campo Maior) with the neighboring country. This is also the most important foreign market for Grupo Nabeiro..." (Gonçalves, 2019)</i></p> <p><i>"...the distance was something that made us apprehensive at the time of the decision, but the networking created over the years and the work that has been carried out over the years in the international markets gave us the confidence to internationalize the business..." (Tavares, 2019)</i></p>	<p><b><u>Physical Distance is not a major obstacle to the success of an Internationalization process in the creative industry</u></b></p>
		<p><b><u>Not relevant</u></b></p>	<p><i>"...Structure in Portugal and the networking itself was always very international. The projects made in Portugal were examples for the European markets..." (Rabanea, 2019)</i></p>	



## **5. Conclusions, Implications, Limitations and Future Research**

### 5.1 General Conclusions

The Internationalization through the combination of Networking processes has been broadly discussed in the literature review, with several contributions arising throughout the years. The empirical findings in the literature review were developed and consolidated alongside with qualitative interviews, so that a study could be designed to assess the Internationalization processes performed by companies within the Portuguese Creative Industry, with further validation of a scientific network-based model.

The results from both the literature review and the qualitative content reveal an on-going importance of trust-based relationships in International Markets, mostly because it helps reducing the risks associated with these operations. Moreover, it was widely accepted that the Internationalization is a process that unexperienced companies mostly make, initially, in closer markets, even though companies that obtained a prior experience assumed a more network-based platform (Revised Uppsala Model) in foreign markets, something that triggers the commitment in Networking relations and mutual trust and reciprocity.

In addition, validation concerning the importance of developing formal contact arrangements within a network is seen as a catapult for a successful Internationalization. Reinforcing the “weak ties” helps increasing the entrepreneurial capacity of organizations, fomented by the prior knowledge and experience gathered. On the other hand, the acculturation restrictions were partially accepted as a natural consequence when a Networking was established, since markets can be initially uncertain, and the risk is higher, but not for markets where the customs and culture are similar. Finally, physical distance, in concordance with the commitment, is believed to be a potential issue with “first attempts” to internationalize, mostly because companies are not prone to take high risks, although the previous experience gathered can mitigate this step.

The general conclusions were presented to better understand the correlation of the qualitative interviews with the literature review. Next, the contributions for the theory will be address, as well as the connection between the content collected and the Portuguese Creative Sector at a managerial level, with the presentation of a case Company allocated to this sector. Finally, the limitations found and suggestions for future research will be present.

## 5.2 Theoretical Implications

Theoretical implications of this investigation emerged from presenting the on-going relationships between the Networking concepts with the Internationalization paradigm. Literature review covers a considerable amount of Networking conceptualizations, an effort to aggregate the main empirical findings and the importance of each one of them in all Internationalization stages.

On a more specific level, the study aims to proceed with a correlation between the Networking findings specifically to the Internationalization processes of the Portuguese Creative Sector. Results from ADDICT for 2016 reveal a growth of 38 % in Goods and Services exported by this Industry, a contribution that positions Portugal as the 15<sup>th</sup> leading Creative export market of Goods and Services in Europe (Section 1.2).

Overall, the combination of empirical findings with the qualitative research allowed for a better understanding on how Creative companies in Portugal are using the recent contributions from the Networking in their Internationalization plans, which, ultimately, gave the necessary information to answer the research hypothesis defined. In a nutshell, it was possible to consider the roles played by social networks at a prior stage of the Internationalization, giving way to direct business links that function as a “bridge” to the International Market. In a more advanced stage, the concepts of interorganizational networks and the application of network resources derived from the adjusted Resource-Based View of Lavie (2006) are highlighted when the Networking is considered in a more strategic level.

The investigation contributed to the theoretical paradigm concerning the link between Internationalization and networks. Moreover, the study intended to give a possible explanation on the success that the Portuguese Creative Sector is having abroad, which may derive from network forms in a considerable way.

The use of theoretical frameworks in both Networking and Internationalization chapters followed the intent to develop the case Company with a consistent base of knowledge, so that no misconceptions can be “brought to the table”. Ultimately, it was useful to understand the benefits that these strategies present in recent Internationalization plans.

### 5.3 Managerial Implications

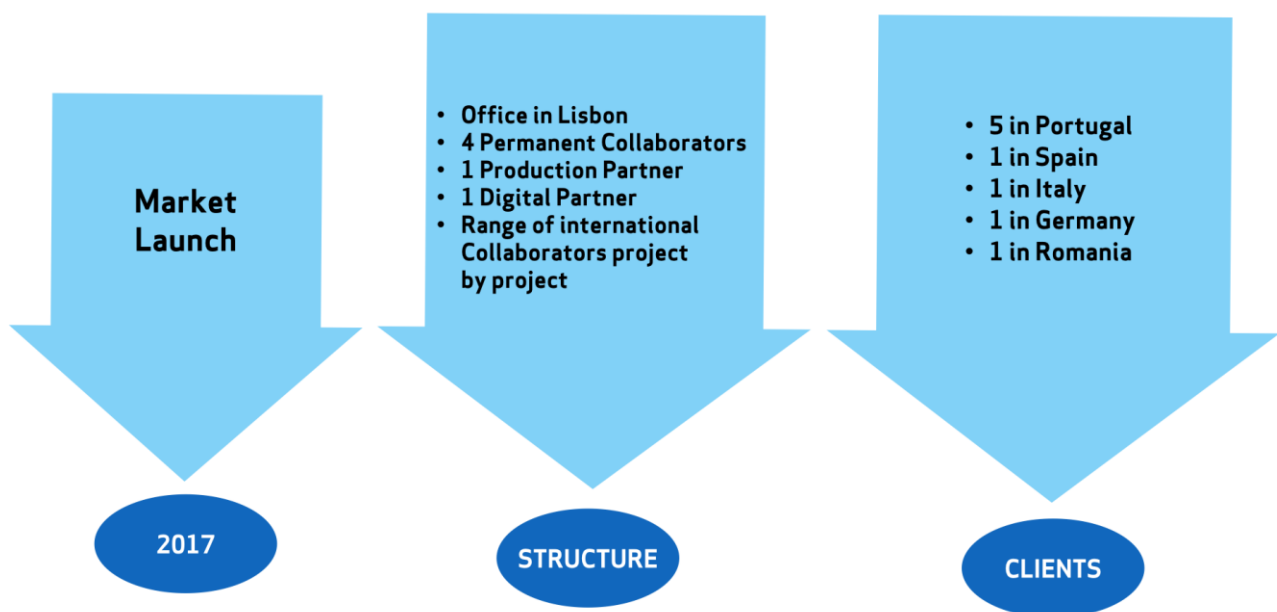
In the next section and taking advantage of the content in the qualitative interviews, the case Company will be highlighted and the suggestion for an Internationalization plan, aligned with the general Networking concepts, will be presented. The section starts with a general presentation of the Company, followed by the markets to be explored, the processes to be adopted abroad and ending with the suggestion of the Internationalization plan.

#### 5.3.1 Case Study - Alô Comunicação

Alô Comunicação was born with the response and quality of a range of exclusive partners. Assuming values such as trust, exclusivity, proximity and speed, always with quality in its horizon, the main philosophy of service is:

**“We don’t have customers, we have partners”**

**Figure 10- Main Key Points**



Source: Own Production

The strategy of services of Alô Comunicação is based in the establishment of partnerships within SME in specialized areas of services, namely:

- Production
- Digital

Concerning the Internationalization processes already in course, the leverage has been conducted alongside the contacts derived from a major Portuguese retail and real state partner. The goal, in a short-medium term, is to widen the concept of “specialized partnership service in integrated communication” to International Markets, focusing, on a primary stage, in reinforcing the presence in Spain and local partnerships, as a way to enter the international venue with lower costs, without renouncing the quality of service and final products.

### 5.3.2. External Market

The Internationalization process begun in Spain, in line with the majority of the Portuguese Creative Sector companies interviewed, following the tendency evidenced in the Original Uppsala Model to restrict the operations to closer markets when the international experience is still small, described by Johanson & Vahlne (1977) as the main obstacle when Internationalization is reached.

#### i) Internal Environment

The Company still lacks resources that would allow the analysis and development of its entrepreneurial capacity. Aligned with the lack of internal resources, the Company still presents an embryonic operation in the Portuguese market, with the International Markets being less relevant to the overall operations. Due to this, Alô Comunicação privileged the Internationalization to closer markets, since internationalizing to foreign markets without a proper experience and knowledge would be a major risk.

#### ii) External Environment

**Physical Distance:** The choice fell initially on the Spanish market, due to the services provided by the Company: even though the operations can be managed directly in Lisbon, on-line, the truth is that the type of services provided by Alô Comunicação call for a more direct contact with the end customer, a journey that will, ultimately, make the customers feel connected with the brand. That is why the proximity of the Spanish market is relevant, as it embraces the commitment towards a more direct relationship with the customers, who can feel a low engagement with the brand if the services are only provided through online platforms. In this type of services, the ultimate experience is what really makes a difference between loyal and sporadic customers.

**Growth Potential and Dimension:** The Creative Sector in Spain registers a gradual development, much due to the incorporation of new technologies and the promotion of digital projects, making this a desirable market for new business opportunities.

**Figure 11- Creative Services in Spain**

CREATIVE SERVICES

SPAIN		
(value in millions of \$)	2013	2014
<b>EXPORTS</b>	1.525,6	1.759,2
Charges for the use of intellectual property n.i.e		
Other business Services	1.525,6	1.759,2
Research and development (R&D)	1.525,6	1.759,2
Telecommunications, computer, and information services		
<b>IMPORTS</b>	824,5	1.030,9
Charges for the use of intellectual property n.i.e		
Other business Services	824,5	1.030,9
Research and development (R&D)	824,5	1.030,9
Telecommunications, computer, and information services		

Source: UNCTAD (2018)

Spain is also one of the top export partners of Portugal, taking advantage of the proximity with the Portuguese market and the increase in the number of operations between both countries.

**Figure 12- Top 10 Export Partners of Portugal for Creative Goods**

2014			
Values in Million US \$			
Partner	Exports	Imports	Balance
France	363,42	125,75	237,67
Spain	294,25	746,50	-452,25
Angola	220,79	0,30	220,49
United States	137,22	9,30	127,92
Germany	101,37	115,79	-14,43
United Kingdom	90,10	74,40	15,70
Netherlands	41,46	87,48	-46,02
Belgium	38,06	30,06	8,00
Italy	34,65	147,52	-112,87
Switzerland	31,90	3,95	27,95

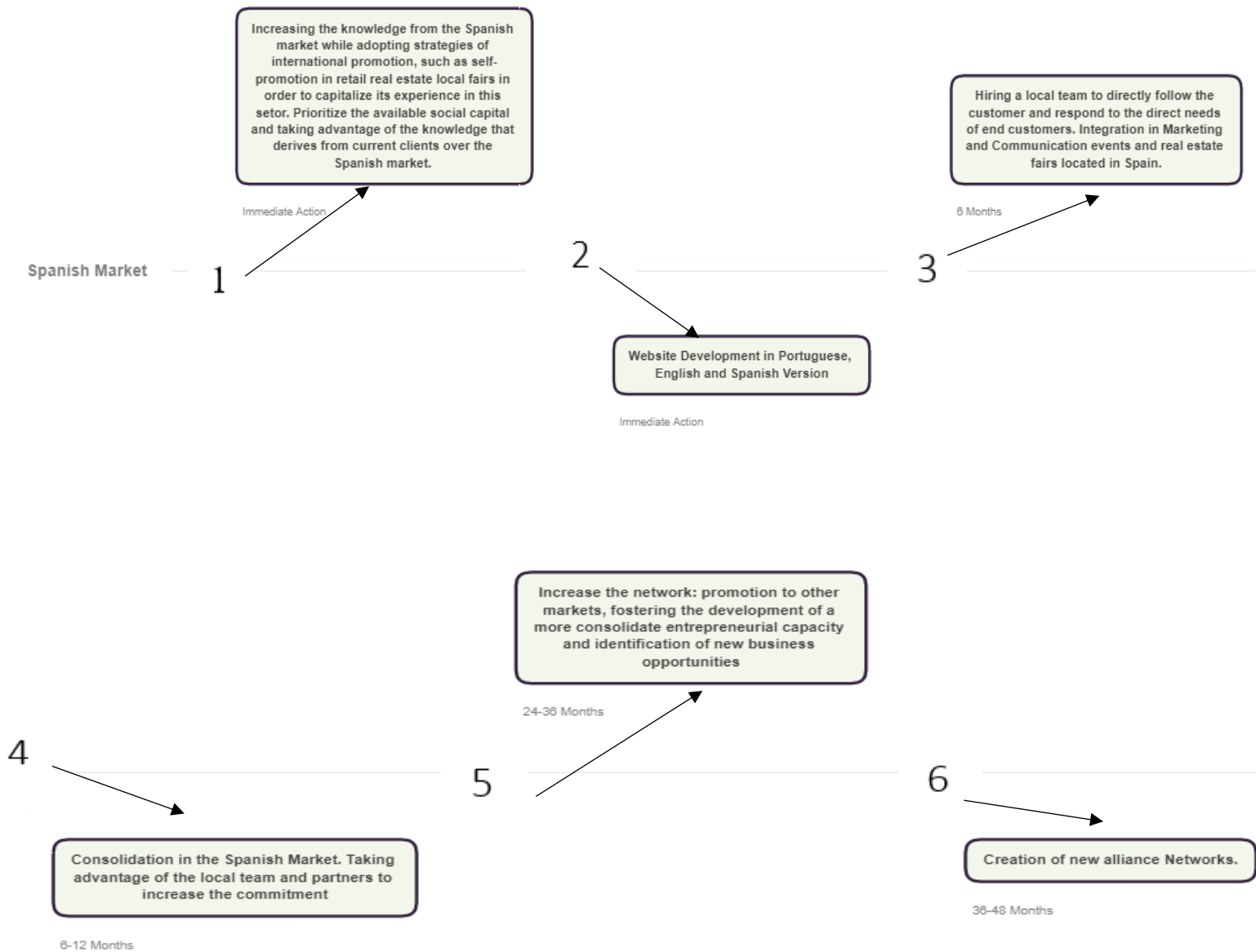
Source: UNCTAD (2018)

**Market Similarities:** Besides the proximity and the potential growth, Spain is also quite similar to Portugal when it comes to culture and costumes, as well as regarding the common norms and legislations within all members of the European Union, providing harmonized services and products with an optimal level of quality, security and reliability.

### 5.3.3 Internationalization Plan

Taking the advantage given by the qualitative interviews, and the information collected in each one of them, an Internationalization plan for Spain was created for Alô Comunicação, giving responses to the core theme of this investigation.

**Figure 13- Internationalization Plan for Alô Comunicação**



Source: Own Production

1<sup>st</sup> Phase: Increasing the knowledge from the Spanish Market (Immediate)

In the first phase of the Internationalization plan, it is essential to have a more in-depth knowledge of the market that the Company is entering. Having the original Uppsala Model framework and the principles within as a base, the Company could take advantage of the vast experience that the collaborators gathered, in the Portuguese Creative Sector, for over 30 years, and attempt to transfer the same experience and knowledge to the Spanish sphere.

Such experience makes a good incentive to internationalize the operations abroad. However, the Company still privileges the directives from the Original Uppsala model by starting the Internationalization in closer markets, working almost as a “dry run” for what eventually can come up.

If it goes according to plan, the strategy will be to focus on consolidating the experience in the Spanish market, much like happens in Portugal, and establishing platforms of promotion with trading partners and customers physically present in Spain to directly proceed with the promotion. By already having customers in the International Market, the Company can mitigate the risk of transferring operations, and the social capital gathered can help providing privileged information from the Spanish market and the best ways to enter it.

2<sup>nd</sup> Phase: Website Development (Immediate)

The website development in Portuguese, Spanish and English languages has the goal of increasing the engagement of customers in both the Spanish and the Portuguese markets, in a sense that the customer needs to feel that, even though the headquarters are in Lisbon, there is a real concern with them within the subsidiary markets, to the point that the products and services provided are available to the customers in an online approach that covers all the logistics and makes the process easier and the perception towards competitors more significant. That’s why exportation will be the privileged Internationalization method upon the creation of the website, allowing customers to make the orders suitable to their needs anytime and anywhere they intend to.

3<sup>rd</sup>/4<sup>th</sup> Phases: Local team (6-12 Months):

The step of hiring a local team to directly follow the Spanish customers is seen as a crucial measure in the Internationalization process of Alô Comunicação, not just because customers can feel less engaged with the brand if the Company only operates in Lisbon, but also the presence of a

subsidiary team will foster the information flows, enhance the competitive advantage of response capacity “on time” and empower the commitment to the created network.

With the local team, like Johanson & Mattson (1988) evidenced, the selection of the correct stakeholder in the appropriate time will be significant for the creation of new relationships. By including opportunities, Alô Comunicação believes the Internationalization can be a lot quicker, something that can make the difference between winning and losing a potential customer or partner. Additionally, being physically present in Spain helps addressing the customer needs and coordinate positions with Lisbon when applicable, so a complete service can be provided.

It is also worth highlighting that the expected consolidation in the Spanish market and the possibilities that the local team may trigger are that the commitment with the network will consequently increase and a transfer of resources can be done in a less risky way, as Alô Comunicação will be more familiarized with the characteristics of the market (commitment decisions).

#### 5<sup>th</sup> Phase: Increase the Network (24-36 Months)

Once consolidated, the network will have to grow. For that, the Company will rely on the local team and the experience gathered by the collaborators in Lisbon to promote a dyadic approach: apart from the internal resources, the Company will also use the resources provided by both the local team and the customers in Spain to potentially enhance the entrepreneurial capacity to newer markets.

When the consolidation in the Spanish market is reached and Alô Comunicação believes that the potential to grow is higher, it will make use of the work done in Spain to identify new business opportunities and increase the commitment abroad, taking advantage of the position that the Company already established in Spain, with the quality of the content leverage by potential arrangements and contacts from actual and future gathered clients.

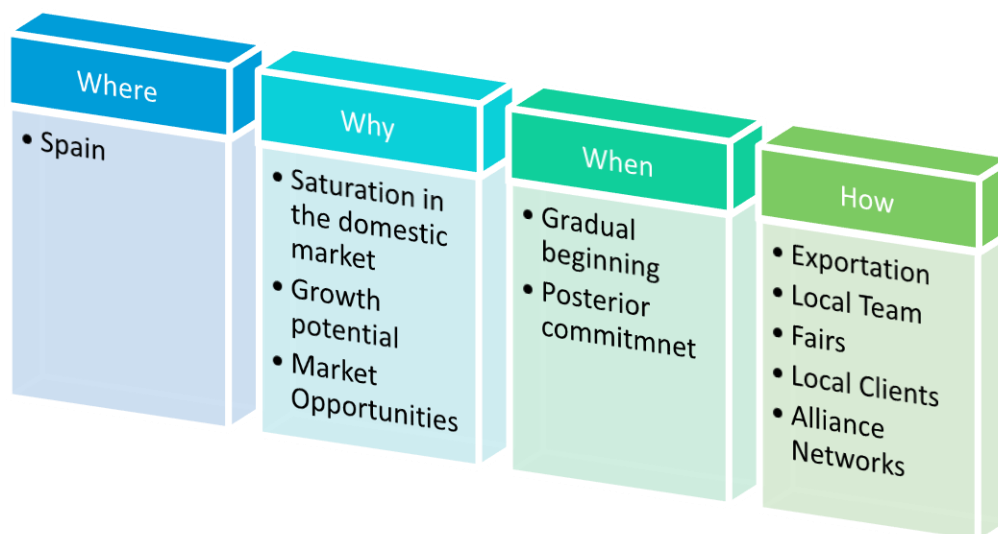
The attendance of state fairs in Spain will be a major step in this phase, since it will help reinforcing “weak ties” that can help leverage the operations to other markets. With the knowledge and experiences gathered in Spain, it will be easier to identify new business opportunities and network relationships.



6<sup>th</sup> Phase: Alliance Networks (36-48 Months)

Alô Comunicação will reinforce the interorganizational networks, taking advantage of the information gathered as input in new international relationships. Alliance networks will play a crucial role, mostly because they will help minimizing the constraints of internal resources with a dyadic approach that also minimizes the costs for the Company. This way, the Company, while developing its entrepreneurial capacity, will also have the opportunity to explore new potential markets with lower risks.

**Figure 14- Internationalization Plan based on the Uppsala Framework**



Source: Own Production

The proposed strategy kept in consideration the role of networks within the Internationalization methods, more specifically in the Portuguese Creative Sector. Should the Company follow these steps, the Internationalization plan presented arose as a natural consequence of the trendy concept that are the networks and it serves almost as a “template” for future investigations, despite the limitations faced, that will be exposed in the final section below.

#### 5.4 Limitations and Future Research

Despite the presentation of new insights and conclusions for the Portuguese Creative Sector, as well as the way that these companies are able to use the Networking fundamentals to internationalize their operations, the investigation had some limitations worth mentioning and that should be taken into consideration for future research.

The theoretical contributions have the foundations set in previous researches, including the most prominent frameworks in both Networking and Internationalization concepts, always with a clear intention to link the empirical findings to the subject matter. Hence, it is believed that the content collected was the most suitable for the main purpose of this dissertation, even though it is almost impossible to say if this content is a significant or limited part of all the existing research in both areas.

Apart from the theoretical research displayed in the literature review, this information was also useful for the development of the research outline and consequent data collection. This may cause some limitations in the study, since the foundations are set and restricted to a simple individual perception, which can cause several constraints for future contributors. In addition, the limitation concerning the few qualitative interviews performed can be an issue when the objective is to claim generalization. As this investigation has a very restrict sample, the results can deviate from the general tendency.

Finally, it is also worth highlighting that the investigation was performed with a specific and clear objective in mind: to validate the network-based model of the Uppsala Model with the main Networking concepts to this day, for posterior analysis and application in the Portuguese Creative Sector. This can cause an irregularity between the conclusions that derived from the Creative Sector specifically to others that can come to perform similar studies afterwards, simply because it can be irrelevant for other business quadrants in other countries.

Lastly, the application of the content found in this investigation can be interesting and applicable for other business sectors in different countries, where complementary and surprising results can occur. Moreover, the dynamic factor from both Networking and the Internationalization reveals a potential and promising area of study, aligned with a more significant theoretical and qualitative research that may occur.

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## Appendix 1 – General Characteristics

<i>Company</i>	<i>Responsible</i>	<i>Activity Sector</i>	<i>Location</i>
<b>TKS</b>	Miguel Cabrita	Marketing & Corporate Communication	Lisbon
<b>Multisector</b>	Irina Machado	Innovation & Creative Consulting	Lisbon
<b>Delta</b>	Joana Gonçalves	Coffee Industry	Alentejo
<b>Ocyan</b>	Ricardo Tavares	Creative Production	Lisbon
<b>Torke CC</b>	André Rabanea	Innovation & Creative Consulting	Lisbon

## **Appendix 2– Ocyan (Ricardo Tavares)**

- 1- Do you believe that the internationalization of your company was a natural consequence of the networking, or the physical distance from markets was something that had an impact in your internationalization decision?

***Starting from the end, yes, the distance made us uneasy at the time of the decision, but the networking created over the years and the work that has been done over the years in international markets has given us the confidence to internationalize the business.***

- 2- Do you feel that the knowledge opportunities you have gained were greater when integrated into a network?

***Yes, the scale of the knowledge gained increases with the contacts being established in the business. It is a normal consequence of business relationships.***

- 3- Did the knowledge of local partners make the internationalization process more efficient and faster?

***It was decisive, because it consolidated the confidence to take the step of internationalizing the business.***

- 4- When consolidating the internationalization process, do you feel that your commitment to the network was increasing and consequently led to further growth of the company and consolidation of its own strategies?

***Yes, networking has kept pace with growth and consolidation while opening new business opportunities.***

- 5- How has the company been able to overcome acculturation obstacles? Do you feel that the resources provided by the network have made it possible to overcome this issue?

***We didn't feel any obstacle to acculturation since, in the international markets where we have entered, the culture is the same or very similar to ours.***

### **Appendix 3– André Rabanea (Torke CC)**

- 1- Do you believe that the internationalization of your company was a natural consequence of the networking, or the physical distance from markets was something that had an impact in your internationalization decision?

*Ok so I'll start by saying that Torke cc opened in 2005 in Lisbon. The structure in Portugal was very small and our networking, from the beginning, was always very international. Projects made in Portugal were examples for European markets and I had to work with them in some way, so internationalization was always something that accompanied the development of the company. From Portugal it responded to many international challenges.*

- 2- Do you feel that the knowledge opportunities you have gained were greater when integrated into a network?

*In same way, despite the experience that I've gained throughout the years, having these types of opportunities like Turkey allows us to have a better knowledge and how to work around the limitations that a market can bring.*

- 3- Did the knowledge of local partners make the internationalization process more efficient and faster?

*In 2009, new opportunities arose and we had the opportunity of a customer in Turkey and a beer brand. While responding to the Portugal challenges, we gained a big project in Turkey and we decided to open an office there. I had good contacts in Turkey, which undoubtedly accelerated and facilitated the entry in this market.*

- 4- When consolidating the internationalization process, do you feel that your commitment to the network was increasing and consequently led to further growth of the company and consolidation of its own strategies?

*Yes, it's something that we have to be prepared. I can give the example of São Paulo: With Turkey going well, the company opened in São Paulo: being Brazilian, I had many contacts there, as well as some Brazilians who worked at Torke CC in Lisbon who also had contacts there. In the beginning, I went alone to São Paulo to study if it had potential and I saw that it had so much potential that we ended up opening an agency with 10 people in São Paulo with the help of a local investor.*



- 5- How has the company been able to overcome acculturation obstacles? Do you feel that the resources provided by the network have made it possible to overcome this issue?

***Brazil is very similar to Portugal. On the other hand, Turkey is very muslim and all ideas had to be transformed. It was not worth having an international team in Turkey: it had to have Turkish people. The same goes for Brazil: it had to have local people to bring the sharing of culture. We suffered a little on the part of ideas: it works in Portugal but it didn't work in Turkey. With the pace and help of local people helping to translate ideas the company started to grow.***

## **Appendix 4– Joana Gonçalves (Delta)**

- 1- Do you believe that the internationalization of your company was a natural consequence of the networking, or the physical distance from markets was something that had an impact in your internationalization decision?

***Being a company that deals predominantly with products, Delta Cafés has been exporting to many countries for over 30 years. The first of which was Spain, due to the proximity of the company's headquarters (Campo Maior) with the neighboring country. This is also the most important foreign market for the Nabeiro Group. So yes, we can say that it had an initial impact in our strategy abroad. After this market, the Group has consolidated businesses in traditional Portuguese emigration countries: France, Luxembourg, Switzerland and Brazil. Most recently opened Dubai and China.***

- 2- Do you feel that the knowledge opportunities you have gained were greater when integrated into a network?

***The Nabeiro / Delta Cafés Group has mainly followed an opportunity that is its customers and the quality of its product. Its internationalization model does not follow the example of any other company in particular and has a pace and agenda aligned with the Group's management strategy.***

- 3- Did the knowledge of local partners make the internationalization process more efficient and faster?

***Delta's internationalization strategy is not limited to exporting products to multiple geographies. The company intends to internationalize its brands instead. Therefore, the level of monitoring and support for each market is carefully thought out and in accordance with the corporate strategy in addition, outside Portugal the brand is less well known and distributed than the domestic market,***

***so it requires redoubled marketing efforts, in particular in the promotion of brand products and communication - in order to be more relevant to the final consumer. A good example was the promotion of a product in Angola using an Angolan celebrity, increasing the engagement that people had with the brand. Today the target is not just the Portuguese communities around the world but, above all, consumers from destination countries.***

- 4- When consolidating the internationalization process, do you feel that your commitment to the network was increasing and consequently led to further growth of the company and consolidation of its own strategies?

***Yes, no question in my mind. Right now, and after the initial project of Spain, the company has a consolidated network of suppliers of various products in other geographies. Green coffee, coffee makers, olive oil, tea, beers, juices, merchandising materials, and packaging are supplied by suppliers based in various countries of the world such as. China, Spain, France, Belgium, Switzerland, Brazil, Colombia, Vietnam, Greece, Italy, among others.***

- 5- How has the company been able to overcome acculturation obstacles? Do you feel that the resources provided by the network have made it possible to overcome this issue?

***In the case of China, this is a recent market in the company's portfolio. Most of the business is done online, with the tea category far superior to the coffee category. However, Delta Cafés intends to become a relevant player now, in order to exploit the growth potential of coffee consumption in the Chinese market. We have to adapt to the cultural situation: we can't take the tea from Chinese People, but we can give them an alternative for different situations, and that is what we are exploring right now.***

## **Appendix 5– Miguel Cabrita (TKS)**

- 1- Do you believe that the internationalization of your company was a natural consequence of the networking, or the physical distance from markets was something that had an impact in your internationalization decision?

***The company started in 2008 by my partner who has been linked to the area for over 30 years and chose to open his agency in 2008. It came as the necessity to leverage the agency through my knowledge that I have, also through my experience. The so-called networking that you mention is seen in the necessity that my partner had concerning my contacts in the area, who became essential for the development of the company and the exploration of projects abroad.***

- 2- Do you feel that the knowledge opportunities you have gained were greater when integrated into a network?

***I believe so. The knowledge that I received from my partner and the insights that I provided to him is a good example of that. In any other way, the company probably would take a different path.***

- 3- Did the knowledge of local partners make the internationalization process more efficient and faster?

***Totally. In Angola, for example, the business opportunity that derived from the invitation of a local client facilitated the integration in this market tremendously. Besides, we felt the necessary trust to advance. Mozambique was quite similar, since we avoided the bureaucratic constraints that were handled by the local contact.***

- 4- When consolidating the internationalization process, do you feel that your commitment to the network was increasing and consequently led to further growth of the company and consolidation of its own strategies?

***Mozambique is the perfect example to answer this question. In 2013, when the opportunity came, I went to Mozambique to personally take care of the operations, leverage the business, etc. Fortunately, everything went well and the business goes strong. In 2015, we've also open in Macau, mainly in a more strategic point of view. Since we already had the experience from Mozambique, we didn't feel the necessity to be physically presented there and the operations were managed on-line on a more consistent basis.***

- 5- How has the company been able to overcome acculturation obstacles? Do you feel that the resources provided by the network have made it possible to overcome this issue?

***This was a minor issue, since the local contacts helped a lot with the integration. Angola and Mozambique were culturally similar to Portugal, despite being politically unstable, but the trust was there and the acculturation you mentioned was not felt in a significant way.***

## **Appendix 6– Irina Machado (Multisector)**

- 1- Do you believe that the internationalization of your company was a natural consequence of the networking, or the physical distance from markets was something that had an impact in your internationalization decision?

***The main objective of the company, in an earlier stage, was to explore the opportunities within the PALOP: it's not so much the distance, but international markets where we can establish business partnerships locally. The more culturally closer to Portugal, the better.***

- 2- Do you feel that the knowledge opportunities you have gained were greater when integrated into a network?

***Talking about the PALOP, I agree, since we always try to establish partnerships, but that was something that was not easy considering the macro-economic issues in 2012. That's why we tried to establish partnerships with local contacts that perform the same activities. It was a safer way to leave the stagnated domestic market and see how things would go from there.***

- 3- Did the knowledge of local partners make the internationalization process more efficient and faster?

***Yes, the knowledge was aligned with trust. We had both cases: We had to do some sorting in terms of the portfolio of clients in markets like Tunisia and Brazil. In other cases, like Poland, the partnerships were perfect and no constraints were founded. The Confidence growth with the provision of services.***

- 4- When consolidating the internationalization process, do you feel that your commitment to the network was increasing and consequently led to further growth of the company and consolidation of its own strategies?

***Yes. There is a learning curve. While, in the first partnership, we are playing in "unknown fields", on a second stage, we can have a better perspective of the path that needs to be taken.***

- 5- How has the company been able to overcome acculturation obstacles? Do you feel that the resources provided by the network have made it possible to overcome this issue?

***There was a language and cultural barrier, especially in Tunisia and Poland. As a way to alleviate these barriers, it was necessary to have partners who could do the actions locally. First, because they were there (cost reduction) and, secondly, had precious information that in the domestic market we could not have.***



