ISCTE Business School
Instituto Universitário de Lisboa

# THE PROCESS OF INTERNATIONALIZATION: A FAMILY BUSINESS COMPANY – A CASE STUDY OF CERINNOV GROUP

Carolina Gaëlle Delgado Sachy

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Supervisor:

Professor Alexandra Etelvina Martins Marques Fernandes

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## Resumo

O presente estudo tem como objetivo analisar o processo de transição de uma empresa familiar, num grupo internacional, nomeadamente os desafios. Para o efeito, foi adotada uma abordagem qualitativa, onde foram aplicadas entrevistas semiestruturadas ao CEO da empresa Cerinnov. Também foram consultados diversos documentos internos relacionados com a empresa. Após a análise das entrevistas, verificou-se que um bom processo de internacionalização carece da elaboração de um bom estudo de mercado, de modo a identificar os potenciais clientes, as suas necessidades, a concorrência, as condições de importação, entre outros. Assim como, que a entrada em mercados estrangeiros pode ser realizada através de feiras nacionais, filiais, aquisição direta, sendo essencial fornecer soluções diversificadas e de qualidade aos seus clientes e ter fontes de conhecimento local nos mercados estrangeiros. Contudo, a empresa também teve de ultrapassar alguns desafios, tais como a falta de apoios e a procura do parceiro ideal para a empresa.

**Palavras-chave:** Empresa Familiar, Grupo Cerinnov, Internacionalização, Mercados Estrangeiros

**Classificação JEL:** M10, M12, M16

## Abstract

This study aims to analyze the transition process of a family business to an international group, including the challenges. For this purpose, a qualitative approach was adopted where semi-structured interviews were applied to the CEO of the Cerinnov Group. Several internal documents related to the company were also consulted. After an analysis of the interviews, it was verified that a good internationalization process needs the elaboration of a good market study, in order to indetify customers, such as their requirements, competition, import conditions, among others. As well as, the entry into foreign markets can be accomplished through national fairs, affiliates, direct acquisitions, being essential to provide diversified and quality solutions to its customers and to have local knowledge sources in foreign markets. However, the company also had to overcome some challenges, such as lack of support and looking for support and looking for an ideal partner for a company.

**Keywords:** Business Family, Cerinnov Group; Internationalization, Foreign Markets

**JEL Classification:** M10, M12, M16

## List of Figures

Figure 1: Family business model........................................................................ 5

Figure 2: Three-Dimensional Model of Family Business Development.......................... 8

Figure 3: Characteristics of the family business succession process.............................. 10

Figure 4: Dimensions of Internationalization.................................................................. 16

Figure 5: Logo of Cerinnov Group.................................................................................. 30

## Table of Contents


Introduction ..... 1

Chapter I - Literature Review ..... 3

1.1. Contextualization of Family Business ..... 3

2.1.1. Differences between family and non-family businesses ..... 6

2.1.2. Three-Dimensional Model of Development ..... 7

2.1.3. Governing Bodies ..... 9

2.1.4. Succession Process ..... 10

2.1.5. Benefits and limitations ..... 12

2.2. Internationalization Process ..... 14

2.2.1. Internationalization Theories ..... 17

2.2.2. Foreign Market Entry Modes ..... 19

2.2.3. Motivations and Barriers ..... 21

Chapter II – Research Design ..... 25

2.1. Research Objective ..... 25

2.2. Qualitative Approach ..... 26

2.3. Interviews ..... 26

2.4. Processing of Interview Data ..... 27

Chapter III – Characterization of the Company ..... 28

Chapter IV – Results and Discussion ..... 31

5.1. Interview Analysis ..... 31

Chapter V – Conclusions ..... 40

Bibliography ..... 41

## Introduction

As we know, Family Businesses are an important component on the country's economic life. Due to globalization, small firms are looking for a bigger role in an international scene and an increase in their international activities earlier than before. And these activities of small entreprises are attracting the interest of scholars and researchers in the internationalization entrepreunership and small businesses growth (Andersson, Gabrielsson, & Wictor, 2014).

Geographic expansion is one of the most important activities in a company's growth because it brings new opportunities, reach a wider scale of market and contributes to value creation.

There are some reasons that lead organizations to internationalize, such as strategic opportunities, sales growth and the specific characteristics of the foreign markets. In other hand, firms face many challenges due to diferences between national and international markets and this demands new knowledge and capabilities to be acquired by the firms to successfully enter the new markets.

This way, the main objective with this project is to analyze the process of transition of a Family Business to an International Group by annalyzing challenges, means applied in the transition in the long-run and analysis of the mutations and reorganization of a company.

The history of the french industrial group CERINNOV started several years ago when husband and wife, during their studies in the ceramic university, had the idea to apply laser technology in the ceramic and glass productions.

Therefore, in this project, I will start by introducing the theme of Family Business by providing a framework of its importance, structure, its definition and characteristics. Moreover, I will deepen the main theme of this project and I will start by explaining the process of internationalization, entry methods, motives that lead businesses to pursue internationalization and barriers that businesses face.

During my research for this project I will adopt a qualitative research with semi-structured interviews to the founder of the company. Also, have access to various documents linked to the company's history from internal documentation.

In this regard, this dissertation is divided in five main parts. The first includes the literature review; the second consists in research design, where the research method is explained, as well as the steps I have taken throughout the study. In the third part, I will introduce a Portuguese Family Business, the Group Cerinnov. In the fourth part, I will describe the interview, do its interpretation and observation of data elements that will highlight the possible implications or successful aspects in the internationalization process in this type of businesses. Finally, I will submit my conclusions and final considerations.

# Chapter I - Literature Review

## 1.1. Contextualization of Family Business

The concept of family businesses emerged in the period of the first Industrial Revolution in England and in the United States of America due to the creation of pre-industrialized agricultural societies (Duarte & Oliveira, 2010).

In the 1950s, with its evolution, the concern of family businesses went through the process of succession in small businesses. Between 1960-1970, family businesses peaked, due to the importance at the socio-economic and worldwide level of the territorial development processes (Paulo, 2009).

Due to their growing importance, family businesses led in the 1980s to the creation of various entities such as the Canadian Association of Family Entreprise (1983), Family Firms Institute (1984), Family Business Research (1988) and Family Business Network (1989).

In the 1990s, family businesses dealt with other themes, such as management, family dynamics and the relationship between them (Tagiuri & David, 1996).

Nowadays, family businesses have as their main challenge, the digital age, namely, technological innovation, access to the right skills and capabilities, digitalization, Artificial Intelligence, the Internet of Things, digital production and robotics, according to the Global Survey on Family Business Enterprises 2018, conducted by PricewaterhouseCoopers (PwC, 2019).

Regarding the concept of family businesses, there is no single valid definition as each author takes his own perspective. However, for these to be considered as such, there must be a desire and expectation of continuity, both in the business environment as in the family environment (Flores & Crisci, 2012).

According to Barroso (2014), the existence of family businesses should encompass some of these requirements: the family implication of the business should be viewed as a family business; most of the property must be held by family members; business administration should be the responsability of at least one family member; there must be an intragerational transition of ownership.

For Poza and Daugherty (2013), the requirements for the existence of a family business include ownership control by two or more family members (15% or more); for the strategic influence of family members on the management of the company (e.g., consultant, board member or active shareholder) and concern for continuity across generations).

Kota and Singh (2016) share the same opinion, in stating that family businesses should be evidenced by ownership, management and the board of directors, it means, at least one family member, must have the highest percentage of shares, shall occupy top management positions and shall be associated with the board of directors.

Andersson et al. (2018) add that family members should have at least 20% of the decision-making rights of companies, as well as, whether family affinity relationships (blood, marriage or adoption) and board membership should be verified.

As for the characteristics of family businesses, these can be described as the oldest and most predominant form of the various types of business that exist (Alves, 2015; Comi & Eppler, 2014).

Being one of the most prevalent types of companies in the business context makes them a key element in the creation of each country's global wealth (Bammens, Voordeckers & Van Gils, 2011; Ramadani, Fayolle, Gerguri & Aliu, 2013).

This means that the contribution of family business is relevant to gross domestic product (GDP), job creation, and social and economic development (Brighman, 2013; de Oliveira, 2017; Marques, 2018).

For Csákné (2012), what caracterizes family businesses is that they want to pursue family business, family ownership and management, as well as commitment, family financial independence, risk aversion, long-term approach, nepotism and non-hiring of unfamiliar managers. This means that family businesses want to master the culture and behaviors of family members while defining intra-organizational relationships in order to achieve competitive advantages (Gómez-Mejia et al., 2011).

In order to understand how family businesses are governed and managed, Basco and Rodríguez (2011) developed a model based on four key areas: strategic process, succession, human resources and the board of directors (Figure 1).

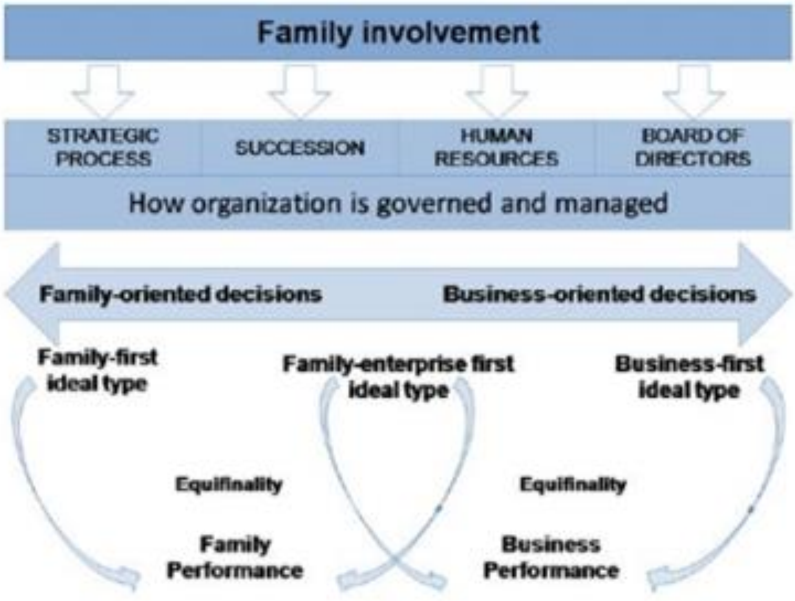


Figure 1: Family business model
Source: Adapted from Basco and Rodríguez (2011)

Figure 1 shows that the strategic process and succession encompass family-oriented decisions, while human resources and the board encompass business-oriented decisions. The strategic process refers to the family's mission, vision, values, goals and long-term goals. Succession referes to choosing a sucessor to ensure the continuity of the business. In human resources, relationships with the company's stakeholders are defined (customers, suppliers, state, among others). Lastly, the board refers to the member with the largest capital, who is usually the founder and CEO of the company.

In this regard, Bennedsen, Fan, Lian and Yedha (2015) classify family businesses into four types:

- *Closely held firms*, occurs when all hierarchical superiors are members of the same family, that is, privately held companies;
- *Family firms*, when all superiors are members of the same family, although decision-making rights are the responsability of unfamiliar professionals;
- *Family-driven firms*, occurs when family members own a minority of the property, while the management of the business remains their responsability;
- *Professionally managed firms* occur when family business ownership is professionally managed, even though family members are no longer in business.

Following this will be the main diferences between family and non-family businesses.

### 2.1.1. Differences between family and non-family businesses

As previously stated, family businesses are characterized by the existence of family relationships in the business, as well as, by the close relationship between the family and the business. According to Mandl (2008) and Acquaah (2013), this is one of the main aspects that differentiates family businesses from non-family businesses, since non-family businesses are run by the owner or a manager.

As for the goals, family businesses favor non-financial goals, which include socio-emotional goals, such as family lifestyle, affection, intimacy, altruism, family obligations, family values, commitment to local communities. In turn, non-family businesses value financial goals more, such as profit, revenues, among others (Acquaah, 2013; Mandl, 2008).

Regarding company size, Kota and Singh (2016) mention that family businesses are smaller, have fewer total assets and less revenue, compared to non-family businesses that have larger dimension, more total assets, more revenues, higher market capitalization, higher interest coverage rate and higher employee hiring.

These data also proven through the study performed by Casillas et al. (2013), which shows that when family companies have poor results, they usually increase or maintain the number of employees, opting instead to decrease assets and divestment, since they are more flexible and agile than non-family companies.

In performance, family-owned businesses outperform non-family-owned businesses, as family-owned businesses tend to be more concerned with reputation, long-term continuity and innovation in products and services (Pindado & Requejo, 2011).

Regarding business orientation, Mandl (2008) argues that family-owned businesses are based on long-term sustainability and *stakeholder* satisfaction, while non-family-owned businesses maintain their focus on profit, growth and satisfaction of owners and shareholders in the short term. This shows that family-owned businesses plan and run businesses that are thinking of the future for future generations, while non-family businesses only live in the presente moment and care more about financial assets.

In the capital structure, family businesses tend to make less risky decisions than non-family businesses, leading them to have less debt, greater fear of losing control within the company and less receptive to new shareholders (Vieira, 2014).

To summarize, the main diferences between both companies are that family businesses value long-term social relationships, trust and loyalty, reputation and corporate image, social responsability, quality of products and services, motivation and satisfaction of employees, maternalism and paternalismo towards family members, family obligations, among others (Mandl, 2008).

### 2.1.2. Three-Dimensional Model of Development

The three-dimensional family business model, according to Lisboa (2018) and Marques (2018), encompasses the interaction and overlap of three groups: property, business and family, which justify the relationship between family and business, in a way that it recognizes their internal conflicts, dillemas, weaknesses and strenghts.

According to González et al. (2012), the structure of family businesses is influenced by the degree of family involvement in management, ownership and control, that is, the greater the family involvement in business management, the lower the tendency to take risky decisions and the greater desire for continuity and survival of the company.

Thus, the family’s position on the boards has a negtive impact on the company’s indebtedness, as the family takes more direct control over management, which consequently reduces the need for indebtedness (González et al., 2012).

In this perspective, Gersick et al. (2006) outlined a three-dimensional model of family business development (Figure 2).

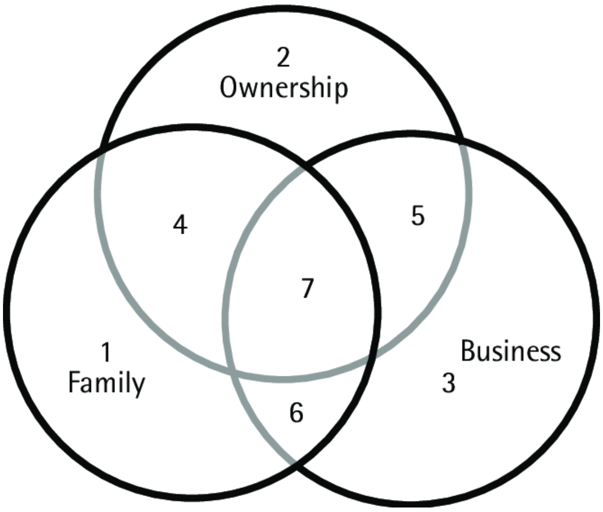


Figure 2: Three-Dimensional Model of Family Business Development
Source: Adapted from Gersick et al. (2006)

In figure 2, it is observed that the model delimits the sources of conflict, dilemmas and priorities of family businesses, that is, it shows the changes that each circle undergoes when members enter and leave during the companies’ life cycle (Gersick et al., 2006).

Thus, the following shows the meaning of each number:

1) Family members who are neither owners nor employees in the company;
2) Members who have interests in the capital stock but are neither owners nor employees in the company;
3) Employees who are neither owners nor family members;
4) Family members who have equity interests but who do not work in the company;
5) Members with equity interests who work in the company but are not part of the family;
6) Family members who work in the company but have no equity interests;
7) Family members who have equity interests and who work in the company.

In this line of thought, the following will describe the main governing bodies of family businesses.

### 2.1.3. Governing Bodies

According to Gallo and Ribeiro (1996), the concept of governing body corresponds to a group of people that privileges the performance of the responsability structure, with their individual and work skills, which are performed in teams.

For Pérez and Gutiérrez (2016), the governing body encompasses the structures and processes that control companies, from relationships between top management, controlling shareholders, minority shareholders, to other stakeholders.

Due to its comprehensiveness and specificity, each family business assumes its own management style, where the positions of family members are defined, considering their characteristics, both in terms of behavior, as well as the level of wishes and business motivations (Costa & Valdisser, 2017).

As for the main governing bodies of family businesses, Gallo and Kenyon-Rouvinez (2005) and Suess (2014) highlight that the board of directors, the CEO and management. The board of directors is appointed by the owners at the annual shareholders' meeting to exercise control and to advise the CEO and management. In turn, the CEO has the responsability of directing the annual shareholders' meeting, where the company's financial situation is disclosed, within a certain period. The management, in turn, is responsible for the business performance, as well as for the disclosure of the duty to inform the board of directors.

In the conception of Barroso (2014) and Pérez and Gutiérrez (2016), the exclusive governing bodies of family businesses are: family reunion, family assembly and family council. The family meeting is an informal meeting between the owner and his/her spouse, where a debate is held on family issues, including family culture and values. The family assembly is made up of all family members, whether or not employees in the company, whether or not they own it. At the family assembly, a meeting is held, which presents various topics related to the situation of the company. In turn, the family council refers to a body that controls the functioning of the business family and its relations with the company, and can presente current topics, such as topics of future interest. Family council members are appointed by the family assembly.

After describing the main governing bodies of family businesses, it is important to clarify the succession process, one of the biggest challenges for family businesses, according to Barroso (2014).

### 2.1.4. Succession Process

The concept of succession can be understood as a process of transferring shareholder control from the owner to a family member, or to a member outsider the family, in the event of sale of the company (Bennedsen et al., 2015).

From family business creation to succession, sale or closure, four life cycle phases can subsist, according to Barroso (2014): 1) First generation or foundational period; 2) Second generation or sibling company; 3) Third generation or cousin company; 4) Fourth generation or grandchildren company.

For Marques (2018) there are three generations, the first being created by the company's founder, while the second is managed by the founder's children and the third is managed by several family members (Figure 3).

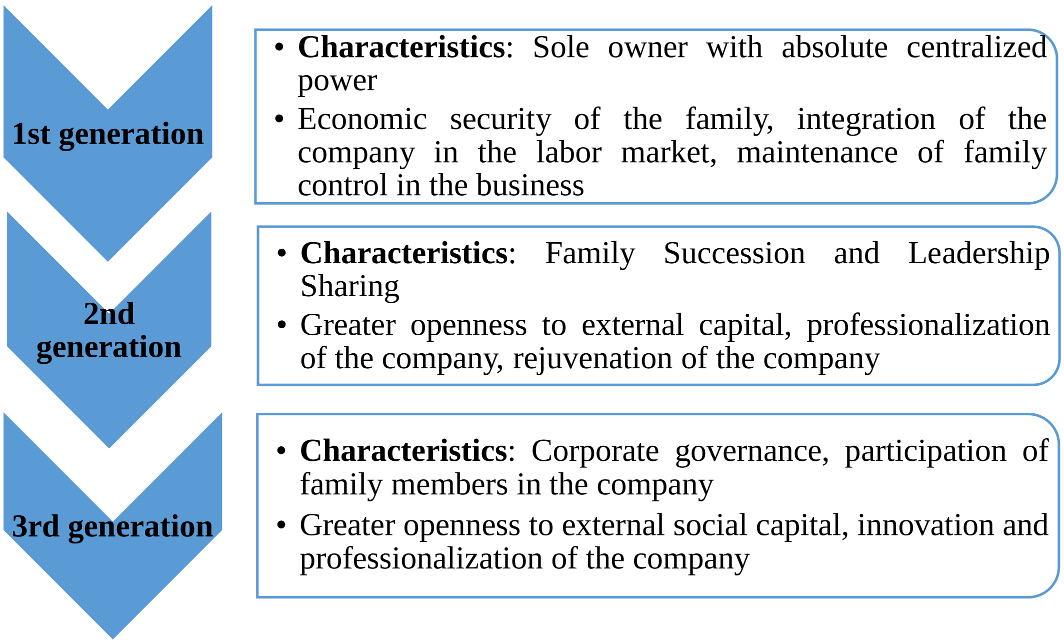


Figure 3: Characteristics of the family business succession process
Source: Adapted from Marques (2018)

Figure 3 shows that the first generation occurs when the founder creates the business and plans the company's growth and market integration, so there may be control and aversion to the entry of new people outsider the family (Bennedsen et al., 2015).

In the 2nd generation, children enter the company, and can simultaneously manage the company with their father, for a certain period, until they get used to the business, the market and products and services (Bennedsen et al., 2015).

In the 3rd generation, there may be a Consortium between cousins, that is, the founder's grandchildren, or the sale of the company, leading to the loss of its identity, since there are several interests and goals, both organizational and individual (Bennedsen et al., 2015).

In this regard, Aronoff et al. (2011) enumerate different types of succession: planned, unplanned, due to death or illness, gradual, sudden or external. In gradual/ progressive succession, this happens with the transmision to the child, who may have gained prior experience through working with the owner. When the owner does not want to transfer the company, naturally to the child, there is a postponement of powers, which can lead to lack of interst, abandonment of the position or inexperience on the part of the child. In turn, when succssecion is sudden, there may be congruences between the various family members. When the succssecion is external, the unfamiliar manager can guide a family member who is still in the company.

Thus, for succession to be successful, it is essential to be carefully planned, considering all the characteristics and behaviors of family members, until the most suitable member to occupy the position is found.

It is also essential to follow some leadership-related requirements, such as: acquiring experience outsider the family business; the development of a medium and long term strategic plan; extend decision-making to more family members; consolidate the role of the board of directors; elaboration of a plan by current generation to avoid unforeseen future (Von Au, 2016). The same authors also list some property-related requirements, such as: timely initiation of the succession process; improve communication; know the laws of the succession process; have adequate training enabling them to perform their duties with the appropriate skills and abilities.

Even where succession is successful, family businesses should beware of certain situations, such as kinship rules. Paraphrasing Pérez and Gutiérrez (2016), marriage unites, inheritance separates, and ownership remains, it means, the continuity of family businesses should be impartial so as not to harm business or family relationships.

Beyond this barrier, the authors of Massi set al. (2008) classify succession limitations into five types:

1) Individual factors associated sucessor motivation, namely the difficulty in delegating responsabilities and transmitting knowledge;
2) Relational factors associated with relationships between family members and non-family members, which occurs when the owner chooses to transmit the succession to only one child, valuing the male gender;
3) Financial factors associated with high indebtedness, which leads to the company's unsustainability in the future, endangering its survival;
4) Environmental factors associated with changes in the national political context, especially policies of increased spending, reduced economies of scale and contractual changes with customers, suppliers, banques or the state;
5) Process changes associated with poorly planned sucessor actions, which include lack of experience and knowledge, owner pressure, lack of vocation, and predominance of emotional rather that rational side.

To recap, in order for the succession process to take place naturally and fairly, the owners or founders must create na environment where trust, loyalty, commitment, good family relationships, as well as, a team of members able to take up the position, either with the most appropriate skills and knowledge, or with the capacity for technological innovation, enabling them to ensure the continuity, survival, differentiation, personalization of their products and services and therefore a good image and reputation with its customers and other stakeholders.

### 2.1.5. Benefits and limitations

In this part, the main benefits and limitations resulting from family businesses are mentioned.

As presented throughout this paper, family businesses play an important role in the economy of the countries, regions and places in which they operate, and their benefits can be classified as economic, social and technological.

Economic benefits include wealth creation; the increase in GDP; the recognition of potential business areas; the fact that these companies belong to most domestic companies (between 70-80%); the employment of 50% of the workforce; strenghtning the development of local economies (Andersson et al., 2018; Marques, 2018).

Social benefits include: the creation of new job opportunities; greater territorial cohesion; the preservation of family history; long-term intergenerational knowledge transmission; the fact that they are a brand and image that remains over time; maintaining high commitment, dedication, social responsability, long-term vision and greater responsiveness in decision making (Andersson et al., 2018; Barroso, 2014; Marques, 2018).

In turn, technological benefits include: increased technological innovation; economic dynamism in the services and ICT sector; better ways of working; higher quality of products and services; decreased production time; investment in research and development (R&D) activities, among others (Andersson et al., 2018; Marques, 2018).

Regarding the limitations of family businesses, Barroso (2014) states that these companies are more rigid and conservative, with a greater tendency for interests and corporate culture to be contradictory, which may lead to a poorly planned succession and, consequently, not succession and continuity of generations. This is because successors do not have the same ambitions and expectations as the business owner (Pérez & Gutiérrez, 2016).

For Costa and Valdisser (2017), these companies have many hierarchical superiors and few employees, which causes conflicting relations in the choice of each family member for each position, which should be mediated by their governing bodies, so as to maintain business transparency (Pérez & Gutiérrez, 2016).

Other limitations are described by Gutiérrez-Broncano et al. (2013) and Gersick and Feliu (2014), where they stand out: occurrence of dysfunctional conflicts; inadequate organizational structure; difficulty in delegating the functions, rights and duties of each family member; abuse of power by the owner; abuse of trust by family employees; lack of communication; lack of performance appraisal systems; non-use of formal human resources practices; absence or ineffectiveness of the training system.

In this regard, Marques (2018) suggests that family businesses are more risk averse, leading them to invest less in the long run and not being innovative enough to compete with other businesses and overcome resistance to change by part of the owner. The same author also lists other limitations, such as: weight of tax burden; ambiguity of the economic and financial contexto, lower profit and sales compared to other companies.

In short, for family businesses to maximize their benefits and address their limitations, it is crucial that they focus on three aspects: separation of family and business interests; definition of a medium and long term strategic plan; existance of a plan for the preparation and training of the sucessor prior to succession itself. If companies take these steps, then they will be able to value their customers, diversify products and services, maintain their brand in the market, maintain competitive prices and be more responsive to future challenges (Marques, 2018).

## 2.2. Internationalization Process

The concept of internationalization has been subject of constant and growing changes, both economically and socially, as companies need to ensure their survival and continuity in an increasingly competitive market (Kontinen & Ojala, 2010).

In addition to the competitiveness factor, there are other factors such as business uncertainty, the desire to maintain adequate financial liquidity, the dynamization and sustainability of family business, among others (Stal, 2010; Patel et al., 2012; Pérez & Gutiérrez, 2016).

This process assumes such relevance in companies, that from micro companies, small and medium-sized entreprises (SMEs), to large companies, all want or are required to consider their internationalization, in order to obtain advantages, nationally and internationally (Cerrato & Piva, 2012; Rodrigues & Child, 2012; Singla & George, 2013).

In this regard, Barroso (2014) states that companies, when considering and planning their internationalization, must develop a business growth and development strategy that allows them to enter the international market, but at the same time, ensure their survival and continuity in the national market.

Internationalization is not limited to selling products or services overseas, but rather introducing their products, technologies and management methods, as well as investing in R&D, obtaining new business expansion ideas, always considering the values, principles, culture and norms inherent in the company (Stal, 2010; Filho et al., 2011)

For this reason, especially in family-owned companies, internationalization must be carefully considered and planned, as these companies have particular characteristics that differ from other companies. In family businesses, one of the things to consider is ownership, which can increase or decrease the degree of internationalization.

According to Sanchez-Bueno and Usero (2013), property influences the degree of internationalization, as the higher the level of family ownership, the lower the degree of internationalization. This may be justified by the lack of separation between ownership and management, which occurs when managers are risk aversive, this means, fear of losing the investment made in the company, leading them to disregard the theme of internationalization (Cerrato & Piva, 2012).

The authors Muñoz-Bullon and Sanchez-Bueno (2012) share the same opinion, because the higher the family ownership level, the greater the organizational culture, values and traditions, which makes owners or managers not interested in the internationalization of the company.

In other hand, if the family ownership level is moderate, then it may increase the degree of internationalization, as owners may be afraid of increasing competitiveness and subsequent fact that they will be overtaken by other companies (Sciascia et al., 2012).

Another characteristic of family-owned companies is the difficulty in selecting members for each position, which makes internationalization difficult, since during the beginning of the process it is advisable for the company to recruit external people who recognize the international market, namely their weaknesses, strenghts, opportunities and threats. (Sciascia et al., 2012).

This will imply changes in the planning and control system, as well as in the organizational culture, the way business is run and the overall structure of the family business (Gomez-Mejia et al., 2011).

For better understanding of the internationalization process in family businesses, Cerrato et al. (2016) have the following dimensions (Figure 4).

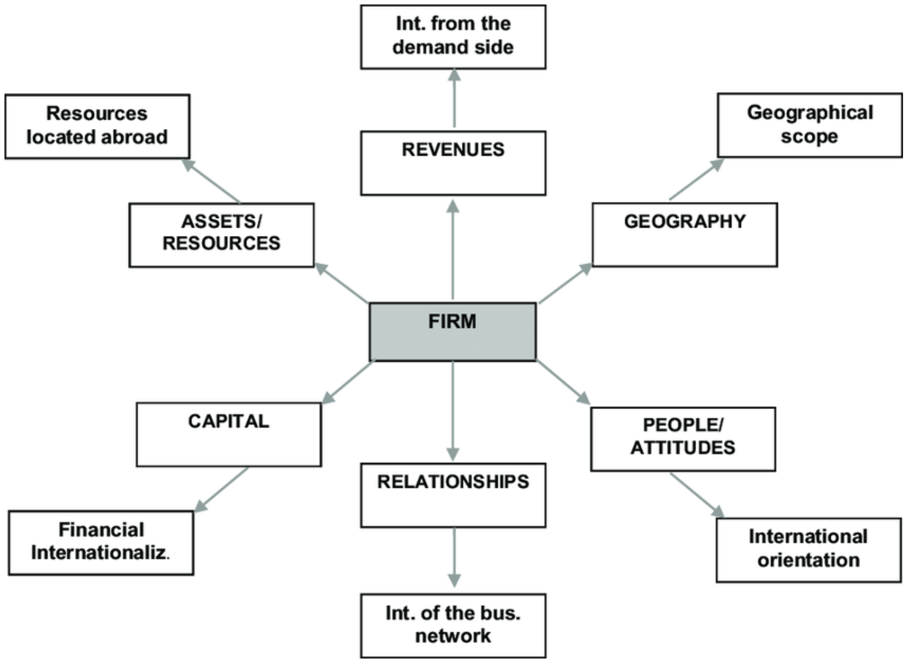


Figure 4: Dimensions of Internationalization
Source: Adapted from Cerrato et al. (2016)

In Figure 4, there are six main aspects that should be considered when planning internationalization: revenues, assets/resources, capital, relationships, people/attitudes and geography. Within these aspects are the respective types of internationalization.

In internationalization of the demand side, it is evaluated by the proportion of foreign sales, which will generate revenues. In assets located abroad, assets and employees abroad must be considered. In capital, the company assesses which of its financial resources allocates abroad and how much foreign equity capital exists in the company. In relationhips, the company can assess the need to hire foreign employees who have experience at the country level where the company operates. In people/attitudes, the company can count on its managers who are abroad, to share their experiences, motivations and attitudes. In turn, geography encompasses the number of countries where the company has affiliations.

### 2.2.1. Internationalization Theories

Regarding internationalization theories, they present strategic factors that facilitate the internationalization process, guiding family businesses to their proper implementation. According to Pukall and Calabrò (2014), these theories can be viewed from four perspectives:

1) Heterogeneity of the family business, which is verified by the number of members involved in management or who are presente on the board. From this perspective, founders tend to invest locally, which may influence foreign investment decisions;
2) Internationalization process, where the mode of entry of companies in the foreign market is observed, as well as possible resistance to change;
3) Relationship, in this perspective, the founders try to balance the lack of essential resources for intrnationalization, using family resources;
4) Resources and capacity, where companies seek to maximize their resources in order to avoid indebtedness or sale of part of the company.

As for the theories themselves, Pereira and Pinto (2017) classify them into three categories: economic approach, phased approach and explanatory approach.

Economic approach is for companies to be able to maximize their resources and achieve greater financial returns (Dunning's Internalization Theory and Eclectic Paradigm).

The Internalization Theory was developed by Buckley and Casson (1998), based on market imperfecions, with the goal that companies obtain greater efficiency in the organization of their activities.

According to Buckley and Casson (2009), in this theory, companies consider the advantages offered by each country, pondering on the best way to implemente the internationalization process, instead of resorting to subcontracting in foreign markets, allowing them to maximize benefits.

Dunning's Eclectic Paradigm or OLI Paradigm (*Ownership-Localization-Internalization*) was conceived by Dunning (1988) to identify competitive advantages that enabe companies to create more value, maximize revenue and lower costs, considering the international context.

Dunning (2000) mentions that in the OLI Paradigm, companies consider tangible and intagible assets, especially brands, technology, human capital, natural resources, labor, infrastructure, country policies, costs and benefits of various economic activities (Dunning, 2000).

In the phased approach, the internationalization process is carried out gradually (Uppsala Model).

The Upssala Model was developed by Johanson and Wiedersheim-Paul (1975), having been reformulated by Johanson and Vahlne (1977), it is based on the behaviors, attitudes and perceptions of companies that intend to implemente the internationalization process. This model argues for an interaction between the knowledge gained about foreign markets and the company's commitment to decision-making and business operations.

In the explanatory approach, in turn, companies try to explain the reasons that leas them to consider internationalization (How? Why?). These companies are referred to as "Born Globals" or "International New Ventures", whose characteristics extend to size as they are recent and small and medium sized companies, marked by a dynamic, ambiguous, competitive, accelerated and high rosk environent (Pereira & Pinto, 2017).

Costa and Alam (2019) argue for the existence of seven theories (four economic and three behavioral). Economic theories refer to Market Power Theory, Product Cycle Theory, Internalization Theory, and the OLI Paradigm. Behavioral theories include the Uppsala Model and the "Born Globals" model in companies.

The Market Power Theory argues that companies should agree on the best internationalization strategies to implemente to expand, considering market aspects such as interst, profits, mergers, acquisitions, among others (Hymer, 1960).

Product Cycle Theory follows the product life cycle, namely introduction, maturity and standardization. By the time companies reach standardization, they are stabilized with monotonous work processes, cheap labor, and a region with available inputs (Vernon, 1966).

Following, the various modes of entry into the foreign markets will be presented.

### 2.2.2. Foreign Market Entry Modes

Companies, when considering and planning the internationalization process, should try to look at all the characteristics of the country in which they wish to enter, in order for the process to go successfully and to allow them to differentiate themselves from other companies, to define relationships with potential customers, suppliers and other stakeholders, reduce costs, among others (Brito & Brito, 2014).

When companies are already decided on the aspects mentioned above, it is time to opt for the market entry strategy. According to Martín and López (2015), companies can choose to:

- Resort to export products, directly or indirectly

In the case of exports, this becames more relevant, especially for small companies, as they have limited resources to produce abroad. It may also happen that companies do not adequately know the foreign market, so they are more averse to making risky decisions (Martín & López, 2015).

Companies, by choosing to export, can enjoy a set of benefits such as: lower investment value, lower risk, ease of operating procedures, knowledge of the characterisctics of foreign markets, among others. However, they are also subject to limitations, such as: transportation costs, barriers (language, tariffs, policies, etc.), higher production costs in the companies' country of origin, among others (Martín & López, 2015).

If companies use direct exports, then they will be reponsible for the elaboration of the whole process, as well as the definition of distribution, promotion and pricing strategies. Already, if companies resort to indirect export, then they will hire intermediar agentes, which will facilitate the export process (Martín & López, 2015);

- Resort to importing products

Companies importing their products want to gain some competitive advantages, such as: reducing production costs, investing in technological innovation, acquiring new knowledge and skills, diversifying suppliers, betting on product quality, among others (Sousa, 2011);

- Celebrate partnerships abroad through licenses and franchises

According to Martín and López (2015), licenses consist of granting to another company the right to use certain knowledge, proprty rights, trademarks, patentes, standards, formulas, among others. With licenses, companies achieve a low level of risk since the risks are the responsability of the licensee. Nevertheless, companies opting for licences are losing their ability to control, which may lead to a loss of concentartion and orientation of foreign operations.

As for franchises, these occur when the franchised company requests authorization from another company (franchisor) to market or produce a certain product or servisse, depending on a business model developed by the franchisor and its norms and business rules (Hill, 2011). The advantages of franchises include the low cost, low risk of developing business expansion, name and brand promotion. However, franchises can also lead to diminished control over both production and technology, quality and business management, as well as increased transaction costs during prospecting and negotiating with partners from each external country (Martín & López, 2015);

- Other ways of entering the foreign market

In these forms, are evident mergers, acquisitions, sole ventures (full ownership) or international comercial representation (Martín & López, 2015).

According to Martín & López (2015), mergers occur by linking the assets and operations of two or more companies, located in different countries, that will give rise to a new corporation.

Company acquisitions can be made in whole or in part, allowing resources, skills and knowledge to be transferred so that adaptation to the new business is successful.

Fully owned companies correspond to companies belonging to a single company or group of companies, it means, a company in the foreign market is acquired by a Portuguese company, where the Portuguese company appropriates all the structure and resources of the company in the foreign market.

Finally, international comercial representation occurs when contracts are celebrated between companies with limited or scarce resources or unable to acess foreign markets. This representation can be given at the physical level, through agentes, intermediaries or sales representatives, or at the legal level, through brokers and trading companies (Vassalo, 2015).

Following is the last part of this chapter, which will list the main motivations and barriers that family businesses must maximize or overcome in the internationalization process.

### 2.2.3. Motivations and Barriers

As explained above, the internationalization process can be beneficial for family businesses as it allows them to define a long-term strategy based on innovation, new technologies, knowledge and skills sharing, more informed decision-making, among others (Kontinen & Ojala, 2010).

Marques (2018) states that family businesses should make an effort to be able to position themselves in the foreign market, because only in this way they will be able to maximize their resources, business areas, the development of new quality products and services, and increase the business volume, ensure their survival and continuity in the national and international market, invest in the qualification of its employees, increase production capacity, among others.

To achieve these competitive advantages, family businesses should create an enabling environment for relationships with their customers, suppliers, partners, society in general, based on trust, respect, commitment and professionalism (Patel et al., 2012; Kontinen & Ojala, 2010).

These relationships may be initiated through friends, family or acquaintances residing in the country to be explored, as well as through the formation of aliances and business networks (Patel et al., 2012).

According to Bartlett and Beamish (2010), the motivations that drive family businesses to implement the internationalization process can be classified in two groups: traditional and emerging.

Traditional motivations are related to market demand, resources and efficiency, that is, companies to be successful in the foreign market must look for raw materials, labor, good prices and quality in their products and services.

Emerging motivations, in other hand, refer to the competitive positioning, which leads to the creation of market imperfections, that is, companies optimize existing imperfections, so as to stand out before their competitors.

For Mwiti et al. (2013), the motivations can be internal or external. Internal motivations include internal stimulation, such as: economies of scale, entrepreneurship, offering quality products and services, this means competitive advantages.

In other hand, external motivations refer to companies' responsiveness to market pressures.

In this regard, Teixeira et al. (2013) list five types of motivations by which companies choose to internationalize:

- Endogenous

These motivations include the need for company growth, which leads to maximization of productive capacity, from which economies of scale are obtained, as well as explored skills and technology, which will face the diverification of risks by companies.

- Market characteristics

The characteristics of the markets refer to the domestic market boundary and the perception of dynamism that companies have about foreign markets.

- Relational

In the relationship with the foreign market, companies must have a fast and effective responsiveness, which allows them to face their competitors, as well as to follow up on customers.

- Access to resources abroad

Entreprises when accessing resources resources abroad are motivated to produce more and better as production costs are lower abroad.

- Governernment incentives

In incentives, companies can count on technologicam support, state financing line, among others.

Despite the various motivations, family businesses should also be able to face some limitations inherent in the internationalization process. One of the main limitations is the geographical and cultural distance, namely in terms of education, language, politicas, economics, ethics, among others (Cerrato & Piva, 2012). This means that if companies do not know the legal and tax bases of the target country of internationalization, they may waste resources that will be necessary for this process to be fruitful (Figueira-de-Lemos et al., 2011; Marques, 2018).

With this distance, companies are more afraid and aversive to making risky decisions, because they do not know if they will be beneficial or will harm the company, that is, whether they will contribute to maximizing opportunities, expanding the business or increase in revenues, or on the contrary, these decisions will make companies more vulnerable, or not allow to maximizing opportunities (Costa & Santos, 2011).

Beyond distance, companies may also suffer from the notion of non-continuity of family traditions and identity, which influences socio-emotional wealth, the emergence of family conflicts and the fear of losing the company's ability to control (Kontinen & Ojala, 2010; Patel et al., 2012; Pukall & Calabrò, 2014).

For this reason, companies must reorganize their structures, systems and processes in order to maintain tradition and socio-emotional wealth in the medium and long term (Lin, 2012). However, with this reorganization, family members may be resistant to change as they have to deal with new technologies, new ways of developing products or services, difining new strategies, among others (Stal, 2010).

Emotional wealth, on the one hand, is a positive sign that family businesses are in good health; on the other hand, this wealth can also have a negative influence on family property. This means that usually within the same family, people are often selfless and supportive of each other, but in business, these attitudes can undermine and exacerbate the true needs of each family member (Sanchez-Bueno & Usero, 2013).

Also, regarding property, Gomez-Mejia et al. (2010) mention that family businesses express risk aversion, as well as the use of financing and subsequente indebtedness, since most financial resources are used to cover basic expenses. However, in the process of internationalization, these companies will spend a lot of financial resources at the beginning, until they are established and able to recover the invested resources.

Given the above, it can be said that the internationalization process can be an asset for family businesses, if they know how to act properly, from the conception of the idea, through planning, to the implementation of the process itself.

# Chapter II – Research Design

In this chapter, we approach the research methodology, namely the qualitative approach, through the application of semi-structured interviews. These interviews will be applied to the founder of the company, Arnaud Hory.
After having approached the board of direction of the Cerinnov Group to inform about my decision of presenting a paper about the project here presented, I was proposed to do two internships. One in the headquarters of the firm in Limoges, France, and other in their subsidiary firm in Leiria, Portugal. These two internships will allow me to do direct observations of the company and to formulate and apply semi-structured interviews with a flexible guide allowing open answers. I will be able to interview the CEO and founder of the company.

In a second phase of my research, I will have access to various documents linked to the company's history from internal documentation, information accessible from the internet (company's website), newspapers, YouTube and social media.

## 2.1. Research Objective

The main objective is to analyse the process of transition of a Family Business to an International Group. Following these objectives:

- Analysis of means applied and challenges in the transition in the long run of a family business to an international group with international branches;
- Identification of the decisions taken to answer the needs to revise the organizational board;
- Analysis of the mutations and reorganization of a company;
- Identification of the cultural changes of the company after entering the stock exchange.

## 2.2. Qualitative Approach

The qualitative approach occurs when the researcher's interest is directed to the meaning of things, having as a natural environment the field of observation, without manipulating the variables, where the main research instrument is the researcher (Turato, 2005).

The same author argues that the qualitative approach allows further data collection, since the researcher is close to the study sample. However, it does not allow the generalization of the results obtained, as it does not quantify the cause-effect relationships, it means, each situation is unique and cannot be replicable.

There are differences between qualitative research and quantitative research. Qualitative research is used in motivational research, when we want to understand attitudes, behaviours and motivations. Quantitative research uses numbers and percentages within the constraints of a given sample (Barnham, 2015).

## 2.3. Interviews

The concept of interview can be understood as one of the most used data collection techniques, where there is verbal interaction between the interviewer (researcher) and the interviwee. Interviews can be conducted in person, or through telefone, e-mail, social networks, among others.

According to Nunes (2010), the interview allows the collection of information, opinions or needs on a particular theme, as it presents more flexibility compared to other data collection techniques.

In this dissertation, semi-structured intervies will be applied. According to Wahyuni (2012), semi-structured interviews allow the sharing of perspectives, stories and situations experienced by the interviewees, about the phenomenon observed by the interviewer.

Some of the main advantages of interviewing are the focus on the situation or theme under study, the flexibility of data and the insights obtained from casual inferences. The disadvantages, in turn, inculde the fact that it can generate biases in the questions or answers, as well as having controlo ver the data collected and leading to incomplete answers (Yin, 2014).

## 2.4. Processing of Interview Data

Semi-structured interviews lack the planning and elaboration of interview questions, the interview guide, and how the process will take place (Wahyuni, 2012).

At the beginning of the interview, the researcher should explain clearly and briefly the purpose of the interview, confidentiality, anonymity and voluntary nature, as it cannot (or is not ethical) to compel anyone to respond to an interview. After authorization by the interviewee, the interviewer can start the interview (Wahyuni, 2012).

At the conclusion of the interview, the researcher should collect the data obtained and transcribe it, which should be done flexibly and generally, so that clear and concrete answers can be transmitted (Bardin, 2009).

Subsequently, a thematic analysis is performed by categories, where the answers are categorized according to the questions. In the discussion of the results, quotes from the interviewee will be used to corroborate the objectives of this dissertation.

# Chapter III – Characterization of the Company

The history of the French industrial group CERINNOV started several years ago when husband and wife had an idea during their studies in the ceramic university, located in Limoges, to apply laser technology into the ceramic and glass productions.

They created the process of laser sintering of mineral pigments while studentying. After getting their graduation as ceramic engineers, they created their first company named Cerlase.

This small family business grew very quickly developing a specific marketing approach B2B. Slowly the company grew employing several technicians. The owners took care about the administrative and commercial tasks.

Few years after, they took part of the leadership of another French company producing machinery for the ceramic and glass industry. Very quickly they decided to buy the company named Elmeceram, then CERINNOV borned as a European manufacturer leader to define, built and setup the equipment.

For the delivery of complete plant projects, they took the decision to buy another company producing kilns.

They had the opportunity to buy a French-German company named Wistra with a factory with about 25 people in Limoges and a commercial office with about 4 people in Germany, in Cologne. This company was engaged with the sale and manufacture of technical ceramic ovens for temperatures between 1400 and 2000 degrees.

In the meantime, they created a factory in Denver Colorado to supply machinery to the American and Mexican markets.

To be able to sustain the investment, CERINNOV entered the stock exchange with the income of near 9.2 million Euros in june 17$^{th}$ 2016.

With this capital and because the cost of manufacturing of the machines and kilns in France was too heavy for the competitivity, CERINNOV was looking for a place to create a filial abroad.

Because of the historical tradition in the production of ceramics and glass and proximity, Portugal was the most obvious choice. They began to consider buying a factory or land to build in several cities in the country, mainly in central Portugal. At the same time, they started a partnership with a local oven manufacturer with extensive experience in ceramics, glass and heat treatment. This company, named Ceramifor, former, Fornocerâmica, started its activity in 1982. After several attempts to reach an agreement, CERINNOV bought Ceramifor, retaining all the company's staff and people.

In order to adapt the available facilities and spaces of the factory, CERINNOV has initiated an expansion plan of about 3000 square meters.

To complement and diversify its activities, CERINNOV buys in june 2018 the company Cristallerie de Saint-Paul, near Limoges. This company manufactures and sells consumables, namely ink and dyes for the ceramics and glass industries. Thus, CERINNOV strengthens its project to provide complete solutions from machines, ovens and consumables.

In 2019, the group made the decision to close affiliations in Germany and England. These two companies that mainly provided after-sales service no longer had sufficient revenues to support their expenses. After-sales services would then be provided by companies in Limoges and Portugal.

Since the beginning of 2018, the group started a complete restructuration of all the departments in France and all the companies of the group on the production, management, marketing and commercial departments.

With this strategy of diversification and integration of various companies and technologies, the CERINNOV group has concolidated its ability to provide key solutions, becoming one of the most capable players in providing the various markets with compact and modern solutions with various levels of technology from less automated equipment, to completely robotic lines.

Within its structure, the headquarters and the research and development department of the group are placed in Limoges.

The subsidiary in Portugal becomes the largest production site of the group with constant hiring of people and equipment manufacturing.

Figure 5: Logo of the Cerinnov Group

Thus, the main idea of this project is to study how a small Family Business turns into an international company, its motivations and the entry methods adopted.

## Chapter IV – Results and Discussion

In this chapter, we analyze and discuss the results obtained from the semi-structured interview. Firstly, the answers will be presented for later discussion, from the perspective of several authors.

### 5.1. Interview Analysis

The interview was applied to the CEO of the company, male, has 49 years of age, who has been working at the same company for 22 years.

Table 1 shows the questions ans their answers in order to gain na overall understanding of them.

Table 1: Interview to the CEO of the Cerinnov Company

| **Interview to the Cerinnov Company's CEO** | |
|---|---|
| **Questions** | **Answers** |
| 1. What do you think is the purpose of internationalizing a brand? | "The purpose of internationalization will vary from company to company, depending on your development model, your industrial and commercial strategy and the means used to achieve your goals. In the case of Cerinnov, internationalization was the acquisition of companies that already had offices or agents in several foreign countries. The purpose of our internationalization was to reach new markets and thus, maintain a regular order volume to enable them to grow and thus make investments by setting up their own subsidiaries to market our products but also, later, to locally manufacture the same equipment and thereby lower production costs, increase our competitiveness against local competition and reduce lead times." |
| 2. What is the motivation for internationalization? | "The motivation for our internationalization was the two economic crises in 2003 and 2008. We understood at that time that we should diversify markets because our industry goes through cyclical phases of investment that can be very long. Our clients are industry groups and investors who closely monitor market variations and technological developments. Our customers also need to increase volumes, lowering production costs and thus seek solutions to modernize their production capacity. With increased internationalization, we have been able to offset the decline in some markets (Russia and South America for example) by the increase in others (Far East and Europe)." |
| 3. What requirements should a business project meet to have internationalization potential? | "To have internationalization potential, a business project must first do a good market study to identify potential customers, their needs, competitors present in this market, the import conditions of our products.<br>This market research could be done through internal means or through na external company that offers these services. The company's sales team must be prepared to move to the internationalization phase. Sales |

| Interview to the Cerinnov Company's CEO | |
|---|---|
| **Questions** | **Answers** |
| | staff, but also other services, are asked for appropriate profiles with language skills, flexibility and willingness to travel over long periods of time.<br>The internationalization capacity touches all the company's services, from accounting, finance, logistics, service after sales, etc." |
| 4. How does the company enter the countries where it internationalizes? | "Once the target market is better known, the company must think about the means available or be available to to have the conditions for effective and exhaustive prospecting. In some situations, we participate in national fairs to make the first contacts with potential customers and identify any partners or commercial agents. When the market demands it because of its high potential and because it wants to increase our production capacity, then we set up a branch to serve the domestic market and others in the same area (for example, our branch in the United States and Portugal). When we do not follow the market directly with our sales team, it will be very important and decisive to have a very dynamic agent or representative locally to closely monitor clients who may have investment projects." |
| 5. What are the first steps to take when you want to internationalize a business? What care should be taken? | "I think the most importante thing is good preparation in choosing the necessary means and actors. All markets are different and each must be accompanied in a very specific way. Internationalization should not be na end in itself, but a mean for the company to grow and increase market share. The company's growth rate in other markets must also take into account variations in local markets. So the most difficult thing will be to scale the means applied in each market to respond to local needs without destabilizing the group's global growth." |
| 6. How are defined managent practices and standards in the foreign country? | "Local management practices and the definition of local standards are a good match in the creation of binational teams. The parent company staff supervises the subsidiaries, but they are supported by national experts with extensive experience to adapt the group's corporate |

| Interview to the Cerinnov Company's CEO | |
|---|---|
| **Questions** | **Answers** |
| | culture to national specificities. We have a pyramidal organization that allows national directors sufficient autonomy to adapt the group's guidelines to local management practices. When we don't have branches, then we rely entirely on the guidance given by the local agents/ representative who best knows local management realities and practices." |
| 7. Which strategic posture best fits your company? | "The strategic posture that best fits our company will be na attitude of wanting to grow by adding other companies to our project through direct acquisition (Wistra, Ceramifor, Cristalerie Saint-Paul) in order to provide the market with a full range of solutions and products and thus be able to provide our customers with better servisse and better quality. The group's strategy can be summed up by the search for capacity to offer the markets complete integrated solutions from equipment sales, after sales service, raw materials and consumables sales, monitoring in all aspects of the means of production used by our customers in a perennial relationship." |
| 8. What are the most effective methods of internationalization? (Franchising, Online, Stores, Social Networking…) | "In our case, as mentioned before, we adapt the means to the reality of our target market. The method will be to work the market directly by our sales team without local help or to work in a collaboration with a local agent or by having a local affiliation (commercial or industrial). We already had a branch in the United Kingdom and Germany, but due to local contingencies we had to make the decision to close these companies that were just after sales service providers or commercial offices." |
| 9. How would you describe the degree of internationalization of the market and the company when internationalization? | "Our group, although small in size (around 150 people), has opted for a very high internationalization. Most of the equipment manufactured by the group is made in our foreign subsidiaries (United States and Portugal). In the parent company, there are only the Group |

| Interview to the Cerinnov Company's CEO | |
|---|---|
| **Questions** | **Answers** |
| | management, one service after sales, the development department (R&D) and the manufacture of special equipment. In terms, of market, the company makes between 80% and 90% in exports." |
| 10. What sources of local knowledgement did the company have available about the markets? | "The sources of local knowledgement to know the markets were diverse and varied. For example, in the United States, our subsidiary manager had been living in the country for many years and had worked in the indutry for his entire career. For Portugal, the subsidiary was na acquisition and so the staff that was fully retained in the group also had a deep experience and a perfect knowledge of the market. As I mentioned, when we are unable to have someone within our team whos is perfectly aware of the reality and specificity of the market, we hire a local agent with experience in the industry and highly regarded in the market to facilitate our entry into this market." |
| 11. What support do you consider important in the internationalization process? | "Support for internationalization is very limited. We have aids for representation costs and travel abroad and little more. If required, we can get help from local French agencies linked to the embassy's economic section. These aids are limited in their quality and scope. That is why we almost never resort to this type of structure and prefer to work directly in the markets to collect data. The vast majority of the support we have is for research and development of new technologies." |
| 12. Did you have any political-economic support that would encourage internationalization? | "Polititians in our region accompany businesses like ours and, where possible, provide support to support the development efforts to make known the long industrial tradition of our region and the ability to propose innovative new technologies in various fields (medical, aeronautics, aerospace, automobiles,…)" |
| 13. What were the main difficulties you experienced in your internationalization process? | "The main difficulty was finding the best local partner to defend and take care of our project and help us refocus strategic options when needed. If we have the willingness, ability and availability to respond |

| Interview to the Cerinnov Company's CEO | |
|---|---|
| **Questions** | **Answers** |
| | to the challenge that is internationalization, the success always comes from having involvement and support of people with a lot of experience and dedication." |
| 14. What processes have been poorly implemented (so far) and what are you doing to correct them? | "The most difficult thing was technology transfer to be able to manufacture standard equipment locally. We had to harmonize computer resources and transcribe production documents in order to be used locally.<br>The second challenge was the harmonization of the various entrpreneurial cultures with the group culture. But with a minimum of flexibility and rigor, we were able to summarize the best of the group's various companies. This task of standardizing the administrative and production process is a continuous work with already positive results both in the companies' organization and in the group's best results in terms of production margins and sales." |
| 15. What were the best steps so far? | "The best steps to date have been the integration of our Leiria subsidiary in Portugal. In just over a year, this company became the largest manufacturing studio in the group, demonstrating a high adaptability and great motivation of the portuguese teams." |
| 16. How should a leader know how to cope in times of difficulty and stress? | "In times of difficulty and stress, a leader must maintain an unerring determination to keep the course and strategy set by the company. We learn from our mistakes and should always nurture and encourage everyone's ability to improve processes.There are many bosses and managers but few can be considered leaders." |

Once the questions and answers are presented, they will be debated in order to compare or confront them with other perspectives of other authors.

When asked the CEO about the purpose of internationalizing a brand, he replied that at CERINNOV, internationalization was the acquisition of companies that already had representations, offices or agents in several foreign countries, which corroborates the study by Martín López (2015), who state that acquisition and commercial representation are other ways of entering the foreign market. By acquiring other companies, Cerinnov aims to reach new markets and maintain a regular order volume that will allow it to grow, invest, set up its own subsidiaries, manufacture locally in order to reduce production costs, increase competitiveness and shorten delivery times.

Regarding the motivation for internationalization, the CEO stated that this was due to the two economic crises that occurred in 2003 and 2008, which led the company to choose to diversify markets, as its clients are industrial groups and investors who follow the technological innovations. Through internationalization, the company was able to compensate for the decline in some markets (Russia and South America) by increasing others (Far East and Europe). In this case, the motivations belong to the endogenous type and the market characteristics, since the company felt the need to diversify markets, as well as to maximize productive capacity, exploit skills and technologies, among others (Teixeira et al., 2013).

According to the CEO of the company, for a company to be successful in internationalization, it is essential that it develops a good market study in order to identify potential customers, their needs, competition, import conditions, among others. For this, you must rely on internal resources, namely the sales team and other teams (accounting, finance, logistics, after sale services, etc.) that have language skills, flexibility and willingness to travel. This result corroborates the study by Barroso (2014) since the author states that companies, when planning their internationalization, must elaborate a startegy for business growth and development that will allow them to enter the international market, but at the same time, ensure their survival and continuity in the domestic market.

Concerning the entry mode of the company, the CEO states that entry can be made through national fairs, where the first contacts with customers are made and potential partners or commercial agentes are identified. It can also be executed through subsidiaries (United States and Portugal), when they want to achieve na increase in productive capacity, or through agentes/ representatives, who can closely follow the customers.

Regarding standard management practices in the foreign country, the CEO justifies that there is a combination in yhe creation of binational teams, it means, the parente company staff oversees the local subsidiaries, being supported by national experts with extensive experience in the corporate culture of the group and particularities of the foreign market.

For this, the company adopts a strategic stance, where it aims to grow and join other companies through direct acquisition (Wistra, Ceramifor and Cristalerie Saint-Paul), in order to provide diversified and quality solutions to its customers. These solutions include the sale of equipment, the after sales servisse, the sale of raw materials and consumables, monitoring of the means of productionm among others.

This strategic stance had to be properly planned and considered during the internationalization process, since the company has 150 employees, which it does not intend to fail them. To avoid this, the company chooses to use sources of local knowledge in foreign markets, as the case in the United States, where the branch manager had been living for many years in the country, having also worked in the sector throughout his career. In Portugal, the knowledge came through the acquisition, which allowed the employees to be integrated into the group.

This shows that Cerinnov establishes trusting relationships with its customers, suppliers, partners, society at large, enabling it to create aliances and business networks (Kontinen & Ojala, 2010; Patel et al., 2012).

Concerning the support given during the internationalization process, the CEO replies that they are very limited and those that exist are based on allowances for representation and travel abroad. However, the company can also count on the help of local French agencies linked to the embassy's economic section but prefers not to opt for this aid as it is limited in quality and scope.

The lack of support, the challenge to look for the right partner for the company were the two main difficulties experienced by the CEO. In addition, the CEO also recounted the situation in the technology transfer when the company intended to manufacture equipment locally, so he had to harmonize computer resources and request the translation of production documents for later use. Another situation happened with the difference in business cultures, since the company has many employees from different countries. These situations agree with the study done by Cerrato and Piva (2012), as the authors refer as difficulties, the geographical and cultural distance (education, language, politics, economics ans ethics).

To overcome these difficulties, the company has the capacity and availability of all its employees, who get involved and participate, from the first moment, showing that they are dedicated, commited and responsible people. A good experience occured in the Leiria subsidiary, which after one year of integration in the company, became the largest manufacturing studio of the group, showing a high adaptability and motivation by the Portuguese employees.

In short, the internationalization process at CERINNOV was a successful process, as all its employees are satisfied, motivated and with a sense of belonging to a family business.

According to the CEO, even if "… times of difficulty and stress occur, a leader must maintain an unerring determination to keep the course and strategy set by the company. We learn from mistakes and should always nurture and encourage everyone's ability to improve processes. There are many bosses and managers, but few can be considered leaders."

# Chapter IV – Conclusions

After the elaboration of the present dissertation, it was possible to observe that previously defined objectives were successful, once they could be answered.

With this work, it was intended to know how family companies face the internationalization process, as well as which are the main strategies implemented so that the process is not a failure.

During the internationalization process, Cerinnov experienced ups and downs, like all companies, but what sets it apar tis that it has been able to adapt and stabilize in foreign markets. As positive points, the CEO of the company highlighted the subsidiary in Leiria, and as less positive points, the CEO listed the market of Russia and South America, the diversity of culture of its employees and the fact that it requested a service of translation of documents from a manual user.

As I worked on this, I became aware of the way of thinking of the CEO of a Family Buiness, where I could see that the success of the company is due to the fact that all the details are properly planned and weighted, which contributes to good management of the business, people, resources, time and opportunities.

During the internships and the interview to the CEO, difficulties and limitations arose in terms of availability of the interviewee to respond to my questions since he was going by a period of a very high workload.

Since the Group is in the stock exchange, some sensitive information was not available.

In a company that is going through a deep restructuring process, it is normal to have tensions, so all statements professed should be received with caution and crossed with other sources to ensure their credibility and objectivity.

In times of social instability, it is normal for subjectivity to be conditioned by the exit of comfort zone and doubts about the future and scope of this profound restructuring.

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