NON-LINEAR INTERNATIONALIZATION PROCESSES IN PORTUGAL: EVIDENCE ACROSS RETAIL, CONSTRUCTION AND SOFTWARE DEVELOPMENT INDUSTRIES.

Abstract. The rising number of Portuguese companies with international operations and growing sectoral diversification has been contributing to the recent international expansion of the Portuguese economy. It is important to introduce nuances in these recent developments, as the proportion of international firms and international expansion capabilities are still low. This article presents the results of a research project carried out between 2015 and 2018 focused on studying firm internationalization logics observable in Portugal, in three contributing sectors – Retail, Construction and ICT - Software Development. Results present domestic markets has having a diffluent role, opportunistic client or partner-following being adopted as dominant expansion logics, and indicate that internationalization processes are valued for their portability and reversibility. Room exists for de- and re-internationalization, resource commitment shifts and non-linear logics, an expression of managerial attempts to leverage resource constraints and exposure to risk and market uncertainty. Sectoral diversification and the deployment of more flexible organizational modes in internationalizing companies or company groups in Portugal are suggested as relevant and feasible paths to follow, given the different modal forms currently available for most companies to expand.

Keywords: firm internationalization; non-linear internationalization; de-internationalization; re-internationalization; born-again global; retail; construction; ICT; Portugal.

INTRODUCTION

In Portugal, internationalization processes expanded substantially between 2008 and 2017 (Banco de Portugal, 2015; Cabral, Manteu & Gouveia, 2020), with exports' share of Portuguese gross domestic product (GDP) increasing by 10%, from 31% to 41% (Fernandes, 2017). Between 2005 and 2017, the number of exporting companies in Portugal increased from 17.315 to around 26.000 (Banco de Portugal, 2015; Cabral, Manteu & Gouveia, 2020). In 2013, 4% of micro-enterprises were exporters, increasing to 21% among small and medium-sized businesses (PME), and to 41% among large firms (Banco de Portugal, 2015). Furthermore, businesses over 20 years old comprised 63% of business volume among exporting firms (Banco de Portugal, 2015).

Firms born or located in Portugal have played an increasing role in the internationalization of the Portuguese economy (Simões, 1997; Amador, 2017; Fernandes, 2017). These internationalization processes have occurred not only through the actions and performance of traditionally export-oriented businesses and sectors (e.g., manufacturing, transportation and retail industries), but also via the growing contributions of emerging businesses (and business sectors) (e.g., IT, consulting services) that have pursued targeted actions to expand their international activities over the course of the past decade (Banco de Portugal, 2015). Moreover, it is important to highlight the growing role of goods and services that have traditionally been characterized as less internationally tradeable, such as those related to construction, trade, technological and scientific services, and high-tech product development, to emerging business internationalization trends during the aforementioned time period (Amador & Cabral, 2014; Banco de Portugal, 2016; Amador, 2017; Fernandes, 2017; Cabral, Manteu & Gouveia, 2020). In Portugal, the growing importance of firms' service exports was particularly noticeable (and competitive), increasing from €482 million in 1995 to €4 billion in 2015 (Banco de Portugal, 2015).

The rising number of Portuguese companies with international operations and growing sectoral diversification has been contributing to the recent international expansion of the Portuguese economy. Also relevant to this expansion is the growing impact, particularly significant in the last decade, of multinational companies or groups of firms establishing decision, shared or nearshore services in Portugal, namely in the ICT sector. Increasing foreign investments in this sector have been observed since 2018 (12% in 2018; 17% in 2019; 21% in 2020) (Ernst & Young, 2018, 2019, 2020). This trend is of particular importance, as it signals increasing national comparative advantages and international economic integration, giving room for positive impacts on job creation, employee pay and qualifications, and the reorganization of productive processes. As outlined by Amador and Cabral (2014, p. 199), "(…) Portuguese companies with an international market presence differ from those that exclusively sell to the domestic market, namely in relation to their increased size, productivity, higher average salaries, and increased capital per worker ratio".

However, in the words of Fernandes (2017, p. 10), it is important to introduce nuances in these recent developments, as "the journey is still underway: (…) the proportion of exporting companies, export intensity (the amount of sales comprised by exports), and the internationalization density index [level of involvement with host market] still low". Decisions to open up to international markets have featured older and larger companies and have been restricted to certain business sectors and destination countries and markets, indicating the prevailing nature of staged (Dowling &

Welch, 2004) and incremental (Simões et al., 2015; Rocha et al., 2017) internationalization processes in Portugal. To this regard, Portugal is a small and open economy where large companies account for a substantial share of total international trade. There is evidence that signal that Portugal has the highest firm-level heterogeneity in Europe (del Rosal, 2013, 2018; Cabral, Manteu & Gouveia, 2020), in what concerns company participation in international trade of services and goods, with a limited number of companies driving internationalization of main sectors of economic activity. Despite the transformation it went through since the 1980`s integration into the European Union, the Portuguese economy continues to be shaped by a deep heterogeneity and by imbalances (Reis, 2020), driven by the vulnerable nature of it economic structures, namely in what concerns financial and labour markets, firm managerial capabilities, production and financial resources (Amador & Cabral, 2014; Forte & Moreira, 2018; Silva, Meneses & Radomska, 2018).

Strictly speaking, in Portugal, one can observe a strong concentration of internationalization processes among a small number of companies (Amador, 2017), and, among them, the majority of these contributions are from multinational firms located in Portugal with a focus on a small number of international markets. Additionally, firm internationalization processes are often equated with export-related activities that are concentrated in less profitable internationalization stages with less employment creation potential. In this regard, Fernandes (2017, p. 66) emphasis on the goal of "overcoming low-tech exports and low-density [low level of involvement with host market] firm internationalization logics focused on 'shipping containers of goods'" proves to be particularly pertinent.

In this context, an examination of the logics underpinning emerging internationalization processes being conducted by companies born or located in Portugal appears to be both particularly relevant and opportune. This is particularly true given, in one hand, the opportunities, policy incentives and public discourse and, in a diffluent sense, the persistence of resource fragilities that characterize the Portuguese economic landscape (Amador & Cabral, 2014). Given these attributes and being one of the hardest hit economies during 2009 economic and financial crisis (Esteves, Portela & Rua, 2018), Portugal can currently be considered a relevant and natural context for assessing companies practices regarding foreign expansion during the last decade, and the ability and propensity to use international work to anchor expansion intents.

As a result, a key question guided the study reported by the present article: in a context marked by heterogeneously distributed firm capabilities and resources (Cabral, Manteu & Gouveia, 2020), what practices are internationalizing groups of firms, born or with decision centers in Portugal, enacting, in the last decade, to extend business and company operations? A subsidiary question was also considered: is sectoral diversification and economic agents heterogeneity giving room to more heterogenous logics and practices - rapid or instantaneous (*born global*) (Knight & Cavusgil, 1996; Madsen & Servais, 1997), reversible (*born-again global*) (Bell *et al.*, 2001; Bell *et al.*, 2003; Sheppard & McNaughton, 2012; Schueffel *et al.*, 2014), or nonlinear (Vissak & Francioni, 2013; Vissak *et al.*, 2020)?

THEORETICAL FRAMEWORK

Different firm internationalization perspectives, including economics-based (Hymer, 1960; Buckley & Casson, 1976; Rugman, 1979), and management or organizational-focused (Johanson & Vahlne, 1977; Johanson & Vahlne, 1990; Johanson & Vahlne, 2009; Oviatt & McDougall, 1994; Andersen & Buvik, 2002; Bell et al., 2003; Malhorta & Hinings, 2010; Kuivalainen *et al.*, 2012; Sheppard & McNaughton, 2012; Knight & Liesch, 2015; Vissak *et al.*, 2020) approaches, showcase overlapping points of view that describe firm internationalization processes as an expression of business activities expansion or reorientation intents, that seek to meet or respond to strategic growth or firm acceleration goals in spatial or territorial terms.

The association of firm internationalization processes with growth requirements or targets, in addition to its inherent and resulting qualities, are typically portrayed as praiseworthy, especially by the economics and management literature. In managerial terms, the geographic co-location of business operations tends to be presented as enabling the acquisition of new resources, advantages, flexibility and economies of scale (Bartlett & Ghoshal, 1991). From a business perspective, an internationalization decision typically entails the development of specific organizational capabilities and strategic resource provision or allocation. In turn, this implies decision-making processes frequently presented in bivalent terms, implying, on the one hand, focus (e.g., planning, resource allocation, strategy, learning), and, on the other hand, the need to balance and leverage risk (s (e.g., exposure to uncertainty).

A wider array of firms (e.g., manufacturing firms, consumer services organizations, professional services firms, knowledge-based organizations), with different production logics and technologies and assets portfolios is entering foreign markets, making the research of factors or variables causing variations to incrementalist resource commitment and foreign establishment matter even more today (Håkanson & Kappen, 2017). To this regard, an organizational perspective has been argued to bring light to divergencies and heterogeneity among internationalizing firms, by drawing attention to what different organizations do, and the constraints to strategic freedom (Barkema & Drogendijk, 2007) experienced to organize its advantage in a host market. Agents heterogeneity and diversification can also suggest that more fruitful than discussing whether an internationalization process follows an incremental approach, is exploring why different approaches to expansion resource commitment can be observed (Malhorta & Hinings, 2010).

Different studies (Aung & Heeler, 2001; Capar & Kotabe, 2003; Barkema & Drogendijk, 2007; Goerzen & Makino, 2007) have suggested that, unlike manufacturing firms, market specificity of services production is relatively low, allowing service firms to have greater latitude in establishing higher resources commitment in their expansion efforts, even with low or no previous international experience. This occurs due to lower overheads and easiness to redeploy allocated resources. An example of this is given by software and consulting firm internationalization studies conducted by Bell (1995), where no support was found for an incremental model. Overall, capital-intensive manufacturing firms present less chances to recover or deploy resources than labor-intensive service firms (Miller & Cardinal, 1994; Rhee & Cheng, 2002), thus facing different expansion strategic challenges. A key take-away of this is that logics and processes of internationalization are increasingly variable and open to contingency factors and cannot be generalized across different types of firms (e.g., manufacturing vs. services; different service firms). Supporting this are claims that industry and organizational features, combined increasing digitization and projectification of the economy, contribute to explain the trend towards the adoption of lighter and reversible internationalization modes of entry into foreign markets observed in the researched cases (Hinings & Malhorta, 2010).

Currently, Portuguese firms may have a variety of motives, incentives and modal forms to anchor international expansion intents, encompassing opportunity, need, organizational differentiation, and material and symbolic gains (Amador, 2017; Fernandes, 2017; Forte & Moreira, 2018; Silva, Meneses & Radomska, 2018). In the Portuguese economic context, as observed in other economies, firm internationalization processes usually appear to be constrained *ex ante* by (limited) available resources (Silva & Sousa, 2009; Forte & Moreira, 2018; Silva, Meneses & Radomska, 2018), due to the lack of knowledge about local conditions in possible host countries and markets (Amador & Cabral, 2014), and the peripheral and dependent position local companies may possess in relation to the global value chains and networks that increasingly shape expansion opportunities.

This circumstance may contribute to the emergence of different internationalization logics, or to curtailed or differential access conditions (e.g., business size, sector, and destination) to expansion opportunities and capabilities development. Consequently, this can result in increasingly diverse firm options and positioning, regarding present and future intentions to engage in international expansion operations. Linked with sectoral and organizational specificities (Malhorta & Hinings, 2010), divergent responses specific to the internationalization vehicles being advocated, modes of entry, direct investment and host market involvement levels and its potential reversibility (Malhorta & Hinings, 2010; Sheppard & McNaughton, 2012; Knight & Liesch, 2015; Håkanson & Kappen, 2017; Vissak *et al.*, 2020) can be observed.

METHODS.

The research question was considered to be best answered using a qualitative multiple-case study design (Yin, 2003; Eisenhardt & Graebner, 2007). To describe and explore the business internationalization phenomenon within a real-life context, a descriptive, non-positivist approach was used. According to Yin (2003), a case study is an empirical enquiry used to investigate a contemporary when the boundaries between it and the context are not clearly evident and multiple sources of evidence can be used. This approach was followed by selecting cases that fulfilled the following conditions: (i) considered group of firms (as unit of analysis) should be registered in Portugal and owned by Portuguese-based interests; (ii) the group of firms should have operations in Portugal and not just direct or indirect exports to that country; (iii) the group of firms should belong to different business sectors, have different origins within the country and be of different sizes, thus providing a glimpse of the Portuguese reality.

In order to ensure typicality of selected business contexts, in line with reported evidence (Banco de Portugal, 2015; Banco de Portugal, 2016; Cabral, Manteu & Gouveia, 2020)., three sectors with a growing contribution to the Portuguese economy internationalization were considered (e.g., Retail, Construction, ICT), assuming that there were differences in internationalization logics, means and strategies among the group of firms to be examined in each sector.

Empirical data collection occurred between June 2015 and January 2018 and was focused on mapping sensitive or critical internationalization decision-making processes on the part of companies, the existence of expansion obstacles and incentives (opportunities), and the role played by the domestic market. Two data collection techniques were used: statistical data and documents that were either public or made available by the companies; semi-structured interviews to managers and firm representatives. In this regard, the use of statistical data and documents sought to contextualize each considered group of firms in macro terms. Interviews aimed to illustrate, in an inside-out perspective, strategic options and decision-making processes concerning international expansion (e.g., resource allocation, *go-to-market* decisions, direct investment options, international workforce management, networking efforts). Over 200 data sources and documents were considered, and 37 interviews were made with firm managers, representatives and employees involved in business internationalization processes (check *Appendix*, for interview guide and interviewee details).

Firm internationalization practices were analyzed considering three underlying, theoretically-driven dimensions: i) internationalization expansion trajectory (origin; goals; focus of entry; outreach/number of countries; domestic market role; inflection points, if any; modal forms) (Dowling & Welch, 2004; Malhorta & Hinings, 2010; ii) internationalization dominant assets (Malhorta & Hinings, 2010; Knight & Liesch, 2015; Vissak *et al.*, 2020); iii) internationalization "emergent modal path expansion form" (Malhorta & Hinings, 2010, p. 337), derived from organizational attributes, mirroring a particular expansion logics. Collected empirical data was thematically categorized using MaxQDA v.12. Coding work and cross-pattern analysis output can be found in the *Appendix*. In *Table 1*, the particularities of each firm internationalization trajectory and practices are presented.

RESULTS

When analyzing the selected firms and business contexts, descriptions were made with the help of empirical illustrations derived from the data collected, with the primary goal of aiding to consistently answer the research foundational question. *Table 1* present derails of the three firms that served as setting for empirical observation. This section starts with a description of each case being considered, and then evolves to its in-depth and comparative analysis.

[Insert Table 1]

Internationalized firms: Overview presentation.

"Grossista" Group (Sector: Retail)

"Grossista" was formally created in Portugal, as food retail company, in 1985, and its remote origin as industrial company operating in the area of processed wood goes back to 1959. Its historical development has been characterized by an initial phase of domestic business activity expansion and diversification, followed by a later phase of commercial consolidation through a focus on new products and the development of own, native brands. Specialized management practices (e.g., category-based management, project and program management, supply-chain management), changes in customer service channels and relationships with clients, producers and suppliers (through the creation of loyalty cards, local stores, and integration in a restricted-access club for producers), seeking improved consumer experiences (physical, digital, and omnichannel), optimizing purchases, and a more recent investment on international expansion, have characterized "Grossista" development trajectory since its creation. The financialization of its organizational development and its continued quest to diversify business activities are two underpinning aspects of these different options.

The 1980s were a decade characterized by the creation of "Grossista" within a holding retail company group, an initial public offering, first incursions into the domestic retail and distribution markets. Throughout the 1990s, "Grossista" launched its first food retail products under its own brand, seeking to expand its domestic business operations by increasing its supply of products destined for mass consumption among a wide swath of consumers at increasingly affordable prices. The 1990s were also a period where when first steps were taken toward the internationalization of its retail operations, by expanding into Brazil and Spain, seeking new markets, using direct investment as entry mode (check Table 1, for details).

Following the group's fiftieth anniversary in 2009, a strategic reorganization was presented, which established the group's present international focus and accelerated and intensified the internationalization of its core (mature) business operations, in order to provide a clear runaway for future growth. In 2016, its annual business report described “Grossista” as operating in seven verticals, partially or completely organized under a holding company. “Lighter” investment modes are proposed as key expansion modes, namely through non-equity contractual arrangements (e.g., licensing. franchising). At the end of 2016, “Grossista” directly employed 27.000 people, confirming its position and contribution as “one of the largest private employers in Portugal”.

“Tabique” Group (Sector: Construction)

“Tabique” group is Portuguese firm that is active in the civil construction and public works sectors. This group was founded in 1946 and is currently comprised of several large firms. Its 2016 business activity report describes its current composition as including 278 companies with an “international presence in 22 countries and on 3 continents”. “Tabique” international operations date to the same year as its founding, when it began its wood processing business operations in the Angolan market.

Due to its longevity, business and employment volume, “Tabique” international expansion have accompanied the international expansion of the Portuguese construction industry. It is possible to observe significant historical and persistent business activity on Africa, namely in past Portuguese colonies (e.g., Angola, Mozambique, Guiné Bissau), and more recently in Eastern European and South American countries (check *Table 1*, for details). The prevalence of African countries as strategic internationalization choices is often associated with perceptions concerning the existence of linguistic and cultural affinities with Portugal, in addition to low levels of local qualified human resources. In the context of “Tabique”, an 2017 report designed to present the company’s international performance (“A World of Inspiration”) viewed and presented the African continent as a “natural market” for its operations. The same report mentions an increase in “Tabique” Latin American “order portfolio”, this being was partially a response to a decline in its African operations, particularly after 2016, when it became necessary to reduce the group’s exposure to political and economic instability risks in Angola. To this end, “A World of Inspiration” highlighted “Tabique” Latin American presence since 1998, especially in Peru, where the group believes that it “currently possess all of the necessary skills and means to participate in all types of construction work”.

Typically, “Tabique” tends to start an expansion with non-equity formal arrangements (consortiums, in particular), which are converted, if or when business volume continuity and customer proximity recommends it, in direct investment forms of fully owned subsidiaries (check

Table 1, for details). “Tabique” (successful) quest to diversify and engage in the re-internationalization of its productive activities (74% of its business is conducted in external markets, with 65% of this taking place in markets “outside of Europe”, according to its 2016 business activity report) has allowed the group to avoid any significant negative impacts resulting from the continuous contraction in Portuguese domestic construction demand since 2002. In the case of “Tabique”, its recent decision to deepen internationalization processes occurred before the beginning of the decline of the Portuguese domestic construction industry. The group currently has redesigned formal organizational structures designed to monitor and manage its international business and operations. Its first constitution goes back for nearly three decades.

“V&V” (Sector: IT – Software Development)

The official beginnings of “V&V” date to 1998, when a group of University of Coimbra Science and Technology computer engineering PhDs students engaged in research to explore Windows operating system vulnerabilities, a particularly relevant topic given the significant expansion of Windows systems usage, among public and private sectors throughout the 1990s.

The first five years of “V&V’s” existence was characterized by the creation of local support structures and the development of several startups and spinoffs. The company’s early years served as an opportunity to expand its knowledge base in the areas that still define its principal activities to this day, including participation in space exploration missions and software validation for the aeronautics, transportation, and aviation industries. The following decade (2004-2014) comprised a period of domestic and international expansion for “V&V”, a period during which the company sought to consolidate its business activities through the diversification of its operational areas and skills, with a particular focus on developing and maturing its internal management structures and the expansion and internationalization of its client base. During this period, “V&V” opened its first subsidiary in the UK in 2006, which sought to ensure greater physical proximity to key clients and institutions in the aviation and aeronautics sectors. Investment in subsidiaries characterized this period, an option mirroring a market-seeking logic, ultimately converted in a client-following, project-based one (check *Table 1*, for details).

From 2014 onward, “V&V” has refocused its processes, structures, resources and teams around groups of clients and markets considered to be essential to its strategic business plans. As a result, this strategy has impacted “V&V” international presence, resulting in de-internationalization efforts and withdrawal (physical offices closure or return of mobilized employees to Portugal; or via finantial de-investment) from several international markets (e.g., Singapore, Brazil). As of August 2017, its company website referenced the existence of international operations in 9 countries (including Portugal), with more than 400 employees, posting annual revenues that surpassed €30 million in 2016. It also highlighted the central contributions of its local operations in the UK and in Germany, as well as the "traditional" focuses of its business activities ("aerospace, space, defense, and transportation").

Firm internationalization processes and logics: A comparative analysis.

In what concerns observed firm internationalization processes and logics analysis, two key aspects derived as significant research finding. The first one relates with the increasingly preferred adoption and shift to the adoption of *lighter* internationalization means, facilitated by the role played by economic financialization (e.g., direct or triangulated investment), projectification (projects as anchor internationalization mechanism/vehicle), and servicialization (e.g., knowledge as an/the internationalized object by a firm) as multi-modal resources facilitating adoption of internationalization logics conceived as reversible. This was observed in the considered *born global* ("V&V") or *born-again global* ("Grossista" and "Tabique") internationalization processes, where direct local investment or fully owned establishments, initially used as entry modes, were progressively replaced by triangulated contractual forms ("Grossista" and "Tabique") or project-based expansion ("V&V"). A second result is related with the (diffluent) role played by domestic markets, conceived as a *push* and/or *pull* factor for the firms included in the study. This diffluent positioning has practical implications for both companies and individuals directly involved in internationalization endeavours.

Progressive shift to *lightweight* firm internationalization logics.

The internationalization processes and logics of the more consolidated firms included in the study ("Grossista" and "Tabique") were particularly insightful, in what concerns the relation that can established between the emergence of transnational economic spaces and changing domestic affiliations. This reflects the national economic changes that have occurred over recent decades, as in the case of Portugal, characterized by the gradual change of the relevance of domestic markets within globalized production fluxes, and the demands placed upon firms in a context of growing geographic dispersion of economic value chains (Silva & Sousa, 2009; Forte & Moreira, 2018; Silva, Meneses & Radomska, 2018). The study found divergent underlying strategic internationalization decision-making objectives whose differentiation, with emergent modal path or logics (Malhorta & Hinings, 2010) being often associated with varying or shifting internationalization mechanisms and visions of what *being* an international firm consists of.

In what concerns the “Grossista” case, shifts of a number of competitive factors, starting with domestic market stagnation, are presented as the triggering motives behind its international business involvement:

> “The Portuguese market is practically... in a mature stage. For food retail and distribution, there is not much room for growth. For supermarkets, there is still some room [for expansion], but the market is more or less stable, and all main cities and regions already have their spaces.” (International Operations Manager, “Grossista”)

At “Grossista”, firm internationalization is portrayed in terms of opportunity and exposure to risk and unforeseen difficulties. The existence of risk(s) inherent to the retail business are primarily referred to as impediments when evaluating internationalization decisions. In this regard, a market-seeking approach and the need to diversify internationalization vehicles constitutes one of the core strategic guidelines for entry modes decisions, with a particular focus being more recently given to partnerships and minority shareholder investments (internally referred to as “*capital light* internationalization”):

> “Cultural customs, culinary habits, products, and, especially, fresh foods, perishables, [and] meats are very locally specific and differ greatly from country to country. Internationalization is not easy. There are many successful examples, but also many examples of failure. This has led us to focus on a strategy involving multiple partnerships, in order to acquire local knowledge, build local relationships, and to diversify project risk, and that is how we have been working.” (International Operations Director, “Grossista”)

Expansion operations that assure agility, reversibility, *lighter* investment and risk burden while entering into an external market, are therefore preferred. An effect of this risk balancing option is mirrored in the discouragement of introducing significant disruptive changes in (pre)existing management models. An element of managerial and institutional continuity is preferred. In “Grossista” 2016 annual activity report, de- and re-internationalization shifts are reported, highlighting what can be called as a *born-again global* trait (Bell *et al.*, 2001; Bell *et al.*, 2003; Sheppard & McNaughton, 2012; Schueffel *et al.*, 2014) of this business context internationalization trajectory. This is similar to what was observed at “Tabique”, concerning preferred business internationalization modes and the (reduced) use of international workforce assignments, the persistence of a domestic market focus, and, at the end of 2016, a solidified “international presence” in 89 countries on “five continents”. At this time, “Grossista” possessed local teams and employees in (only) 23 of these regions (check *Table 1*, for details).

In an industry characterized by a noticeable and lasting domestic market contraction, “Tabique”’s recent re-internationalization experiences have differentiated its expansion in a *born-again global* direction (Bell *et al.*, 2001; Bell *et al.*, 2003; Sheppard & McNaughton, 2012; Schueffel *et al.*, 2014). In this scenario, non-equity arrangements (consortiums, in particular) converted or complemented in/with direct participation (or financial investment) in local companies have comprised the preferred internationalization mechanisms for “Tabique” to carry out its international construction projects, typically composed by advanced “works of art” (e.g., bridges, tunnels, dams, etc.). These projects tend to have particularly aggressive deadlines, significant technical and managerial complexity, and have been implying the use of a high volume of expatriate or *transpatriate* workers (mainly Portuguese, located in Portugal or a different country where the company has projects). Industry contingencies, namely the need to ensure localized or disaggregated production, and the need to balance the exposure to risk, as mentioned in the literature (Zhi, 1999; Ling, Ibbs & Cuervo, 2005; Silva & Sousa, 2009), are understood as resource allocation decisions key drivers. Re-internationalization efforts have been directing the company (and its resources) to a new tier of host countries and clients, where “lower” competition is foreseen (e.g., Mexico, Peru, Malawi, Poland). This strategy has also served as a way to bypass hampered competition (e.g., in Europe) or corporatist and protectionist barriers (e.g., in Spain). Among the strategies adopted by “Tabique” to ensure the continuity of its international involvement, as stated by different managers and employees, the closure of domestic facilities and the growing multilocalization of activities have come to comprise a “survival imperative”, for both the company and its workers.

Strategically, “V&V” has always sought “to be where its clients are”, as stated by one of the interviewed company representatives. Throughout its internationalization trajectory, one can observe that international projects and clients were preceded by the establishment of owned local facilities, an option rarely mentioned in the literature (Bell, 1995). “V&V” was created and emerged through the relationship established with an international client, affirming itself as a *born global* company (Knight & Cavusgil, 1996; Madsen & Servais, 1997). Advanced, rare, technical (software engineering) expertise comprises “V&V” key asset to anchor its internationalization intents. Projects, consortiums or programs constitute “V&V” standard internationalization mechanisms. In the majority of situations, “V&V” internationalizes (sells) its services (and technical expertise) to a client. The international project and client come first, followed by the opening (and closing) of subsidiaries, a process that has come to define "V&V" approach to internationalization over the course of the previous two decades. "V&V's" international presence has involved up to ten countries from which the company has later partially withdrawn. Recently, it is possible to observe a tendency toward de-internationalization and withdrawal (Kuivalainen *et al.*, 2012) - a more restricted and targeted international presence, implying less risk and experimentation, and facilitated by industry contingencies, namely latitude of choice regarding resource deployment (Aung & Heeler, 2001; Capar & Kotabe, 2003; Barkema & Drogendijk, 2007; Goerzen & Makino, 2007). This trend began to arise around the time de-investing in "odd" (e.g., particularly risky and open-ended) projects became a strategic option, and the company's relationships with one or multiple local partners or clients began to strengthen:

> "Having projects, multiple projects, or a large multi-folded program, is what currently generate internationalization opportunities in a specific country." (Delivery Director, "V&V")

> Question: "The company did not expand to any other countries?"
> Answer: "Not the company. But, people, yes."
> Question: "This is not viewed as internationalization?"
> Answer: "No, because these are projects, and we have projects around the world. One thing is to say that we have a presence, or that we are working on projects in twenty countries. Another thing is to say that we have offices or are internationalized in some countries. My understanding is that internationalization is something stable, involving a constant presence in a country with projects and people there for many years. (…) sometimes there are more countries and sometimes there are less. For example, the company established itself in Singapore to work on an odd project that was the opposite of what we were used to, which may explain why it failed. In all of the offices that we have opened, we had a project that grew [sufficiently] to justify the need for local infrastructure. In Singapore, it was more of a question of an opportunity with a local partner. There was no project, there was nothing. They sent a person there to sell something and to work on a project. In a company like this one, that strategy does not work because our core added value derives from our engineering expertise and techniques. Having a single person in Singapore does not instill client trust." (International Operations Manager, "V&V")

The (diffluent) role played by domestic markets.

Different authors have been presenting evidence of a negative relation between internationalization activity and domestic demand for Portugal (Esteves & Rua, 2015; Bobeica *et al.*, 2016; Esteves, Portela & Rua, 2018), and a shifting behavior from a weaker domestic market to stronger external markets, namely in the last decade, since 2009 recession on economic activity (Esteves, Portela & Rua, 2018). This was a recurrent element, in all considered business contexts: the role played by domestic markets, when defining internationalization strategies. In this regard, the domestic market tends to be seen both an opportunity and an impediment, a *pull* and a *push* factor, for the majority of firms, highlighting a sense of hyphenated involvement in/with possible host markets. *Born-again global* ("Grossista" and "Tabique") and *born global* ("V&V") firms have expanded internationally, (re)affirming themselves as international, while referring the existence of a domestic center or headquarters (in Portugal). A sense of contradiction derived from managerial attempts to maintain functional unity and cohesion in a context characterized by multiple belongings. This was intensified in situations where international outreach was structurally derived from third-party connections (e.g., consortiums, multi-partner programs) ("Tabique") and projectified work modes ("V&V"), implying shared authoritative jurisdictions over which firms only possessed partial control.

"Tabique" managers and employees detailed one example of the contradictions inherent to their present internationalization experience(s). As mentioned during their interviews, official company discourse emphasizes the importance of *going local* - "to be Mexican in Mexico, [and] Angolan in Angola" - to ensure international expansion effectiveness. In practice, "Tabique" international workforce recruitment processes appear to be counterintuitive to this regard, opting against local hiring as a way of being "Mexican in Mexico", and, instead, sending large contingents (70 to 80% of its local employees) of Portuguese expatriates to work in Mexico. In this context, diffluence has come to be associated with a sense of coreness and urgency lying behind the need of affirming (or keep affirming) an international presence or activity. Three additional empirical illustrations of this *eagerness* to become and remain global were observed.

In its 2016 business activity report, "Grossista"`s CEO presented business internationalization as an essential future "pathway for growth". The same document also reasserted the firm's goal to "reinforce its status as a multinational company". In regard to this endorsed organizational identity, it is relevant to highlight the existence of discrepancies between the official discourse and objective managerial practices, where the company's international character isn`t mirrored as a given fact or as being complete, but, rather, as an "internal movement" that is currently underway, an identity yet to be build. As shown below, this discrepancy has been reaffirmed by some of the interviewed company managers:

> "We, as a company that wants to be international (…)." (HR Director, "Grossista")

> "We started to create talent pools of those who were most able and willing to work on international projects. This is significant for a company that has traditionally been focused on the domestic market. We feel that the company is not entirely prepared to send employees abroad, to receive people, and to utilize processes and

> products in English, and that it does not possess the knowledge and skills to work with different cultures. All of this is beginning now." (International Operations Director, "Grossista")

At "Tabique", re-internationalization decisions are closely related with the continuously worsening domestic outlook from 2002 onward (FEPICOP, 2009-2017). Re-internationalization is presented as a way to go back to a founding company root. "Being international" is discursively presented as a sort of "tradition":

> "Africa is a natural market for ["Tabique"], due to its lengthy and recognized international experience through its work in Angola that began in 1946." ("A World of Inspiration," internal publication, p. 13)

> "In this company, [international] workforce mobilization("V&V") and investment has always existed. It is a tradition." (International Business Director, "Tabique")

It is possible to observe a preferential strategic wager made on the part of "Tabique" through its presence and investment in emerging markets and economies, where pre-existing "bonds" and the possibility to obtain new clients and projects is understood as being "real". The globalism that is both affirmed and curtailed is, in practice, pragmatically managed according to this relational and networking capital, and the need to protect the organization from unwanted risk exposure.

Finally, "V&V" presented the need to forge a "meta-national" orientation as a renewed strategic course of action at the annual employee meeting held in early 2017. This strategic driver has been put into practice, with discrepancies (regarded as "natural" by interviewees) being observed between the sought after and affirmed horizon and the organizational practices that are objectively used. To be or not to be international – this is not a question of choice, but, rather, a managerial imperative or requirement:

> "The company is shifting its focus. Markets were seen as offices represented by local companies, which possessed a high degree of autonomy and conducted their own recruitment, particularly in the UK, which has the largest office outside of Portugal. Some departments, such as marketing, have meta-nationalized themselves successfully. The current policy is meta-national.
> Question: In relation to the term, 'meta-national', do you think there is a gap between the discourse and day-to-day practices?
> Answer: Of course. It is natural. I, myself, have to deal with this challenge." (HR Director, "V&V")

DISCUSSION

In open and small internationalizing economies, such as Portugal, as mirrored by the study findings, firm internationalization processes can constitute a valuable learning opportunity (Amador & Cabral, 2014), while comprising expected or unexpected elements of tension or complexity (Kuivalainen *et al.*, 2012; Vissak & Francioni, 2013), namely for companies with scarce international experience, financial or networking resources, or for whom access to global clients and value chains is seen as limited. As illustrated, in the considered business contexts and cases, managerial responses to a question (to be or not to be international), often presented or conceived in imperative terms, was neither obvious nor unilinear, implying significant shift in terms of entry modes and modal paths being followed (Malhorta & Hinings, 2010).

The *born-again global* examples of “Grossista” and “Tabique” and the *born global* example of “V&V” constituted noteworthy empirical illustrations of moving strategies and exposure to failure experienced while developing internationalization strategies, as well as the diffluent role (a *pull* and/or *push* factor) played by domestic markets. Overall, a shift toward *lighter* (transactional, project-infused, short-termed, reversible) firm internationalization modes and behavioral logics, anchored in controlled experimentation, market withdrawals and targeted direct investment, constitute a managerial answer to contextual hardship. Organizational learning processes and opportunities (Johanson & Vahlne, 1977) were particularly salient in these three contexts, as well as nonlinearity - substantial jumps or shifts in international intensity (Vissak *et al*., 2020) - with room being given to de- and re-internationalizing business operations. Regarding research overall findings discussion, two specific considerations are developed below.

i) *Non-linear, à la carte, firm internationalization logics*. The study findings suggest that lighter and more flexible firm internationalization processes involving a variety of means can provide opportunities to include new agents and business sectors in international expansion endeavors. Agents heterogeneity, in terms of firm managerial capabilities, production and financial resources (Amador & Cabral, 2014; Forte & Moreira, 2018; Silva, Meneses & Radomska, 2018), suggest that outsidership as liability source (Johanson & Vahlne, 2009) is being nuanced, in Portugal, by increasingly diversified modal internationalization expansion paths. In a firm capability-perspective, additional process flexibility can correspond to concrete possibilities to overcome the liability of outsidership, and introduce better performance internationally. To this regard, it can be suggested, following Hinings and Malhorta remarks (2010), that industry and organizational features, combined with the risk profile of host markets, concerns about market uncertainty, and the increasing digitization and projectification of the economy, contribute to explain the trend towards the adoption of lighter and reversible internationalization modes of entry into foreign markets observed in the researched cases.

A detrimental effect can arise from this *à la carte*, non-linear, logics. As result findings suggest, while facilitating risk leverage, agility, portability and reversibility may also mean partiality and the subsistence of host market low-involvement internationalization efforts (Fernandes, 2017): while making possible for firms to state (or keep stating) their internationalism, global value chains positioning remains rather centripetal, as expansion tends to be leveraged on temporary endeavors or third-party resources. Less room exists, for example, to engage in intercultural learning and establish own capabilities, and *ex ante* planning can be conceived as secondary, with expansion decisions being more fluid, driven or marked by emerging (yet to be confirmed) opportunities.

In a policy-making perspective, in small, peripherical economies such as Portugal, where firms face effects of a diffluent positioning in what concerns domestic markets dependency, and overall "weakness of productive capabilities" (Amador & Cabral, 2014, p. 221), this is a note of particular relevance: fostering and endorsing sectoral diversification of internationalizing companies, as well as more flexible, digitized and projectified expansion modes, is relevant, as anchor of host market higher involvement internationalization efforts, and possible, given the different modal forms currently available for most companies to expand.

ii) Priority given to market/client/partner seeking or following as expansion underlying logics. Mass or large-batch production firms tend to adopt a market-following approach, which makes the need to enhance the degree of presence in the host market local. Modal forms and expansion trajectories can drive different options to ensure this presence. Non-equity expansion forms (e.g., franchises, licensing) are common in firms whose production is disaggregated in local units (e.g., hotels, fast food restaurants, car repair or rentals agencies). A firm with project-based production tends to follow a specific client or project into a host market (client-following approach). Project-driven entry into a host market, the degree of presence centered on specific projects, and physical presence requirements tailored to unique project needs, tie choices about modal forms to project flow, making managerial discretion and decisions particularly central. It is likely that a firm`s entry will be sporadic or one-off and local commitment time or resource bounded. For a project-based firm, the influence of market uncertainty tends to be diffused (Malhorta & Hinings, 2010), namely due to the mobile nature of core assets being deployed (labour), which mitigates overall expansion risks.

For one of the considered cases ("V&V"), following, more than seeking (market, clients, partners) or creating (markets, opportunities) was identified as increasingly dominant trend, replacing previously existing market-seeking approaches. This can be interpreted as an expression of finite resources and firm capabilities, or a symptom of the serendipitous nature of trial-and-error internationalization processes: as illustrated by "V&V" expansion trajectory, market entries can occur in the spirit of trial-and-error, drawing on the (limited) information and resources (capital, time) momentarily at hand. In a classic Uppsala approach (Johanson & Vahlne, 2009), firms are assumed to grow and develop their competitive advantages first in the domestic market. The initial impetus for internationalization is to expand sales in order to create and exploit economies of scale, with experiential knowledge reducing uncertainty about foreign market conditions and business relationships. Obtaining such knowledge takes time, and since managers are reluctant to commit resources in conditions of high uncertainty, internationalization typically proceeds in an incremental fashion. In the considered cases, project-based and client-following methods and triangulated local investment have been helping ground and bound resource commitment in foreign markets, reducing downside risk, while maintaining an established position in the domestic market. Expansion tends therefore to be increasingly opportunistic, with a primary aim of detecting existing local foreign opportunities rather than creating new ones.

CONCLUSIONS

Two questions can provide guidance for future research into business internationalization practices in this environment. First, nonlinearity and firm, group or individual learning opportunities relation is worth being explored, as (planned or unplanned) shifts in international involvement can be accompanied (or not) by increasing organizational capabilities and sustained employment growth, as hypothesized by incremental internationalization logics (Dowling & Welch, 2004). Second, *à la carte* and *reversible* firm internationalization processes can foster the emergence of counterintuitive experiences, for both businesses and employees, a possible detrimental consequence that is also worth take in consideration in future research. Corresponding to a research main limitation, considering small-sized internationalizing companies or groups of companies, and additional contributing sectors (manufacturing, utilities, professional services), is worth highlighting as fruitful avenue for future studies.

Firm internationalization might resemble a universal panacea for some, a pathway that does not just define just *a* managerial strategic driver, but, rather, *the* strategic driver to be currently adopted to ensure firm competitiveness, in a globalized and interconnected economic landscape. In this regard, in a context of increasingly open national economies, firm internationalization processes are increasingly less of an option and more of an imperative need - a question of survival, in specific cases, in response to domestic economies stagnation. When viewed from this perspective, globalism and firm internationalization can be encapsulated as core indispensable elements, ontological foundations of contemporary firm management practices. As illustrated by this study, light weighted, flexible, *à la carte* and *reversible* internationalization practices, as well as the deployment of agile resources and expansion means, portray firm internationalization processes, in small and open economies such as Portugal, as being increasingly defined by nonlinearity, understood not as irregular deviations or critical incidents, but as firm attempts to adjust to environmental shifts or constraints.

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Appendixes.

A. Interview guide.

1. Researcher and research study scope and goals presentation. Confidentiality assurance. Permission to record interview.
2. Interviewer brief trajectory description in the company (current role and responsibilities, career, # years in company, # employers).
3. Company evolution perspective: Interviewer perspective.
4. Company internationalization trajectory: Interviewer perspective (overview, focus on possible inflection points).
5. Internationalization key drivers (domestic market, client-following, sectoral changes, organizational drivers).
6. Internationalization management (dominant assets; vehicles and modal forms; decision-making processes)
7. Interview closing.

B. Interviewees list.

Company	Role	Age	Sex	Academic Background	Overall employment track (# employers | # years)	Employment track in current employer (# years)
"Tabique"	Middle Manager	34	F	Clinical Psychology, BSc	2 | 10y	9
"Tabique"	Top Manager	65	M	Electrotechnical Engineering, BSc	2 | 44y	37
"Tabique"	Middle Manager	67	M	Electrotechnical Engineering, BSc	1 | 38y	38
"Tabique"	Top Manager	71	M	Electrotechnical Engineering, MSc	2 | 36y	30
"Tabique"	Middle Manager	67	M	Electrotechnical Engineering, BSc	4 | 31y	25
"Tabique"	Middle Management	67	M	Economics, BSc	3 | 38y	36
"Tabique"	Middle Manager	38	M	Civil Engineering, BSc	1 | 15y	15
"Tabique"	Middle Manager	40	M	Finance, MBA	2	17
"Tabique"	Technical/ Specialist	30	M	Civil Engineering, MSc	2	5
"Tabique"	Technical/ Specialist	38	M	Civil Engineering, MSc	1	15
"Grossista”	Middle Manager	39	F	Accounting, BSc	7 | 20y	12
"Grossista"	Middle Manager	43	M	Management, MBA	4 | 22y	7
"Grossista"	Middle Manager	33	F	Management, BSc	2 | 11y	9
"Grossista"	Technical/ Specialist	29	M	Management, MSc	1 | 7y	7
"Grossista"	Technical/ Specialist	31	M	Management, MSc	2 | 9y	6
"Grossista"	Technical/ Specialist	35	F	Economics, MSc	2 | 12y	5
"Grossista"	Technical/ Specialist	29	M	Economics, MSc	1 | 7y	7
"Grossista"	Technical/ Specialist	30	F	Economics, MSc	1 | 7y	7
"Grossista"	Technical/ Specialist	26	M	Management, MSc	1 | 4y	4

"Grossista"	Technical/ Specialist	25	M	Management, MSc	1 | 3y	3
"Grossista"	Technical/ Specialist	29	F	Human Resources, MSc	1 | 6y	6
"V&V"	Technical/ Specialist	34	M	Computer Engineering, MSc	3 | 10y	3
"V&V"	Technical/ Specialist	35	M	Computer Engineering, MSc	2 | 12y	5
"V&V"	Technical/ Specialist	36	M	Computer Engineering, MSc	5 | 13y	2
"V&V"	Middle Manager	38	M	Computer Engineering, BSc	1 | 17y	17
"V&V"	Middle Manager	40	M	Computer Engineering, BSc	1 | 19y	19
"V&V"	Middle Manager	38	M	Computer Engineering, BSc	1 | 15y	15
"V&V"	Middle Manager	30	M	Computer Engineering, BSc	2 | 7y	5
"V&V"	Technical/ Specialist	33	M	Computer Engineering, MSc	5 | 10y	2.5
"V&V"	Middle Manager	46	M	Management, BSc	3 | 24y	10
"V&V"	Technical/ Specialist	28	F	Mathematics, Msc	1 | 3y	3
"V&V"	Technical/ Specialist	33	M	Computer and Systems Engineering, MSc	1 | 9y	9
"V&V"	Technical/ Specialist	34	F	Computer Engineering, BSc	4 | 13y	2
"V&V"	Technical/ Specialist	31	F	Computer Engineering, BSc	2 | 9y	6
"V&V"	Technical/ Specialist	29	M	Computer Engineering, BSc	1 | 7y	7
"V&V"	Technical/ Specialist	28	M	Computer Engineering, BSc	1 | 4y	4
"V&V"	Technical/ Specialist	26	M	Computer Engineering, BSc	1 | 3y	3

C. Code matrix.

		Cross-pattern analysis (heatmap: more *, more prevalent)			
Code	**Sub-code**	**# coded segments**	**Retail**	**Construction**	**ITC**
Internationalization driver					
	Domestic market	211	***	**	*
	Sectoral specificities	132	**	**	**
	Organizational specificities	147	*	***	***
Role of domestic market					
	Centripetal positioning (domestic market as corporate base)	192	***	*	*
	Centrifugal positioning (openness to host markets and localization)	63	*	*	***
	Hybrid positioning	93		**	
Internationalization vehicles/modal forms					
	Direct participation in local company	32	*	**	
	Fully owned local venture	54	*	*	*
	Projects	224			***
	Non-equity contractual forms (consortium, licensing, ...)	121	***	**	
Internationalization dominant assets					
	Capital	97	***	**	*
	Labour	173	*	**	***
	Brand	32	**	*	**
Internationalization emergent modal path (logics)					
	Born/being global	90			***
	Born-again global	271	**	***	

Data sources	Sectoral reports; Company reports; Interviews.	Sectoral reports; Company reports; Press/media articles; Interviews.	Sectoral reports; Company reports; Interviews.