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Internationalization of SME: the Portuguese institutional support and voids

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Master of Business Administration

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Invited Assistant Professor at ISCTE Business School

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Abstract

Due to globalization, countries, businesses, and people from different nations have become more interconnected than ever before in recent years. Following this trend, there is a growing indication for the rising engagement of SME in international marketplaces. When beginning the internationalization process, larger firms can deal more effectively with barriers than SME. This study focused on the external barrier, sometimes driver, namely the lack of support, incentive, and protection from public domestic organizations and institutions dedicated to SME internationalization. After 20 interviews conducted with professionals with high positions in various organizations in the Portuguese internationalization ecosystem, the results suggest that public support for SMEs is vital. However, some institutional voids should be addressed. Moreover, this research provides a comprehensive understanding of this ecosystem involving SME, business associations, financial institutions, and other stakeholders.

Key Words: Internationalization, SME, Institutional support, AICEP

JEL Classification: M16 – International Business Administration; H50 - General

Resumo

Devido à globalização, países, empresas e pessoas de diferentes nações tornaram-se mais interconectados do que nunca nos últimos anos. Seguindo esta tendência, existe uma clara indicação do crescente envolvimento das PME nos mercados internacionais. Ao iniciar o processo de internacionalização, as empresas maiores conseguem lidar de forma mais eficaz com as barreiras, quando comparadas com as PME. Neste estudo, focalizamos na questão do apoio, incentivo e proteção de organizações e instituições públicas nacionais dedicadas à internacionalização das PME. Após 20 entrevistas realizadas com profissionais de alto gabarito em diversas organizações do ecossistema Português da internacionalização, os resultados sugerem que o apoio público às PME é vital. No entanto, algumas lacunas institucionais devem ser corrigidas. Além disso, esta pesquisa permite uma compreensão abrangente deste ecossistema envolvendo PME, associações empresariais, instituições financeiras e outras partes interessadas.

Palavras-Chave: Internacionalização, PME, Apoio institucional, AICEP

Classificação JEL: M16 – Gestão Internacional de Empresas; H50 - Geral

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Glossary

AEP – Association of Portuguese Business

AICEP - Portuguese Trade & Investment Agency

AIP – Association of Portuguese Industry

B2B - Business-to-Business

CAP - Confederation of Farmers of Portugal

CCP - Confederation of Commerce and Services of Portugal

CEIE - Strategic Council for the Internationalization of the Economy

CEO - Chief Executive Officer

CIP – Confederation of Portuguese Business

COSEC - Credit Insurance Company

CTP – Confederation of Portuguese Tourism

e.g. – For example

EU – European Union

GDP - Gross Domestic Product

IAPMEI - Institute for Support to Small and Medium Enterprises and Innovation

IB - International Business

INV - International New Ventures

M€ - Million euros

MNE - Multinational enterprises

PALOP - Portuguese-speaking African countries

PT2020 – Portugal 2020

RO – Research Objective

RQ - Research Question

SME - Small and medium-sized enterprises

SOFID - Portuguese Development Financial Institution

UK – United Kingdom

UKTI - United Kingdom Trade & Investment

% - Percentage

Chapter 1

1. Introduction

Due to globalization, countries, businesses, and people from different nations have become more interconnected than ever before in recent years. There is a growing indication for the rising engagement of SME in international marketplaces (Tarek et al., 2016). Firms see internationalization as an essential pathway to increase competitive performance (C. M. P. Sousa et al., 2008), contributing to economies of scale and scope, manufacturing efficiencies, access to foreign technological, marketing, and management know-how (Korsakienė & Tvaronavičienė, 2012). This new reality gets reflected in the literature and increasing relevance of the IB area.

Near the end of the 1980s, a new field emerged in IB, which brought a new vision of the internationalization of smaller companies able to compete internationally from their initial years of existence: INV (Steinhäuser et al., 2021). In parallel, the last two decades have witnessed a gradual increase in research regarding the contexts surrounding SME internationalization (Gassmann & Keupp, 2007; Narooz & Child, 2017). When beginning the internationalization process, larger firms can deal more effectively with trade barriers since their resources and capabilities are more developed than SME, which have much more obstacles, either in internal terms (endogenous to SME) and external (beyond SME' control) (Paul et al., 2017; Zacharakis, 1997).

In this study, we will focus on the lack of support, incentive, and protection from public domestic organizations and institutions dedicated to SME internationalization. These external barriers, and sometimes drivers, have been identified, according to various authors, to be one of the most significant obstacles (Narooz & Child, 2017).

The primary purpose was to analyze the main theoretical contributions to SME internationalization, concerning the theoretical perspectives, processes, and barriers. The principal objective was to propose the methodology to gain new empirical data to verify the research question.

The research problem that will be addressed, which is in line with the future research suggested by Morais & Ferreira (2020) and focusing on the Portuguese business context, is to evaluate the support already supplied by governmental entities and examine why SME continues to experience shortfalls.

Furthermore, this research aimed to add value by completing a gap found in previous studies and updated literature about institutional support for SME internationalization, a theme

of great importance. Especially in Portugal, wherein 2008, to overcome the global economic crisis, the country sought to increase the internationalization degree of its economy (Luís Miguel Pacheco & Matos, 2021). Also, in the last decades, most governments have expanded infrastructure with a set of services aimed at assisting businesses in their internationalization efforts (Luís Miguel Pacheco & Matos, 2021).

Regarding the structure, in the Literature review, we will address a holistic perspective of the Internationalization of SME (processes, theories, barriers). In the following part, we present the methodology, 20 in-depth semi-structured interviews, which were later analyzed in the Data Analysis with text mining techniques, namely, word frequency list, word cloud, words association, text correlation, mining mapping, and text clustering. In the following chapters, we find the Discussion and Findings section. In the end, we terminate with the research limitations on this study.

Chapter 2

2. Literature Review

2.1. Internationalization of SME

As a strategic option for both new ventures and SME, international diversification is essential. It provides growth opportunities (Jiang et al., 2020) that have increased their participation in global markets (Dominguez & Mayrhofer, 2017). However, SME are different from large firms and have specific features that may influence their decision to enter international markets (Laufs & Schwens, 2014). Some of these characteristics concern their structural, management, and property constraints, in addition to those related to financial and human resources (Johanson & Vahlne, 2003). Others concern their behavioural strengths (Paul et al., 2017). SME commonly present entrepreneurial dynamism, flexibility, and higher motivation, while large firms are more robust in economies of scale as well as financial and technological resources (Steinhäuser et al., 2021).

It is also true that the discussion around the internationalization of companies is abundant, spanning various subjects and topics (Morais & Ferreira, 2020). Therefore, it is helpful to summarize it. The existing literature regarding the Internationalization of SME outlines three main areas of research: i) the Internationalization process, ii) Specific factors/variables influencing internationalization, and iii) Internationalization and performance (Morais & Ferreira, 2020). For this study, we shall focus on area i.

2.2. Internationalization Process

The internationalization process describes the SME increasing involvement in international markets (Welch & Luostarinen, 1988). The notion of behavioural patterns suggests that a firm (and its managers) tends to have a recurrent response when faced with similar situations (Kuivalainen et al., 2012). Based on these typical behaviours, the literature researchers generally examine SME' internationalization process from three primary theoretical perspectives: incremental, international entrepreneurship, and network theories (Brochado et al., 2020).

The incremental perspective, also known as traditional theories of internationalization, suggests that companies take the subsequent step when they recognize the risk as low level and

implement an incremental pattern (Steinhäuser et al., 2021). It incorporates two main models. Firstly, the Uppsala (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975) which is based on empirical research of Swedish firms on international business studies at the University of Uppsala. It focuses on the gradual acquisition, integration, and use of knowledge about foreign markets and the incrementally increasing commitments (Johanson & Vahlne, 1977). In particular, attention is concentrated on all firms and not just on multinational firms.

Secondly, the innovation model (Bilkey & Tesar, 1977; Cavusgil, 1980) which focuses and connects the internationalization process with adopting an innovation at the firm (Andersen, 1993).

The international entrepreneurship perspective explains the SME internationalization process by relying on the born global. This concept relates to firms, which are often small and technology-oriented, and embark on rapid and dedicated internationalization through exportation or any other entry mode, thus skipping some stages of the traditional process (Knight, G.A.; Cavusgil, 1996). Also, by relying on international new ventures models (Oviatt & McDougall, 1994), which these authors define as: “A business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries.”

Lastly, the network theory (Coviello & Munro, 1997) conceptualizes that SME seek to internationalize based on formerly established business, social channels and their existing partnerships (Ibeh & Kasem, 2011). According to Morais & Ferreira (2020), this theory appears as a complement to the incremental and international entrepreneurship perspectives.

Although these perspectives are important to comprehend the phenomenon of internationalization of SME, no single model can yet explain the entire SME internationalization process (Spence & Crick, 2006). Therefore, there is a need to have a more holistic perspective that combines previous theories (Dominguez & Mayrhofer, 2017).

2.2.1. Strategies and mode of internationalization

"Pathways" or "patterns" enacted by SME designate the strategies that best explain and sustain the internationalization process (Kontinen & Ojala, 2012). In analyzing them, various studies have tried to determine whether SME adopt the three different perspectives, as previously mentioned.

Regarding the entry modes of internationalization SME adopt, the majority start through exportation, which involves the lowest level of commitment to the external market (Korsakienė & Tvaronavičienė, 2012). According to the study of Hutchinson et al. (2006), United Kingdom

SME deploy diverse modes of entering external markets (opening their own stores, exporting, licensing, concessions, franchising). Other options, although generally involving higher risk and commitment, vary between the joint venture (Kirby & Kaiser, 2003) and the establishment of subsidiaries (Cheng & Yu, 2008).

Moreover, several factors affect SME' internationalization process. The gradual intensification of research into the contexts surrounding it (Gassmann & Keupp, 2007; Narooz & Child, 2017), reveals the importance of the obstacles and drivers for the Internationalization of SME. We address this topic in the following section.

2.2.2. The barriers for internationalization

Previous research has confirmed that the SME internationalization process is restricted by barriers (Korsakienė & Tvaronavičienė, 2012) and encouraged by drivers (Morais & Ferreira, 2020). The literature identifies several types of internal or endogenous barriers, including the expense of starting the process (Korsakienė & Tvaronavičienė, 2012), firm ownership structure (Pacheco, 2017), small financial support (Vide et al., 2010), shortcomings in international experience (Sass, 2012), small company size and limited knowledge about global markets (Cardoza et al., 2015). One of the most significant external obstacles for SME are the limited access to financial resources (Bellone et al., 2010), the bureaucracy (Korsakienė & Tvaronavičienė, 2012), regulations (Cardoza et al., 2015), tax burdens (Colapinto et al., 2015), inadequate institutional support (Narooz & Child, 2017), high levels of competition in global markets (Korsakienė et al., 2015) and different cultures and players in international markets (Hashim, 2015).

Among these barriers, we shall focus on inadequate institutional support. Regarding this topic, various findings suggest that decisions relating to internationalization processes are subject to a far more significant institutional influence by SME' respective contexts. Narooz & Child (2017) recourse to a sample of SME in Egypt and the United Kingdom, in which they report differences regarding the level of institutional support SME receive. In the case of Egypt, such support is shallow. This leads Egyptian entrepreneurs to resort to the informal social relationships that enable them to support their internationalization objectives. Ciravegna et al. (2014), who had the purpose of examining the differences in terms of the partnerships established to enter into the first international marketplace by Italian and Costa Rican SME, describe substantial similarities with the Narooz & Child (2017) study in the importance of the networks developed. Finally, Ratten et al. (2007), present evidence that SME in the developed economies of Europe, with favourable governmental policies, can acquire more incredible

speed of internationalization coupled with higher performances than SME in European transition economies.

Additionally, different institutional contexts (emerging and developed economies) influence each selected market, their respective different entry options, the speed of SME internationalization and their levels of performance (Korsakienė et al., 2015).

2.3. The institutional support perspective and the institutional void perspective

In some countries, public institutions offer SME financial and informational resources for internationalization. In others, they provide little such support and even erect barriers in business initiatives. This distinction is reflected in the institutional support perspective and the institutional void perspective (Stephan et al., 2015).

The institutional support perspective assumes that public authorities and agencies can effectively promote small business entrepreneurship by giving necessary resources, particularly when accessible under clear rules (Stephan et al., 2015).

The institutional void perspective, by contrast, indicates that not only can there be a lack of institutional support for entrepreneurship, but that inadequate institutional rules and their weak execution can generate uncertainty, inhibit participation in markets and restrict growth (Khanna & Palepu, 2010; Mair & Marti, 2009).

Distinctly, an inadequate institutional environment is typical for developing countries, while developed countries have a more established institutional framework (Korsakienė et al., 2015). SME seeking to internationalize may depend on national institutions to provide financial support and market information or even secure relevant business licenses (Morais & Ferreira, 2020). SME located in developing economies tend to experience relatively weak institutional contexts. The enactment of laws and regulations is inefficient, corruption and bureaucracy tend to be prevalent, and supporting educational systems and infrastructures are limited (Mesquita & Lazzarini, 2008). Thus, SME adopt coping behaviour, which means that they adapt or neutralize the institutional voids by seeking support through networking (Ellis, 2010; Musteen et al., 2014; Su et al., 2015).

On the other hand, the institutional support in developed economies such as the UK is immersed in contexts well furnished with the physical and information resources crucial for doing business in foreign markets. SME generally have relative affluence of the resources that their decision-makers need to undertake successful internationalization (Covin & Miller, 2013).

Furthermore, several authors highlight the importance of information for SME internationalization. Namely Etemad (2020), that points out that public support needs “to facilitate the construction of information data structures capable of enabling internationalizing smaller firms to avoid suffering from the pitfalls of information inadequacy and information insecurity”, which is “beyond the resources of smaller firms.” Additionally, Calabrese & Manello (2018) concluded in its work that there is a need for large grants to SME, provided by institutions, so that internationalized companies can compete efficiently.

2.4. The Portuguese Institutional context

Internationalization is associated with several advantages, as explained before, namely the capacity to produce economies of scale and increase technology and managerial knowledge for companies, creating growth and employment (Austrade, 2002). Therefore, these benefits justify the costs of government expenditures that include elaborating export promotion activities and publicly funded programs (Cansino et al., 2013). Additionally, there is a recognition of the impact of public institutional support towards national firms' internationalization in the literature in general (Azevedo et al., 2020). Furthermore, Coudounaris (2018) concluded that access to a foreign market is frequently driven by institutional intervention by national entities.

Moreover, in 2011, in the context of overcoming the economic crisis, the recently elected Portuguese government recognized that it was crucial to strengthen the export market and endeavour towards new destinations, mainly in Africa and Latin America (Luís Miguel Pacheco & Matos, 2021). According to Neves (2017), the reforms to improve the system's effectiveness evolved rationalizing the articulation of competencies between different ministries (Foreign Affairs and Economy), as well as combining external networks. These legal changes transformed the role of the Ministry of Foreign Affairs as an indispensable part of the Portuguese export promotion efforts, namely regarding SME.

For the purpose of this research, in terms of institutional public support categories, we divide it into three categories, inspired by Azevedo et al. (2020) study: publicly funded programs; external and internal entities network; and export promotion activities.

In the dataset explored by Azevedo et al. (2020), they use dependent variables in their survey that are mostly related to the involvement of the government and other governmental entities in the internationalization effort of the firms, namely: AICEP, IAPMEI, AEP, Regional or Local Business Associations, Specific Sectorial Entities, Chamber of Commerce, Portuguese Embassies and consulates, National Business Associations, Destination country business

associations, National Governmental agencies, Destination country governmental agencies. This institution's framework seems to be a catch-all for us and will be further used in our study.

2.5. Main issues and research questions

Morais & Ferreira (2020) highlight the need for diverse future research in SME Internationalization, primarily to evaluate the support already supplied by governmental entities and examine why SME continues to experience insufficiencies in institutional support. The literature in general regarding this topic is mainly focused on major world economies. Although some studies have relatively similar themes and are dedicated to a small economy such as Portugal, like the study of Brochado et al. (2020) and Azevedo et al. (2020), there is a need to focus on more studies on these drivers and barriers to small economies. Therefore, we want to point out the relevance of this Portuguese case study.

The following **key research question** summarizes this: is the Portuguese institutional support (external and internal entities network, export promotion activities, and publicly funded programs) enhancing the Internationalization of SME?

Furthermore, in the study of Azevedo et al. (2020), their results concluded that Portuguese smaller companies attach more importance to government incentive systems. In comparison, larger companies assign more relevance to interaction with internationalization support entities (AICEP, IAPMEI, AEP). Additionally, the companies that opted for models with less commitment and shared responsibilities (Franchising, Projects, Joint ventures) were those that attached more value to the whole set of variables related to the support to internationalization. Moreover, companies that chose Spain as their preferred export market showed some indifference to the importance of government entities and networks to support internationalization. In order to maximize the utility of our study, is essential to comprehend which firm and managerial characteristics are related with specific available public support for internationalization, according to our research objective. Therefore, we formulated the following research question: Are the firm and managerial characteristics impactful regarding the type of public support for internationalization an SME chooses? Namely, prioritizing mostly between: participation in incentive systems for internationalization; engaging contact with entities that might assist in the internationalization process; participation in export promotion activities.

Additionally, there is well-established literature dealing with and evaluating the presence of export promotion programs offered by public initiatives (e.g., Freixanet, 2012). Even when

attaining support from such institutions becomes a reality, whether due to the lack of knowledge or to the extensive bureaucracy involved, such support is slow to arrive and, in certain situations, does not reach down to SME in any case (Morais & Ferreira, 2020). Indeed, some authors propose that, when existing, active support from governmental entities removes the central barrier and becomes one of the most significant drivers of internationalization (Crick & Lindsay, 2015), demonstrating the core role played by this dimension. Objectively, this represents a field with scope for diverse future research, such as ours. This leads us to our second research objective which is to understand the essential institutional support that SME need in order to enhance their internationalization, that leads to the second research question: What is the institutional support for Internationalization that SME prioritize? This allows us to contribute further to our key research topic.

Moreover, Luís Miguel Pacheco & Matos (2021) in their study obtained complete answers from two hundred thirty-eight Portuguese firms representing all sectors of activity. According to these firms, embassies and consulates are the least essential entities in export supporting activities. On the contrary, AICEP and IAPMEI seem more relevant, and firms considerably recognize their help. Regarding AICEP, their results underline the vital role this agency has developed in recent years in work coordinated with embassies and consulates. Also, they observed that those firms exporting to distant markets (e.g., Asia or Oceania) attribute a greater relevance to AICEP and embassies and consulates. Thus, to understand the most important entities for the Internationalization of SME and why (Research objective 3), it is crucial to comprehend the internationalization ecosystem surrounding companies. Therefore, the third research question emerged: Which of the following entities was essential for SME' internationalization process and why?

Finally, in the study of Narooz & Child (2017), 20 Egyptian and 20 UK SME interviews were conducted, covering the dealings of SME decision-makers with domestic institutional agencies relevant to their internationalization. For the effect of our study, we highlight the feedback of UK SME on their existing institutional voids in the Narooz & Child (2017) research because it is more similar to the Portuguese reality (both are developed economies), and regarding the institutions support, their categories of problems stated by the SME include: inability to provide sufficiently customized niche information; insufficient attention to some emerging markets; lack of knowledge of institutional staff or their knowledge is lower to that of the SME entrepreneur; internal institutional inefficiencies; limited public information about institutional support schemes. We believe this study has a good research methodology role model to implement in our research and allowed us to reach the last research question: What

are the main problems SME face when dealing with Portuguese institutional support? We also plan to comprehend if the Portuguese institutional voids are related with other developed economies such as the UK.

The studies of Azevedo et al. (2020) and Luís Miguel Pacheco & Matos (2021), establish good relations and conclusions with a solid representativeness sample. However, they lack specific examples in which SME continue to experience shortfalls in institutional support.

Our study intends to use the in-depth semi-structured interviews method, which allows us to obtain detailed and insightful information with only a few participants to grasp particular examples and experiences of SME with the existing institutional support.

To summarize, table 2. 1 comprises the main issues from the literature review connected with the research questions and objectives.

Table 2. 1 Summary of the main issues from the literature review

<p>Key Research Question:</p>	<p>Is the Portuguese institutional support (external and internal entities network, export promotion activities, and publicly funded programs) enhancing the Internationalization of SME?</p>	
<p>Main Issues (Author, Year)</p>	<p>Research Question</p>	<p>Research Objective</p>
<p>1. Azevedo et al. (2020), using a novel survey dataset of 320 Portuguese firms and a quantitative approach based on a regression analysis, the authors concluded that:</p> <ul style="list-style-type: none"> • Portuguese smaller companies attach more importance to government incentive systems interaction than 	<p>RQ1: Are the firm and managerial characteristics impactful regarding the type of public support for internationalization an SME chooses? Namely, prioritizing between:</p> <ul style="list-style-type: none"> • Participation in incentive systems for internationalization; 	<p>ROI: Comprehend which firm and managerial characteristics are related with specific available public support for internationalization.</p>

<p>with internationalization support entities and the role of government network.</p> <ul style="list-style-type: none"> • Larger companies assign more relevance to interaction with internationalization support entities (AICEP, IAPMEI, AEP). <p>In our study, this will be further developed and tested.</p>	<ul style="list-style-type: none"> • Engaging contact with entities that might assist in the internationalization process; • Participation in export promotion activities. 	
<p>2. Morais & Ferreira (2020), highlight the need for diverse future research in SME Internationalization, primarily to determine the support considered most vital to SME, evaluate the support already supplied by governmental entities, and examine why SME continues to experience insufficiencies in institutional support. Some studies tried to face these issues in small open economies. However, there is a need to further develop this</p>	<p>RQ2: What is the institutional support for Internationalization that SME prioritize?</p>	<p>RO2: Understand the essential institutional support that SME need in order to enhance their internationalization.</p>

<p>understanding in the Portuguese context.</p>		
<p>3. Pacheco & Matos (2021), through a survey to 238 Portuguese firms and consequent controlling for other determinants of trade through a gravity model, obtained the results that “imply a less relevant role for embassies and consulates in export promotion and facilitation.” Whereas AICEP and IAPMEI seem to be more relevant, and firms greatly acknowledge their help. Although this result is clear and the sample's representativeness is significant, there is a lack of explanation for why this happens.</p>	<p>RQ3: Which of the following entities was essential for SME' internationalization process and why? AICEP, IAPMEI, AEP, Regional or Local Business Associations, Specific Sectorial Entities, Chamber of Commerce, Portuguese Embassies and consulates, National Business Associations, Destination country business associations, National Governmental agencies, Destination country governmental agencies.</p>	<p>RO3: Understand the most important entities for the Internationalization of SME and why.</p>

<p>4. Narooz & Child (2017) conducted in-depth interviews with 20 Egyptian and 20 UK SME decision-makers and highlighted the feedback of UK SME on their existing institutional voids: inability to provide sufficiently customised niche information, internal institutional inefficiencies, among others.</p> <p>Are these institutional voids applicable to other developed economies such as Portugal?</p>	<p>RQ4: What are the main problems SME face when dealing with Portuguese institutional support?</p> <p>Do they relate to the following: inability to provide sufficiently customized niche information; insufficient attention to some emerging markets; lack of knowledge of institutional staff or their knowledge is inferior to that of the SME entrepreneur; internal institutional inefficiencies; limited public information about institutional support scheme?</p>	<p>RO4: Grasp particular examples of existing institutional voids in the Portuguese environment. Assess if these are related to the institutional voids in other developed economies such as the UK.</p>
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Source: Own elaboration (2021)

Chapter 3

3. Research Methodology

In terms of the knowledge of the methods used to elaborate a scientific document, such as a dissertation, a scientific methodology is an essential instrument (Queirós et al., 2017). Other researchers, such as Flanagan (2013) state: "the scientific method is the most powerful tool for discovering truths about the world, exploring new theories, and performing their empirical validation." Regarding its approach, scientific research can be qualitative or quantitative. The objective of the qualitative methodology is to produce in-depth and illustrative information to understand the various dimensions of the problem under analysis. In comparison, quantitative research focuses on objectivity and collecting quantifiable measures of variables and inferences from samples of a population (Queirós et al., 2017).

Indeed, the qualitative interpretive approach to research is unique in addressing description, interpretation, and explanation issues. By contrast, quantitative research is better adapted to address prevalence, generalizability, and calibration (Lee, 1999). There are two additional characteristics common to qualitative research: a generally accepted researcher bias and the reduction of data to produce meaning from the data. However, to answer our research questions, there is a need to develop a research design that allows for an in-depth and holistic understanding of a complex social phenomenon and 'uncovering the predominance of actors' experiences' (Bluhm et al., 2011).

Therefore, we will follow a qualitative method because qualitative researchers interpret data based on the totality of their own experiences, training, social position, among others. Although the concern for this bias exists, there is a general acceptance of the nonobjectivity of these methods (Bluhm et al., 2011).

Thus, we believe adopting a qualitative method would be adequate to answer our research questions, namely in-depth semi-structured interviews with SME decision-makers experienced with internationalization and interaction with institutional support. In parallel, interviews will be conducted with other organizations involved in the internationalization process and a representative from a governmental supporting agency.

The method used to collect data, semi-structured interviews, is a tool in which the interviewer asks a few predetermined questions while the rest are not planned. Semi-structured interviews connect the structured and unstructured interview styles, reuniting the benefits of both. Therefore, it makes possible the comparison of the interviewees content while also

spontaneously exploring topics relevant to that particular individual (Pollock, n.d.). Moreover, the interviews create a more excellent bond of trust with the participant and access to specialized knowledge and relevant experiences.

In the interviews, the main focus will be to comprehend the extent to which SME decision-makers encountered institutional voids with national institutional agencies relevant to their internationalization, the networking they initiated with those institutions and other parties who played a crucial role in their internationalization.

3.1. Data collection

Since we will use in-depth semi-structured interviews, therefore utilize open-ended scales. This data collection tool is accurate to learn more about participants' experiences and opinions regarding a specific subject of study (Allen, 2017). Regarding the aim of this research, three main goals were proposed: to determine if companies engage in institutional support networking for internationalization; which type of activities they prioritize when doing so; to determine the problems they face on this interaction and what could be improved.

To find the desired sample, an internet search was carried out to draw up a list of companies and other organizations that fit what was intended to be studied.

It is essential to acknowledge that the sample for this study is from convenience. Contact was made, mainly, with business associations from highly exporting sectors, which gave us some SME contacts of the respective association. In the study of Azevedo et al. (2020) to measure the importance of support or incentives for internationalization from particular organizations, several were assessed in their questionnaire sent to SME, namely AICEP, IAPMEI, Specific Sectorial Entities, and so forth. Among these, Regional Business Associations and National Business Associations were included in their survey. Thus, we want to underscore that general managers from business associations participated in our study because these organizations are very involved in these processes and have a more holistic perspective of interacting with various actors, which can be valuable. Subsequently, contact was made with the respective organizations and SME via email, with a brief presentation and contextualization of the research study. Moreover, it was proposed to the interviewees that they opt for the virtual mode through the Microsoft Teams platform. Only two out of twenty were presential interviews.

The core interview guide is presented below in table 3. 1. Although the main structure maintains, due to differences between the type of organizations in the sample, minor

modifications were made to the interview script according to the respondent profile. In order to characterize each respondent's organization and consider the Covid-19 pandemic impacts to avoid misleading data, a set of questions was included (How many workers were employed in December 2020? Were there significant changes with 2019? / In which sector the company operates and what are the products/services of reference? / What is the revenue of the organization in 2020? Are there significant changes related to 2019?).

Then, to understand the international presence importance for the particular company interviewee, the following questions were incorporated (What is the export/international operations weight in the organization's revenue? What is that value to the EU common market in the total of the exports?), and question number 5 inspired by Hutchinson et al. (2006) (Initially, which entry mode in the foreign markets was chosen in the internationalization process? Examples: exporting; licensing; concessions; e-commerce; franchising; joint venture). Moreover, the following question was motivated by the pilot test interviewee suggestion (During the internationalization process, the organization prioritized which type of activities? Namely: Participation in incentive systems; Initiating network with institutional entities; Participation in export promotion activities; Training and information workshops; Business missions; Participation in fairs and international events; Consulting; Preparation of B2B agendas).

Subsequently, to understand the significance for companies of the existent institutional support, the following questions were interrogated (What is the importance of the existing institutional support to Internationalization? / Was there participation in the public support/incentive systems?).

To understand the Portuguese internationalization ecosystem, and inspired by Azevedo et al. (2020) survey (How important was the contact with the following entities in the internationalization process?) involving the same type of organizations of their study (AICEP, IAPMEI, AEP, Regional or Local Business Associations, among others).

Finally, a question concerning the main problems faced by companies when they interact with institutions for their internationalization (What are the recommendations to improve the existing institutional support?).

This information of the methodology allows for the creation of table 3. 1, that summarizes the Research Methodology that will be used to collect the data in the interviews:

Table 3. 1 Interview guide integrated with the research objectives

Research Objective	Questions for the interview' script
<p>RO1: Comprehend which firm and managerial characteristics are related with specific available public support for internationalization.</p>	<ol style="list-style-type: none"> 1. How many workers were employed in December 2020? Were there significant changes with 2019? 2. In which sector the company operates and what are the products/services of reference? 3. What is the revenue of the organization in 2020? Are there significant changes related to 2019? 4. What is the export/international operations weight in the organization's revenue? What is that value to the EU common market in the total of the exports? 5. Initially, which entry mode in the foreign markets was chosen in the internationalization process? (Examples: exporting; licensing; concessions; e-commerce; franchising; joint venture) 6. During the internationalization process, the organization prioritized which type of activities? Namely: <ul style="list-style-type: none"> • Participation in incentive systems; • Initiating network with institutional entities; • Participation in export promotion activities; • Training and information workshops; • Business missions; • Participation in fairs and international events; • Consulting; • Preparation of B2B agendas.

<p>RO2: Understand the essential institutional support that SME need in order to enhance their internationalization.</p>	<p>7. What is the importance of the existing institutional support to Internationalization?</p> <p>7.1. Was there participation in the public support/incentive systems?</p>
<p>RO3: Understand the most important entities for the Internationalization of SME and why.</p>	<p>7.2. How important was the contact with the following entities in the internationalization process?*</p> <p>*AICEP, IAPMEI, AEP, Regional or Local Business Associations, Specific Sectorial Entities, Chamber of Commerce, Portuguese Embassies and consulates, National Business Associations, Destination country business associations, National Governmental agencies, Destination country governmental agencies.</p>
<p>RO4: Grasp particular examples of existing institutional voids in the Portuguese environment. Assess if these are related to the institutional voids in other developed economies such as the UK.</p>	<p>8. What are the recommendations to improve the existing institutional support?</p>

Source: Own elaboration (2021)

Chapter 4

4. Data Analysis

4.1. Sample Characterization

4.1.1. Interviews

According to the company category from the Official Journal of the European Union's characteristics regarding SME's definition, this research's main sample population is Portuguese SME that export, are established, or were established abroad (DG GROW, n.d.). The choice was made to interview a so-called internationalization "SME decision-maker" who was part of the SME's international business development. The interviewees' positions vary from project manager to CEOs. Our sample is a high-level one because only two interviewees are not general managers or are even higher in its entity' rankings. All of them had a role of leadership or management in their respective organization.

When it comes to the type of organizations, in particular SME, their activity sector in the sample include three from viticulture, and one of each (ceramic, metallurgy, textile, shoe, leather goods, environment consultant, renewables energy).

Moreover, the sample incorporates some large firms' representatives due to the interest to understand their process and compare it to SME path, especially to answer the research question 1 about "the firm and managerial characteristics impactful regarding the type of public support for internationalization an SME chooses." In these, we include a multinational firm from the pharmaceutical sector and another one from the construction sector.

Several organizations other than companies were included in the sample and will be further presented below:

- A Development Finance Institution (SOFID), which provides medium/long-term credit or financial guarantees to companies with Portuguese capital in developing countries. When companies cross borders, the risk increases exponentially, and this type of institution provides instruments that partially mitigate these risks.

- An insurance company (COSEC) which, according to its website, offers solutions to support credit management and control in the domestic and foreign markets, as well as bond insurance. The relevance of COSEC for this study is explained by the fact that since its constitution in 1969, is mandated on behalf of the Portuguese State, to support insurance against

commercial and political risks associated with the export and investment of Portuguese companies abroad.

- A consulting firm. This firm is involved in companies' projects related to applications to Incentive systems in the PT2020, such as internationalization-related incentives.

- Business Associations, which facilitate trade and business with their counterparts internationally, and for companies, this is valuable because these associations extend their network.

- AICEP, the Portuguese Trade & Investment Agency, a government business entity, focused on bringing to Portugal the right foreign business investment that can contribute to the country' economy, and support and contribute to Portuguese companies' success in their internationalization processes or export activities. It relies on a global network of more than 170 professionals around the World. Moreover, AICEP is the leading institution in charge of the applications regarding the Incentive system for internationalization, part of the partnership agreement of PT2020 (AICEP, n.d.). These incentives encompass a subsidy up to the maximum of 45% in the form of a non-repayable grant to SME, for the development of projects to acquisitions for the application of new organizational methods; participation in fairs and exhibitions abroad; specialized consulting services provided by external consultants; obtaining, validating and defending patents and other industrial property registration costs (Consultants, n.d.).

The interviews were conducted in Portuguese, recorded on audio and sometimes video, transcribed, and later translated to English.

The interview guide was first subjected to a pilot test, collecting feedback to make minor improvements. Later, the core script used to interview the participants that accepted our invitation was finalized. Minor modifications were conducted in the interviews, adapting the script according to the type of organization of the participant. Overall, we conducted 20 interviews, reaching our sample size objective.

Furthermore, the table 4. 1, characterizing the case studies, is presented in the following page. Before this, we highlight some important observations about its content in the next subchapter.

4.1.2. Observations on table 4. 1

It is important to note that in case study C, the interview considered the period from 1990 – 2000. According to the interviewee, before two significant transformations that negatively affected distribution concentration in two big players (Leroy Merlin and AKI), and the

appearance of the Chinese product's market, the area of metallurgy in Portugal was substantially different from what it is now. Therefore, this time span was more interesting for our study because their internationalization efforts peaked during this period.

Additionally, in case study P, Q, R, and S, the company category is considered non-applicable, because the business association size is not relevant for this study. For these cases, the importance is directed to the particular sector which these associations represent. As for case study T, it is non-applicable because it is a public institution.

Bearing this in mind, we present table 4. 1 that follows:

Table 4. 1 Characterization of case studies

Case Study	Position	Type of Organization	Activity Sector	Company category
A	CEO	SME	Viticulture	Medium
B	CEO	SME	Ceramic	Medium
C	Owner	SME	Metallurgy	Medium
D	Partner	SME	Textile	Small
E	Administrator	SME	Shoe	Medium
F	General Manager	SME	Leather Goods	Medium
G	General Manager	SME	Viticulture	Medium
H	General Manager	SME	Viticulture	Small
I	Managing Director	SME	Environment Consultant	Micro
J	Project Manager	SME	Renewables Energy	Small
K	CEO	Multinational	Pharmaceutical Sector	Multinational
L	Vice-President	Multinational	Construction Industry	Multinational
M	CEO	Development Finance Institution	Developing Countries (Mainly PALOP)	Non-applicable

N	Chair of the Management Board	Insurance company	Mainly projects in countries with increased risk	Medium
O	Internationalization Specialist	Consultant	Communitarian Funds	Small
P	General Manager	Business Confederation	Multisectoral	Non-applicable
Q	General Manager	Business Association	Branded consumer goods	Non-applicable
R	General Manager	Business Association	Canned Fish	Non-applicable
S	General Manager	Business Association	Apparel and Textile	Non-applicable
T	Executive Member	AICEP	Multisectoral	Non-applicable

Source: Own elaboration (2021)

Furthermore, given the difference in terms of function and sector of the organizations that the interviewees represent, it is necessary to clarify their organization characteristics. The interviewees provided the information in the following table 4. 2. Before we analyze it, the following subchapter contains pertinent observations about the content of the table.

4.1.3. Observations on table 4. 2

The empty boxes correspond to non-answered or non-asked questions.

Non-significant means that the interviewees did not specify a number but recalled the characteristic as unimportant.

Non-applicable means that for some particular organizations, certain characteristics do not appertain to those specific cases.

In case study K, the numbers only include the operations in Portugal.

In case study L, the numbers characterize the multinational operations in every country.

In case studies P, R, and S, the numbers in the first three columns represent the information about the respective sector they represent.

In most companies and organizations interviewed, there were no significant differences in the number of workers and revenue from 2019 to 2020, except for case studies B, D, and H regarding significant revenues reduction.

Regarding the initial entry mode in the foreign markets, the answer exporting was the primary choice for all companies, which was expected and went in line with Korsakienė & Tvaronavičienė (2012), which encompasses that the majority of SMEs start internationalization through exportation. The exception applies for case study K, where the entry mode was a local representation in the destination country. In case study L, it was an effective internationalization with their structures and highly qualified personnel. The exception also goes for institutions other than companies in the sample, where the question was addressed in terms of their perception of the respective sector firms.

Consequently, we present table 4. 2:

Table 4. 2 Case studies' organizations characterization

Case Study	Revenue (M€)	International operations % on revenue	EU operations % on revenue	Activity Sector	Employee Number
A	18,5	30	10	Viticulture	50
B	1,7	98	25	Ceramic	60
C		25	Non - significant	Metallurgy	90
D	0,3	60	40	Textile	22
E	7	93	91	Shoe	160
F	3,7	100	95	Leather Goods	94
G	3,5	70	52,5	Viticulture	53
H	1,7	80	40	Viticulture	19
I	0,4	50	15	Environment Consultant	6
J	1	Non-applicable	Non-applicable	Renewables Energy	20
K	47	11	Non-applicable	Pharmaceutical Sector	132

L	2400	80	Non-significant	Construction Industry	35000
M	Non-applicable	Developing Countries (mainly PALOP)	Non-applicable	Development Finance Institution	14
N		Mainly projects in countries with increased risk		Insurance company	100
O		Non-applicable	Non-applicable	Consultant	40
P	71% of the Portuguese GDP			Multisectoral	20
Q				Branded consumer goods	4
R		70	Majority for the EU	Canned Fish	2
S	6200	70	50	Apparel and Textile	9
T	Non-applicable	Non-applicable	Non-applicable	Multisectoral	500

Source: Own elaboration (2021)

4.2. Text Mining

The information obtained by the twenty interviewees was intended to determine the convergences and divergences in the respondents' opinions. Various tools were used to interpret the data obtained, namely through text mining techniques, which are an efficient tool that supports the creation of knowledge by preparing and organizing unstructured textual data (Dörre et al., 1999). In this way, the most important topics under research were organized

according to the different categories on which the text mining was done, demonstrated on the following pages.

The data was linked with the literature to comprehend the relationships between qualitative results and the emerging theory.

4.2.1. Word frequency

According to Goswami & Shishodia (2013), text mining is a form of qualitative analysis to obtain the most relevant information to be assessed and discussed from all interviews. We followed this approach in the subsequent sections. We utilized mainly the KH Coder, a software for quantitative content analysis or text mining, which creates infographics that can be used to draw relevant conclusions about the interview data.

The first tools used to analyze the content of the interviews were the Word Frequency List and the Word Cloud, allowing visualization of the most frequent words during the interviews and thus, drawing some relevant conclusions.

Table 4. 3 Word Frequency List

#	Word	POS / Conj.	Frequency
1	company	Noun	156
2	AICEP	ProperNoun	138
3	market	Noun	126
4	support	Noun	77
5	internationalization	Noun	70
6	think	Verb	69
7	country	Noun	59
8	make	Verb	56
9	project	Noun	50
10	information	Noun	46
11	business	Noun	45
12	contact	Noun	44
13	association	Noun	41
14	mission	Noun	41
15	way	Noun	41
16	important	Adj	40
17	lot	Noun	40
18	Portugal	ProperNoun	39
19	portuguese	Adj	39
20	say	Verb	39

Source: Adapted from KH Coder



Figure 4. 1 Word Cloud

Source: TagCrowd

Regarding the word frequency list in the table 4. 3, it is clear to witness that most of the more frequent words are relatable to the topic of the study at hand, such as “AICEP, market, support, internationalization, country, project, information, business, association, contact, mission, way”. This is very relevant because it allows us to develop further the importance of these concepts to SME internationalization, especially more pertinent for the Portuguese Business context.

Undoubtedly, AICEP is a central institutional player when it comes to SME internationalization, and it was a key theme in almost all the discussions held. This is because it fosters contact with foreign customers, promotes international events, relies on an extensive global network, analyses and monitors the projects of companies and associations within Portugal 2020 (the incentive scheme for internationalization), and economic and regulatory information on external markets.

In general, the experience from interviewees with AICEP was positive, and importance was given to this interaction in line with Luís Miguel Pacheco & Matos (2021) study results, which assess AICEP and IAPMEI as an extremely relevant internationalization entity where firms greatly acknowledge their help.

When questioned about participation in the public support/incentive systems for internationalization, almost all of the interviewees had at some point been in contact with AICEP. The interviews indicated that SME tend to participate in the incentive systems whereas the multinationals, although with a small sample of two interviewees, do not recur to these programs but resort to institutional support to gather important information about a particular market, especially during the initial phase of an internationalization process. This relates to Azevedo et al. (2020) study regarding the importance of incentive systems on internationalization. Smaller firms identified them as necessary, whereas large firms do not place much importance.

Another word deserves to be a target of analysis, namely, “support”. The interviewees defined it as something fundamental to achieve the objectives of its internationalization efforts. Also, it was possible to acknowledge that AICEP relies on an extensive global network of delegates, mainly stationed in Portuguese embassies. Companies use this institutional support to understand a foreign market, gather relevant information, and expand their network locally, confirming Narooz & Child (2017) study affirmations about the significance of institutions for SME that unless SME can secure alternative sources of the resources aforementioned, through, for example, building alliances with MNE, they are liable to be dependent on institutions for essential resources assisting their internationalization.

As a positive feedback, there is the evolution that this AICEP support provides when compared to 30 years ago. The more experienced interviewees often recalled this reality and recognized the excellent path government entities have taken regarding internationalization support in recent years. Moreover, four interviewees mentioned the reforms to improve the system's effectiveness promoted by the 2011 recent elected government, referenced by Neves (2017), as a positive change. This alteration translated into better monitoring of the internationalization processes of companies, the profitability of both physical and human resources and, that it brought to the sphere of economic diplomacy a set of skills for all embassies and diplomacy that had before fewer capabilities in this increasingly important area.

On the other hand, several improvements for this support are still needed, according to the interviews. A widespread comment was that, as in any organization but particularly in AICEP, there is a significant difference in capacity, dynamism, and willingness to accompany firms in their various delegations. At least five interviewees mentioned this aspect. There are delegations where firms can rely on excellent people. However, in other places, the level of economic perception of business reality is much weaker. It suggests there is work to be done there, in practice, to homogenize the higher quality across all delegations. Moreover, although

it is complicated for business associations and public institutions to provide technical information about a particular sector or regulation, one interviewee also mentioned the delay of AICEP in responding to requests from companies. Finally, the delay in receiving the payments of the incentive system on behalf of AICEP was referred by other two interviewees. These situations reveal a need to improve.

“Information”, another keyword, is one of the primary positive outcomes institutional support can provide to firms. SME often lacks the resources to obtain valuable information, namely, relevant data concerning access to markets, business opportunities, barriers, how to solve some market problems, the local regulation, how to look for partners in a particular region, among others. Therefore, we can confirm Etemad (2020) conclusion, which recognizes the critical importance of information for internationalization and highlights that public policies need to address the construction of information data structures that avoid SME’s contact with inadequate and insecure information. Furthermore, one interviewee recalled that while in Romania, during its internationalisation process initiation, the company tried to talk to several vital institutions in the country, especially to the local energy regulator, with whom neither of their local lawyers managed to arrange a meeting. Nevertheless, AICEP did, emphasising its valuable role of helping SME’s in their internationalization process. They have also been involved in a project in Africa thanks to AICEP's newsletter regarding business opportunities. So, this is an example of how the institutional capacity amplifies SME' reach to information and network.

When it comes to the word cloud in figure 4. 1, the words most utilized during the interviews are highlighted. One that has particular relevance is “projects”. Other keywords, such as this one, have great importance in these interviews' content and should be analyzed in detail. Companies participate in incentive systems for internationalization, evaluated by AICEP personnel, through applications to particular projects. In order to be approved, firms often rely on consultants who assist them in balancing their needs and the rate of acceptance, according to the project criteria. Overall, the functioning of this system is regarded as necessary for the companies to have incentives to internationalize. However, five interviewees mentioned several inefficiencies, namely the significant bureaucracy associated with these projects and the lack of flexibility on behalf of the project evaluators. One interviewee recalled a situation in which he was involved in an individual internationalization project and assumed a budget to attend an international fair in Madrid. Although he was close to the location, according to the project criteria, if he went by car, the project did not cover this particular trip, so he would have to fly to get his refund. Moreover, he would also be penalized because he would not fulfil the budget

that was in the project. Situations like these encourage detours because he would be penalized if he was not going by plane, which would not make sense due to his proximity to his destination. This reveals a lack of interpretation of what is local to the project evaluators.

4.2.2. Words Association

This methodology refers to connecting the most often associated words to comprehend the notions and themes most relevant to be studied. This method is very commonly used in particular research areas such as psychology and sociology (Schmitt, 1998). We chose four words, “AICEP, support, information, mission”, to be analyzed further in the next following four tables.

Before we present them, it is important to clarify the meaning of the tables 4. 4, 4. 5, 4. 6, and 4. 7. The words that are most often associated with the word in question are identified on the left side. The unconditional column refers to the number of times respondents used the word in the interviews. The conditional column refers to the number of times that various words are associated with the word “AICEP” in the following table 4. 4 case. The Jaccard column refers to a coefficient that can be examined, but that has no relevance for this study.

The first word to be analyzed was AICEP:

Table 4. 4 AICEP Word Association

The screenshot shows the KH Coder software interface. At the top, there is a 'Search Entry' field containing '#direct'. To the right, there are controls for 'Coding Rule File' (Browse, No File Selected), a search filter '#direct: and AICEP', and an 'AND' button. Below this is a 'Result:' section containing a table with the following data:

N	word	POS	unconditional	conditional	Jaccard
1	contact	Noun	37 (0.022)	12 (0.081)	0.0694
2	good	Adj	36 (0.022)	10 (0.068)	0.0575
3	delegate	Noun	15 (0.009)	8 (0.054)	0.0516
4	information	Noun	44 (0.027)	9 (0.061)	0.0492
5	embassy	Noun	26 (0.016)	8 (0.054)	0.0482
6	use	Verb	33 (0.020)	8 (0.054)	0.0462
7	think	Verb	68 (0.041)	9 (0.061)	0.0435
8	say	Verb	39 (0.024)	7 (0.047)	0.0389
9	example	Noun	33 (0.020)	6 (0.041)	0.0343

Source: Adapted from KH Coder

In table 4. 4, “Contact” is the main associated word with “AICEP”. The participation of embassies and other institutions is crucial to assist Portuguese entrepreneurs and local institutions in understanding what doing business is in various markets. The term for this *modus operandi* is called “Local Business Building”. Moreover, at least seven interviewees mentioned various times, the interaction with their contact point to AICEP. They have the figure of an account manager associated with companies by sector. As an interviewee puts it: in practice, they send emails with newsletters, training actions, and listings of potential customers by market database and by type of product. Companies contact their AICEP key account manager, and then he contacts the AICEP delegate in the company's desired country to internationalize. Consequently, the delegates send updated listings periodically, and then companies contact the firms referred in the listings. Companies can find two or three firms that seem to have much potential in a particular market. For this to maintain, constant “contact” is essential.

The word “good” highlights the positive feedback about AICEP’s contacts and information.

The second word analyzed was support:

Table 4. 5 Support Word Association

The screenshot shows the KH Coder interface. The search entry is '#direct' and the coding rule file is 'No File Selected'. The search criteria are '#direct: and support'. The unit is set to 'Paragraphs'. The results table is as follows:

N	word	POS	unconditional	conditional	Jaccard
1	need	Verb	30 (0.018)	8 (0.089)	0.0714
2	institutional	Adj	18 (0.011)	6 (0.067)	0.0588
3	important	Adj	40 (0.024)	5 (0.056)	0.0400
4	internationalization	Noun	70 (0.042)	6 (0.067)	0.0390
5	structure	Noun	7 (0.004)	3 (0.033)	0.0319
6	provide	Verb	8 (0.005)	3 (0.033)	0.0316
7	public	Adj	11 (0.007)	3 (0.033)	0.0306
8	abroad	Adv	16 (0.010)	3 (0.033)	0.0291
9	area	Noun	23 (0.014)	3 (0.033)	0.0273

Source: Adapted from KH Coder

By interpreting table 4. 5 and the words associated with “support”, the first analysis is that there is a “need” for “institutional” support for “internationalization”. This comes as no surprise, bearing in mind the authors in our literature review, which positively assessed the

importance of such support to leverage SME' capabilities when they internationalize (Korsakienė et al., 2015).

According to some of the interviewees, although the need for institutional support for internationalization is clear and through "providing" "structures", the extent to which this support must go is still debatable. Companies will always have the final word for the best strategy to follow, and relying too much on this support might be risky. One interviewee highlighted that they avoid depending on institutional support and rely on their resources and network. Before reaching public institutions, their approach was already very well defined. They minimize the chance of failure on the institutional side.

Moreover, one interviewee referred that this institutional support was interesting in terms of information but minimal in the commitment that exists in the permanent support for the entrepreneur. Additionally, he mentioned that AICEP had given them exciting listings of companies and projects starting up or underway. Nevertheless, when they wanted to go a little further, for Portuguese representatives to accompany them into meetings, there was reticence.

The third word which was analyzed was information:

Table 4. 6 Information Word Association

The screenshot shows the KH Coder interface. The search entry is '#direct'. The coding rule file is 'No File Selected'. The search criteria are '#direct: and information'. The unit is set to 'Paragraphs'. The results table is as follows:

N	word	POS	unconditional	conditional	Jaccard
1	reach	Verb	7 (0.004)	3 (0.068)	0.0625
2	try	Verb	15 (0.009)	3 (0.068)	0.0536
3	good	Adj	36 (0.022)	4 (0.091)	0.0526
4	AICEP	ProperNoun	131 (0.079)	8 (0.182)	0.0479
5	credible	Adj	2 (0.001)	2 (0.045)	0.0455
6	search	Noun	4 (0.002)	2 (0.045)	0.0435
7	access	Noun	8 (0.005)	2 (0.045)	0.0400
8	provide	Verb	8 (0.005)	2 (0.045)	0.0400
9	base	Verb	12 (0.007)	2 (0.045)	0.0370

Source: Adapted from KH Coder

As mentioned before, the information provided by public institutions to support internationalization, primarily through AICEP, is considered as one of the essential uses for

firms. Table 4. 6 allows to assess that firms use institutional support to “reach” “good”, and “credible” “information”.

One interviewee from a multinational firm mentioned that, by having various operations abroad, the information of someone on the field that can see beyond the “optimistic” local government economy reports and the usual vicissitudes of a country is of great value. As a downside, he mentioned that this relevant and high quantity of information passed by AICEP lacks its “reach” due to its tools. As for recommendations, he exerted the public institutions to rely more on business confederations and associations to expand the reach of this valuable information further. As a business platform, it could be helpful for the dynamization of consortia or simplification of information.

The same functions apply to the UKTI service, which grants SME access to information, advice from international trade advisors, and other staff based both in the UK and in foreign consulates and embassies, among others (Narooz & Child, 2017).

However, there are some situations in which AICEP fails to provide proper information. Four interviewees evoked mistakes regarding the listings given by AICEP on the preparation of B2B agendas for international business meetings. Two interviewees mentioned that the listings were extensive and sometimes outdated. Whereas the other two reported mistakes in matches proposed by AICEP in terms of client characteristics.

Lastly, the final word to be analyzed was mission:

Table 4. 7 Mission Word Association

The screenshot shows the KH Coder interface. The search entry is '#direct'. The coding rule file is set to 'No File Selected'. The search criteria are '#direct: and mission'. The unit is set to 'Paragraphs'. The results table is as follows:

N	word	POS	unconditional	conditional	Jaccard
1	international	ProperNoun	22 (0.013)	14 (0.350)	0.2917
2	business	Noun	44 (0.027)	8 (0.200)	0.1053
3	fair	Noun	31 (0.019)	5 (0.125)	0.0758
4	international	Adj	28 (0.017)	3 (0.075)	0.0462
5	turn	Verb	7 (0.004)	2 (0.050)	0.0444
6	big	Adj	9 (0.005)	2 (0.050)	0.0426
7	focus	Verb	11 (0.007)	2 (0.050)	0.0408
8	aicep	Noun	13 (0.008)	2 (0.050)	0.0392
9	carry	Verb	13 (0.008)	2 (0.050)	0.0392

Source: Adapted from KH Coder

In this last table (table 4. 7), it is important to clarify that “mission” refers to international business missions, and this activity is crucial so that SME get in touch with possible clients. Institutional support is vital for participating in trade missions as a financial support provider (Narooz & Child, 2017). Words such as “international”, “business”, “fair”, are, therefore, easy to understand why they are related to “mission”.

When asked about the essential institutional support SME need the most, the respondents diverged. However, in general, they answered the support to participate in international fairs and missions, especially among highly exporting SME. As often stated among these types of companies, the internal Portuguese market is small. It has low purchase power among its population, therefore challenging to grow, so companies diversify the risk by exporting a significant percentage of its production. In order to reach clients and customers, participation and marketing abroad are very important for them. However, as one interviewee stated, internationalization is very expensive, such as communicating abroad, placing an office in a specific market, or simply sending canned food to an international fair, a fact corroborated by Korsakienė & Tvaronavičienė (2012) when it comes to acknowledge several types of internal or endogenous barriers, including the expense of starting the process. Hence, there has to be institutional financial support for these activities. This institutional financial support arrives mainly within EU communitarian funds through Portuguese state programs, within the scope of the PT2020, for example.

4.2.3. Text Correlation, Mind-Mapping and Cluster Analysis:

According to Biggs (1987), the mapping techniques made it possible to illustrate the information analyzed in infographics, enabling a much easier understanding of the relationship between all the themes, contributing to a more effective and conclusive analysis by the researchers. Later on, Davies (2011) asserted that more students, researchers, and analysts had used software mapping tools as an analytical methodology in recent years. Their use is to foster detailed analysis of notions and the various relationships between them, using diagrammatic relationships instead of written or verbal methods, to produce a more simplistic way to illustrate the comprehension of complicated topics.

Clustering is an optimal method that makes a large quantity of unordered text into a significant number of relevant and coherent word clusters, providing a basis for an intuitive and informative navigation to get some conclusions (Vashist, 2016). When it comes to text clustering, our choice goes to this approach as it permits us to establish connections beyond the previous techniques mentioned.

Bearing this in mind, we shall use text correlation, mind-mapping, and cluster analysis to enhance our data analysis of the interviews.

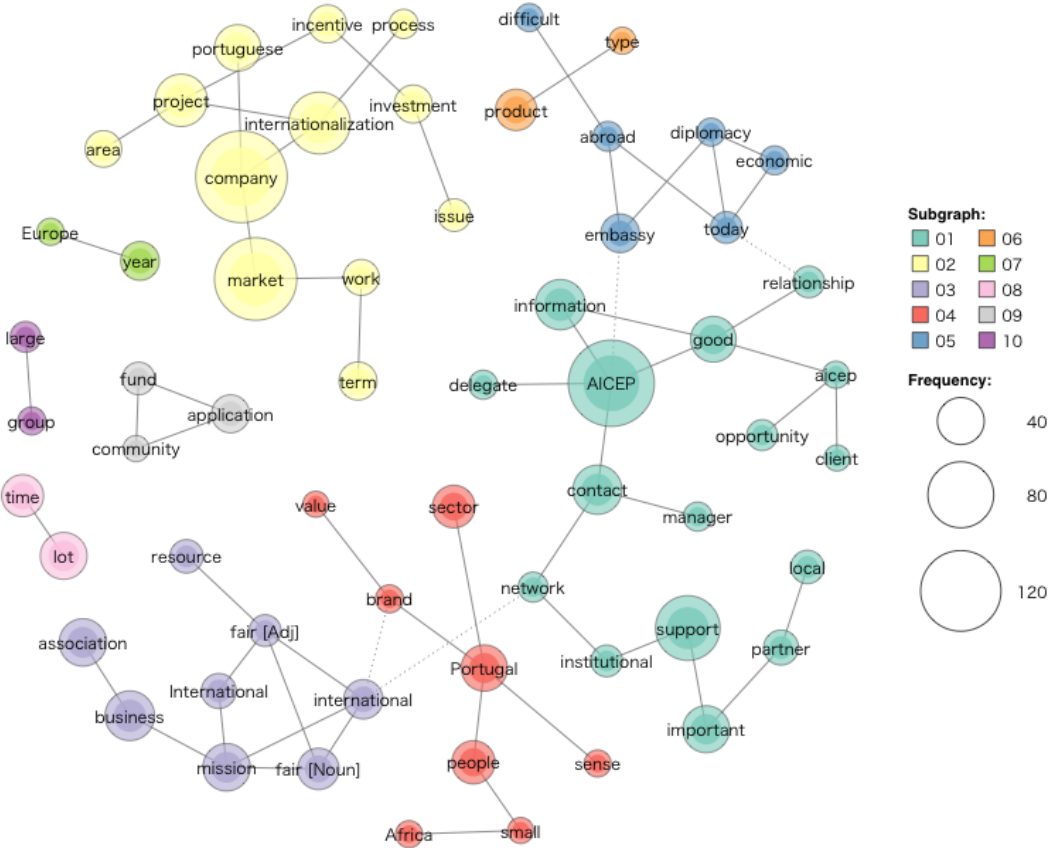


Figure 4. 2 Text Correlation and Mining Mapping

Source: Adapted from KH Coder

Above, we can find the mind map in figure 4. 2, which results from inserting the content of the interviews in the KH Coder software.

With this technique, we observe various notions and words with powerful connections that can be analyzed and interpreted for our research objective, just as Biggs (1987) and Davies (2011) considered.

When looking at the mind map, it is possible to see that it is divided into subgraphs of words with different frequencies. To the effect of a thorough analysis, each one of the subgraphs was interpreted individually. Given the relevance of the cluster results, we will analyze subgraphs 01, 02, 03, 04, 05, and 09.

In subgraph 01, we can find the various correlations focused on AICEP. It recognizes this institution as a valuable “information” provider, a “network contact” promoter, and essential “local partner” and “institutional support”. This aligns with Narooz & Child (2017) conclusions on the importance of the UK official export promotion services, where the majority of the UK SME interviewed by them (14 out of 20) had used official export promotion services, and with two exceptions, found them valuable. Moreover, subgraph 01 is linked to subgraph 05, with the words “AICEP” with “embassy”, due to the obvious reasons of the synergies among these institutions, because AICEP is integrated into the embassies and consulate network. Finally, subgraph 01 is linked to subgraph 03 in the words “network”, and “international”, respectively, and one can observe that AICEP contributes to the expansion of firms' international network.

Regarding subgraph 02, the connections established reveal the approach of internationalization of “Portuguese companies” to new “markets”. Often, especially SME, lack the financial resources to do it independently (Vide, R.K., V. Bobek, V. Cancer, 2010). Therefore, to solve the investment issue, SME prepare “internationalization projects”, sometimes with consulting firms' assistance, to have a defined path and, at the same time, to receive incentives from public programmes. For example, one interviewee said they carried out a market study in Japan, included in an incentive systems program. This allowed them to understand a new market at lower costs.

According to one interviewee from a business confederation, although institutional support agencies advise on a particular market and incentive programmes to foster internationalization of Portuguese companies, the choice of markets entry should not be a matter for the State, but always for the companies. He considered that each company is a different case. Each has its specificity, even in the same sector of activity. The State should assist in terms of parallel information on the risk to internationalization endeavours. The Portuguese State's information systems have allowed the assessment of various risks, so there is always a complementarity of information. Nevertheless, it is always up to the companies' choices and the markets to send their services and products, he referred.

Moreover, two interviewees also mentioned the role that public institutions have to alert better companies to the potential risks of a non-efficient internationalization. One referred to the lack of training for SME and companies in top management, specifically for internationalization, and that maybe AICEP, for instance, should alert more properly about the complications of internationalizing in new markets, namely regarding the understanding of the product that companies have to offer, whether the price is right, the type of partners, among others and compare it to the markets to whom they wish to internationalize.

In subgraph 03, the “business associations” role is closely connected with the “international missions and fairs”. These associations organize national participation in international fairs all over the world. These fairs are one of the primary ways of internationalization of companies, mainly when it is B2B and, therefore, is not directed to the consumer. These missions are often the first time some companies go to a market, where the first deals and contacts are made. As one representative of an association mentioned, it is clear that the associations use public funds, usually communitarian funds, which without them it would not be possible to provide this support and, therefore, this assistance is vital for the internationalization of companies. It has been, she argues, perhaps one of the most positive impacts of communitarian funds. The interviewees were asked about the importance of various entities in the internationalization process, and several highlighted business associations as very important for establishing external relations. Moreover, it was clear throughout the interviews that SME develop a range of nongovernmental network contacts, such as with customers, chambers of commerce and professional advisors, which they utilized to support their international expansion over a wide range of foreign markets, same as the UK companies in Narooz & Child (2017) study.

At least three SME mentioned that their presence in international fairs and missions was possible through collective participation within their respective sectorial business associations. Two SMEs also referred that these associations deal more effectively with all the bureaucracy associated with the type of public incentive funds. SME instead participate through these terms then individually, where they have to deal with the significant amount of bureaucracy in these projects.

In subgraph 04, there is an association between words like "Portugal," "brand", "sector", "value", "people" and after the interviews, it is possible to deduce that good marketing around the Portuguese Brand enhances the possibilities of all the Portuguese products. A Business Association representative, acquainted with this topic, highlighted that people associate the Portuguese Brand with beach, sun, gastronomy, and wine. However, that is not an economic reality but a tourist one. He compared what effectively gives value to country brands, such as Switzerland, Germany, and Norway, which is the perception people have about efficiency in these countries. It just needs to be a product from these countries that people associate with a quality product. He mentioned that this is very much on top of what is done in building brands in these countries.

Regarding the funding direction that incentive systems should focus on, the opinions are divided. One interviewee reckons that incentive systems should provide more for the marketing part and less in investment for production, pointing much more to the value part that needs to

be invested in communication, materials, and international presence. On the other hand, an interviewee from an exporting SME mentioned that internationalization incentives are too much focused on online sales, websites, catalogs, everything that has to do with the image and promotion of products, and then, for production, not really. He argued that, generally, there is always money for the internationalization incentive systems because it exists continuously and is positive to use that in international fairs. However, the projects are limited for equipment modernization and are not always available at a suitable time for a particular company. Therefore, he referred that the difference in criteria for these incentive systems is terrible because the industry would be more competitive and modernized if these issues were addressed.

In subgraph 05, words such as “difficult”, “abroad”, “embassy”, “today”, “diplomacy”, “economy”, entails that in the international context, the economic diplomacy performed by embassies is an increasingly important issue, a fact defended by P. P. e Sousa (2019). It was unanimous among four interviewees who approached this topic that in the last 10/20 years, there has been a considerable evolution of our embassies, and today we have excellent ambassadors in some markets, who have almost the only objective of doing economic diplomacy. However, some highlighted, it should be clear that it is not up to the embassies and AICEP to do business. It is up to the embassies and AICEP to open doors. Even so, they mentioned that some improvements could be made. One interviewee said that if there were clear goals towards Portuguese exports for the embassies, it would emphasize this role and the results to help assist Portuguese entrepreneurs.

Finally, in subgraph 09, several concepts were discussed during the interviews and related to each other, namely “community”, “application”, “fund”. In general, when asked about the significance of institutional support for internationalization, the interviewees regarded it as very important. The EU communitarian funds, operated by Portuguese entities, are indeed a significant incentive to international activities. As an interviewee explained, the type of investment that is eligible encompasses incentives to fairs participation, prospecting trips, digital marketing, hiring people for the digitalization of the firm. Also, one of the eligible investments is, for example, market studies and commercial advice. Ideally, SME apply to the incentive systems, with these activities altogether in the project. However, two interviewees mentioned that these incentive systems were prejudicial for the economic system due to the Government subsidy dependence. It was mentioned that many of the mistakes made in our companies are born out of the design of these programs, making companies invest in areas “dictated” by the government and not in the areas they should invest in. Moreover, according to one interviewee, the banks give credit to a company when the subsidy is approved, making

them not carry out a proper risk analysis. Then some consultants' companies make a living from this, from applying for projects for funds. For these two interviewees, all of this situation creates dystrophy.

4.2.3.1. Text Clustering:

Finally, the last method used to finish the data analysis was text clustering. According to various authors, text clustering is a vital text mining technique and plays an essential role in efficient document organization, topic extraction, and information retrieval (Yan et al., 2019). It is possible to visualize several concepts covered in the interviews, their frequency, and their relationship by analyzing the figures. Although these clusters show information similar to the mind map, they contain more detailed insights and make the relations between the concepts even more evident.

We can find the results on the following figure 4. 3:

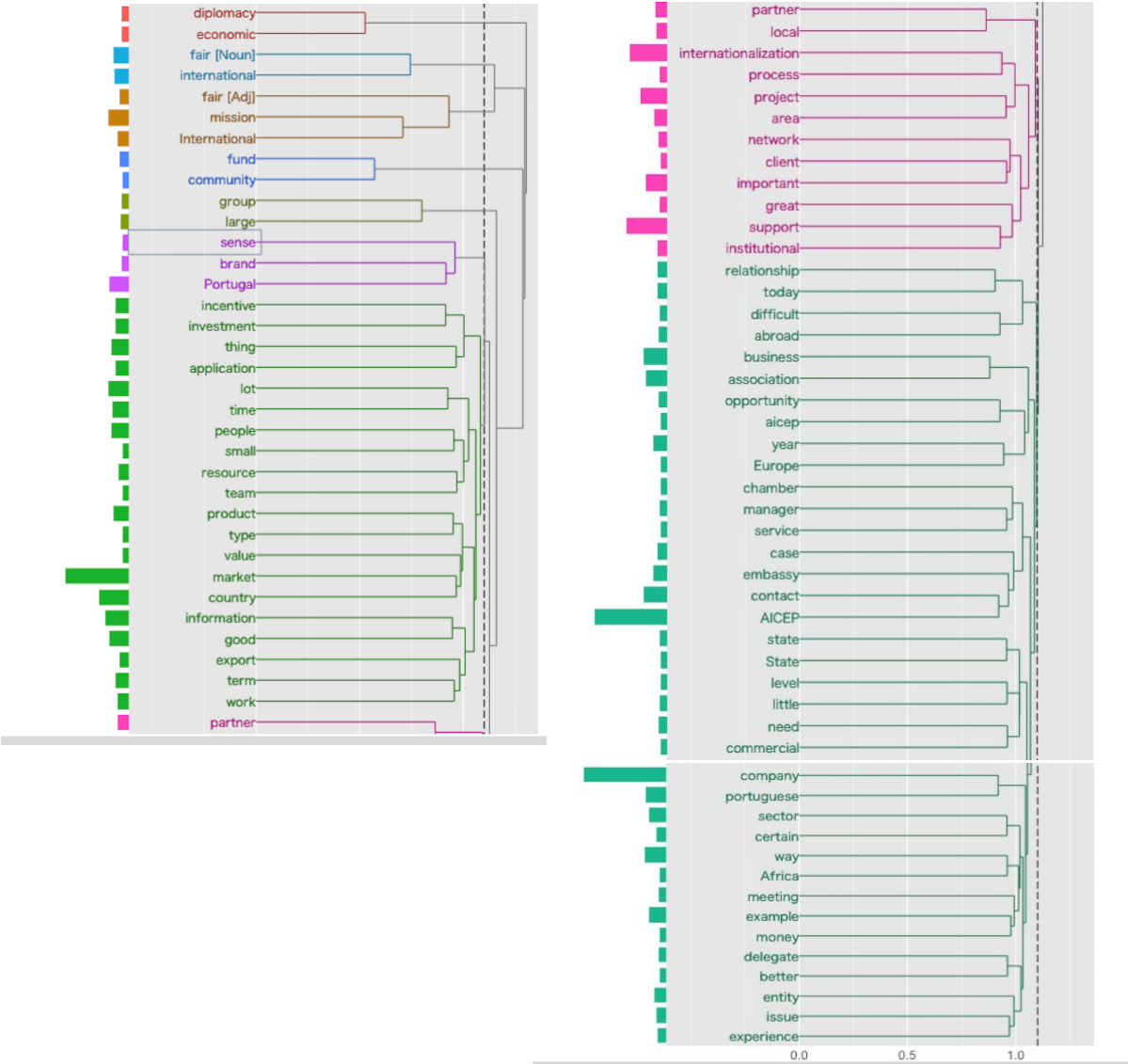


Figure 4. 3 Text Clustering

Source: Adapted from KH Coder

Given the associations in figure 4. 3 above, we shall focus on the three more significant outcomes.

In the first green cluster, we can visualize that “market” is significantly associated with “country”, “information”, “people”, “application”, “export”, “investment”, “incentive”. This is explained by the fact that companies need to profoundly know the market they intend to enter to expand correctly. This requires a good assessment of valuable information, a successful application to participate in the incentive systems, and an incentive for the investment required by a process such as internationalization. It is clear that due to lack of funding, SME especially need extra incentives from the State. Focusing on the words “incentive” and “investment”, two interviewees recalled that the important thing is to realize that the risk increases exponentially when you cross borders. Commercial banking is not particularly suited in the Portuguese space to accompany this riskier internationalization. This is where development finance institutions address this market failure; institutional support there is critical. Bearing in mind the funding angle of internationalization, other institutions such as COSEC, the Credit Insurance Company that ensures credit lines for short-term exports, credit lines for large companies, and others. These organizations also play a vital role for companies, although sometimes indirectly, such as the development finance institutions, to internationalize to foreign markets. SOFID was mentioned three times throughout the interviews, whereas COSEC was also three, particularly by the two multinational interviewees.

The pink cluster is related to one of the interview questions, which addressed the most institutional support needed to Internationalization of companies, based on Morais & Ferreira (2020) suggestion, therefore exploratory in the Portuguese business context. The findings are that assistance for market studies, contact points in foreign countries, international missions, and fairs, among others mentioned before, are at the centre of support need for firms. The incentive systems finance much of these activities, although companies often need consultants to help them navigate the applications to "projects" and institutional circuits. Two interviewees complained about this referring, that it was difficult for the SME to deal all by herself with the bureaucracy, so without consultants, they cannot do anything. Moreover, another SME representative mentioned that in Portugal, we create difficulties in order to sell facilities. This meant that he disapproved this situation because the bureaucracy around the funds created an

extra need to small companies to pay to consultants, spending more money and, in the end, the incentives were not so valuable anymore.

Lastly, the second green and final cluster gathers words such as “business”, “association”, “AICEP”, “contact”, “company”, “embassy”. All of these entities compose the internationalization ecosystem. An aspect mentioned in various interviews was the importance of coordination among various institutions to be efficient in internationalization. As referred by one interviewee, one good example is the CEIE, Strategic Council for the Internationalization of the Economy, a body chaired by the Prime Minister, created during the previous government of Pedro Passos Coelho and maintained in the current one. Its mission is to assess public policies and private initiatives and their respective articulation in terms of the internationalization of the Portuguese economy, the promotion and attraction of foreign investment and cooperation. CEIE includes the Ministers of State (Finance and Foreign Affairs), Economy and Agriculture, and the Presidents of the following business confederations - CIP, CTP, CCP, CAP, and business associations - AEP and AIP, and its implementation coordination is carried, at the technical level, by AICEP. Moreover, two interviewees highlighted positively the efforts in the government program “Internacionalizar 2030”, approved by the Council of Ministers in July 2020, which sets the priorities for the internationalization of the Portuguese economy. It encompasses specific goals to increase exports of goods and services, increase the number of exporters, diversify export markets, increase the volume of foreign direct investment, strengthen Portuguese direct investment abroad and increase national added value.

All in all, it can be analyzed that Portuguese institutional support has been highly regarded among SME and others in recent years. However, various challenges lie ahead to improve them even more. It is necessary to continue working to change inefficiencies in this support and increase the resilience of SME to the constant exigent global market. The following section discusses the data analysis with the authors of the topic at hand.

Chapter 5

5.1. Discussion

The first research question was “Are the firm and managerial characteristics impactful regarding the type of public support for internationalization an SME chooses?” and although this question was not meant to be directly answered by the interviewees, there is a limitation to answer this empirically due to a non-significant size of our sample. According to our interpretation and to the statements of the interviewees, our conclusions about the impact of the firm and managerial characteristics go in line with Azevedo et al. (2020) study: “Portuguese smaller companies attach more importance to government incentive systems interaction than with internationalization support entities” when compared to large companies, which “assign more relevance to interaction with internationalization support entities”. All of the interviewees from SME were involved at some time with the incentive systems. Whereas the two interviewees from multinational firms mentioned they do not need these types of incentives because they have the financial capacity to invest. Their use of institutions to support internationalization was more one as partners to facilitate market entry rather than export incentives. They recur to some insurance lines from COSEC, for instance. The literature identifies several internal or endogenous barriers for SME internationalization (Korsakienė & Tvaronavičienė, 2012; Sass, 2012; Vide, R.K., V. Bobek, V. Cancer, 2010) when compared to large companies, and our research corroborates these findings. Furthermore, it was clear that the Portuguese reality adapts more to the institutional support perspective (Stephan et al., 2015) which assumes that public authorities and agencies can effectively promote small business entrepreneurship by giving necessary resources and not so much to the institutional void perspective (Khanna & Palepu, 2010; Mair & Marti, 2009).

The second research question was “What is the institutional support for Internationalization that SME prioritizes?” answered by all the relevant interviewees. It was clear that the participation in the projects of the incentive systems of the PT2020 was the priority, as it allows for companies to get financing for a wide range of activities, such as to increase their competitiveness and reach new markets' clients and information. Participation in international fairs and missions was particularly relevant, as it is costly for companies to go independently. It proved Calabrese & Manello (2018) thesis about the need for large grants provided by institutions so that internationalized companies can be competitive. Additionally, it demonstrated the critical importance of information for internationalization, which is

emphasized in Etemad (2020) study. Even if companies are not enrolled in incentive systems projects, the support of institutions in foreign markets about relevant data concerning access to markets, business opportunities, barriers, how to solve some market problems, the local regulation, how to look for partners in a particular region, among others, has in general been acknowledge by all the interviewees has extremely important. The exception went to the two interviewees who mentioned the potential risks (dystrophy) caused by a possible government subsidy dependence.

The third question was "Which of the following entities was essential for SME' internationalization process and why?" and according to various answers, the most important was AICEP, in line with the conclusion of Azevedo et al. (2020), as previously mentioned. The SME interviewees highlighted positively AICEP' instruments, such as the external network, their key account managers, and the incentive systems evaluated by AICEP. The different results come from business associations' role for SME, which various interviewees regarded as very important for their internationalization. The main reason was the organization of national participation in international missions and fairs, which makes SME avoid the bureaucracy inherent to organize this and reduce costs. Moreover, depending on the sector, different importance was given to particular institutions, but in the viticulture and renewable energy sectors, for instance, importance was given to Specific Sectorial Entities. For multinationals, AICEP was also among the most essential and business associations, mainly to have more credible information about the markets where they operate. The Portuguese Development Institution has a more "invisible" role by being connected to the banking sector and not with SME, so, normally, these do not recognize them as an essential partner. However, they are vital to mitigate some risks associated with international operations. There is still a lot to be done in this area, especially when comparing the Portuguese institutions with their European counterparts, such as in Spain, France, and the United Kingdom. At the same time, COSEC is an effective instrument to minimize risks of losses abroad and should perhaps be further used for companies to mitigate more risks. That is why the COSEC interviewee detailed a partnership with AICEP to reach companies with their instruments. The discussion above on the third question suggests that the network theory (Coviello & Munro, 1997) applies to our Portuguese SME sample because they seek to internationalize based on formerly established business associations and public institutions as their social networks.

The fourth question was, "What are the main problems SME face when dealing with the Portuguese institutional support? Do they relate to the following: inability to provide sufficiently customized niche information; insufficient attention to some emerging markets;

lack of knowledge of institutional staff or their knowledge is inferior to that of the SME entrepreneur; internal institutional inefficiencies; limited public information about institutional support scheme?". First, in general, SME and other organizations highlight the relevance of AICEP for the internationalization of SME. When it comes to problems in their interaction, the principal reported issue was the significant difference in capacity, dynamism, and willingness to accompany firms in the various AICEP delegations. Moreover, the lack of capacity to maintain a due diligence with a particular SME process, when it comes to provide constant information about the market in question and to know the particular variables that affect the Portuguese entrepreneur business, for instance: whether it is related with expatriating dividend, the vulnerability of the local currency or with inflation. It was reported that it is hard for the institutions to maintain this business intelligence and pass it on to SME. Related to this was perhaps the lack of resources compared to its European counterparts, namely the UKTI. One interviewee has used both AICEP and UKTI and reported the visual difference in the available resources. Therefore, when comparing typical institutional voids with the Narooz & Child (2017) study, in general they are relatively similar to the set of particular institutional voids in the Portuguese business context, but differ in its specificities. Also, when it comes to institutional voids, it is essential to acknowledge that, as Narooz & Child (2017) study, the Portuguese firms stated that the majority related to problems of agency competence, namely AICEP, and, in general, there were no instances where access to the institutions was stated to be problematic or conditional on social contacts.

Furthermore, institutional voids were mentioned regarding the incentive systems projects, namely the significant bureaucracy associated with these, the delay in the payment/refund when these projects do get accepted, the lack of flexibility on behalf of project evaluators when there is a need to adapt, mistakes on the matches with companies on business missions and on the listing of companies sent.

One interviewee from a multinational firm highlighted the lack of instruments the Portuguese state provides for a more efficient internationalization for large companies. For him, all paradigm of internationalization must be changed to support the firms that understand internationalization and have the means to be competitive. Then, these large groups bring the respective national SMEs with them and catalyze the opportunities.

Finally, to answer the key research question of this study, "Is the Portuguese institutional support (external and internal entities network, export promotion activities, and publicly funded programs) enhancing the Internationalization of SME?" the answer is a strong yes. Companies

are very involved with the existing support and acknowledged its practical benefits in the interviews.

5.2. Findings

Important key findings are essential to mention, bearing in mind the data analysis and the discussion of the results:

- The Portuguese institutional support is enhancing the internationalization of SME, especially through the incentive systems program, where companies find incentives to do market research, reach valuable information, participate in international missions, among others.

- In the Portuguese business context, AICEP plays a central role in the internationalization of SME. The primary reported issues in this institution were: the significant difference in capacity, dynamism, and willingness to accompany firms in the various AICEP delegations; lack of capacity to maintain due diligence with a particular SME process; the general lack of resources; the significant bureaucracy associated with incentive systems projects; the delay in the payment/refund when these projects do get accepted; the lack of flexibility on behalf of project evaluators; and mistakes on the matches with companies on business missions and on the listing of companies sent.

- Consultancy firms play a significant role in the Portuguese Internationalization business context because many SME consult them to foster the acceptance rate in the incentive systems program.

- Institutional support is essential, especially in the initial phase. Sometimes, an international mission organized by institutions is often the first time some companies go to a market, where the first deals and contacts are made.

- Relevant information about foreign markets is the great value-added of institutional support. This concerns data about access to markets, business opportunities, barriers, how to solve some market problems, the local regulation, and how to look for partners in a particular region. In close connection with institutional support, business associations play an essential role in internationalization, mainly through organizing international missions and fairs and using their established network with international counterparts to obtain relevant information and contacts to its SME members.

- The great importance of good marketing for the Portuguese brand as it develops the potential of all the other national brands.

- The increasing importance of economic diplomacy as a strategic tool for countries. There is a need for the intuitions to further adapt to the follow-up process of companies in foreign markets, especially regarding the support provided by the embassies and consulates.

- The risks of government subsidy dependence need to be minimized. Companies should be independent and aware of the risks taken when they go abroad.

- General Portuguese institutional voids: lack of resources and lack of particular support to large companies.

Chapter 6

6. Conclusions

Our study has revealed the importance of the existence of institutional support for Portuguese SME. These companies lack the resources to initialize the internationalization process, therefore they use institutions to gather relevant information about markets, and participate in programs that foster their network and funding.

Generally, SME rely on incentive systems and the available institutional support of the international network available. In contrast, large companies are more independent and can support their internationalization process and structures, although they also rely on this assistance. Moreover, SME mainly need support for obtaining relevant information about markets and financial support to international missions and fairs.

In the Portuguese business context, AICEP plays a crucial role for firms to internationalize. Business associations also support companies, primarily through organizing national participation of international missions, fairs and in the branding for the products of their particular sector.

Furthermore, in connection with AICEP, Portuguese embassies and consulates are essential to maintain the local business building to help Portuguese entrepreneurs with local institutions understand what doing business is in these markets. Insurance companies and development finance institutions also play a relevant role, mitigating potential risks of the SME international expansion. Consultants' firm role are also highly intricated with internationalization of SME, because are often contracted to assess internalization possibilities and applications to incentive systems related to Internationalization.

The primary reported issues mentioned by interviewees about AICEP were: the significant difference in capacity, dynamism, and willingness to accompany firms in the various AICEP delegations; lack of capacity to maintain due diligence with a particular SME process; the lack of resources; the significant bureaucracy associated with incentive systems projects, the delay in the payment/refund when these projects do get accepted, the lack of flexibility on behalf of project evaluators; and mistakes on the matches with companies on business missions and on the listing of companies sent.

Other mentioned general Portuguese institutional voids were the lack of resources in its various institutions and the particular absence of support to large companies.

The contributions of this work are mainly providing a clear landscape of the relevant institutional actors in supporting the internalization of SME in the Portuguese business context. Moreover, our study highlighted the relevance of the existence of this support in a time where this topic is a priority and exposed some existing institutional voids by replenishing various examples of issues that could be approached in the future.

Our suggestions for future research are to address the role of consultant firms in assisting companies in internationalization in the Portuguese ecosystem; the positive or negative effect of the possible government subsidy dependence of SME concerning the incentive systems for internationalization; the importance of the function of other organizations such as development finance institutions, insurance companies or banks to ensure a better internationalization practices on SME; and to investigate whether the institutional voids are related with an insufficiency of the institution's policies or the result of internal SME' issues.

Chapter 7

7. Limitations

As in any other study, some challenging issues arose throughout this journey. To begin with, in the literature research, there were not so many studies concerning the Portuguese business context.

Furthermore, to answer the research question 1, about which firm and managerial characteristics are related with specific available public support for internationalization, was particular difficult due to the small sample size and the script used in our interviews.

A challenge, in particular, was to execute table 4. 2, based on the information provided by the interviewees who sometimes did not have the data requested and it was not possible to obtain all the answers.

Moreover, the Covid-19 pandemic made it more challenging to include many interviewees and companies, which created obstacles to collecting more data for this research. Additionally, the restrictions influenced the fact that 18 out of 20 interviews were online, which may have caused a lesser friendly environment to have more quality interviewees' answers.

The sample size was small, chosen by convenience and composed of not only SME but also other organizations, being difficult therefore to generalize our findings. The sample characteristics must also be mentioned because it was composed of the companies' side and, to a much lesser degree, on the institutional side, which can omit essential insights about the internationalization process ecosystem.

Finally, limitations regarding the focus of this study, namely the Portuguese Market, which has its own economic and social characteristics, therefore should not be used to extrapolate its findings to a broader analysis and conclusions.

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