

Challenges of the Internationalization Process: A Case Study of a Knowledge– Intensive Service Company

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EXECUTIVE SUMMARY

This chapter analyzes the internationalization strategy of a Portuguese knowledge-based service firm. It is based on a case study and the main objective is to discuss what internationalization theory best explains the company's internationalization strategy. The literature reviews the main internationalization patterns—Uppsala model, born globals, born again globals, and born regionals—so that a comparison of the main characteristics of each theory is discussed and analyzed. At the end of the chapter, a table summarizes the main characteristics of the internationalization process of each model presented. The case study is based on the analysis of both primary data from the firm and data obtained from an interview obtained with the CEO.

INTRODUCTION

Internationalization is of key importance for small and medium-sized firms (SMEs) to grow, as domestic markets are sometimes very restricted. Internationalization helps SMEs to exploit their competitive advantages abroad (Ribau, Moreira, & Raposo, 2017; Stanisauskaitė & Kock, 2016). Internationalization is normally known as the process of increasing involvement in international activities and is related to how companies explore international markets (Ribau et al., 2015; 2018a; 2018b).

Although internationalization has been traditionally considered an incremental process in which companies gradually increase their involvement in overseas markets through a series of evolutionary stages (Bell, McNaughton, & Young, 2001; Ribau et al., 2015), several companies follow different international paths as a consequence not only of their capabilities, but also as a result of their active behavior (Pinto, Ribeiro, & Moreira, 2018; Moreira, Alves, Martins, Pereira, & Conceição, 2018; Ribau et al., 2017; 2018a).

Although the Uppsala model—which advocates an evolutionary, sequential and linearly growing international involvement (Ribau et al., 2015)—and the network-based view of the firm—based on relations among market players (Hakansson & Snehota, 2006)—have been extensively used to explain how some firms internationalize, there have been new models—known as born global and born again global in which firms internationalize rapidly or suddenly, based on entrepreneurial behaviors empowered by powerful, open-minded entrepreneurs/managers (Bell, McNaughton, & Young, 2001; McDougall & Oviatt, 2000)—that explain internationalization from a different perspective.

In the last decades, major changes have led to a global socio-economic climate. Globalization, emergence of new markets, advances in technology and a constant need for novelty are examples of those changes (Engelman, Zen, & Fracasso, 2015). Thus, and related to this paradigm, governments have acknowledged the inherent benefits of increasing exports, in order to improve the balance of payments, among other indicators and indexes (Bayfield, Dana, & Stewart, 2009).

Nowadays, in an increasingly global world economies are constantly growing. Several countries recognize the importance of the internationalization process, as this allows increased productivity and economic growth (Marin, 1992; Bayfield, Dana, & Stewart, 2009), as well as reduced costs and the exploitation of economies of scale (Jornal de Negócios, 2019).

Based on a case study analyzing a Portuguese knowledge-intensive firm—known as EPSILON for confidentiality reasons—that seeks to internationalize its activities, the objective of this chapter is to examine the internationalization process from a historical perspective and to debate the intricacies of the main internationalization theories: the Uppsala perspective; the born global; born-regional; and born again global theories. The aim is to confront these four theories in order to address the firm's particularities within them.

Despite the criticism associated with case studies, fundamentally due to the impossibility of generalizing the results obtained, such studies undeniably contribute to the acquisition and construction of knowledge (Mariotto, Zanni, & Moraes, 2014). Therefore, this case study aims to explore, understand and analyze the strategic formulation combined with the internationalization process, framing the perspective and processes conducted by EPSILON.

The case study shows how EPSILON addresses new market entry opportunities abroad, based on the firm's strategy to deploy their new services in international markets, which is a very significant advance for this company. Accordingly, the aim of this chapter is to examine EPSILON from a business histori-

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