

Chapter 17

Internationalization, Financial Performance, and Organizational Challenges: A Success Case in Portugal

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ABSTRACT

One of the main characteristics of current business environment is related to internationalization of companies and economies, where competitors from different countries with diverse cultures and production factors, easily clash for a position of supremacy in the markets. Thus, internationalization turned the management of organizations in a more complex act, increasing opportunities but also the risks of the business. As such, this paper aims to reflect on the main issues associated with companies' internationalization and the impact on their management process, in particular on financial performance and in organizational changes. In addition, we intend to conduct a case study of a Portuguese company of information technology industry that through its internationalization strategy, managed in less than a decade, to increment the turnover from 10 million to 60 million euros, becoming one of the largest Portuguese groups in the sector and a worldwide success.

INTRODUCTION

Products, services, currencies and cultural values are constantly changing, and moving restlessly around the world, from country to country, from city to village and from group to person. What was once considered as a foreign issue is now considered ours.

In our daily lives, we are faced with products and services of various nationalities, from clothing and food that we consume, to the most sophisticated technological equipment. Indeed, gone are the times that organizations worked only for domestic markets and faced only national competitors. The world and organizations are changing. We live today in the so-called knowledge society, with instant communications and global business, where changes occur so rapidly that are imperceptible.

As such, we are faced today with a global market, characterized, in first place, by many companies offering similar or equivalent products, and secondly, by a more exigent demand that is increasingly looking for differentiating factors in the consumed products. Thus, is not surprising that variables, such as price, which before, were constraints in the final choice, are being replaced by others as, certified quality, ecofriendly label, design, the expertise of technical assistance, packaging, brand, etc.

This new competitive reality required a major change in the activities of organizations of our time. In fact, modern managers orient their attention to the market, its players and critical factors of the business, as the company is regarded as an open system in constant interaction with the environment where it operates. Today, business success is dependent on the creation of customer value, strengthening relations with the various actors upstream and downstream of the activity and on the elimination of operational and strategic inefficiencies that both contribute to lower competitiveness. As such, there is a relentless pursuit of achievement of competitive advantages, either through differentiation of products and services offered, either by cost leadership through greater efficiencies in operational processes.

Thus, the new business context, assiduously puts organizations with challenges originated in the confrontation with players possessing very different skills, which could jeopardize the competitive advantages developed over time.

However, this new scenario of easier movement of goods, people and capital around the world, also represents the emergence of numerous opportunities for companies from different countries, to reach new markets, more attractive and with higher growth rates, allowing them to develop business and strategic partnerships previously unreachable by distance and by management very focused on domestic markets. In this sense, the use of such opportunities, it also enhances the increase in the size and competence of enterprises, strengthening the creation of sustained competitive advantages.

Thus, this research work aims to characterize a case study of a Portuguese company of information technology industry which, through its internationalization strategy, succeeded in less than a decade, increasing the turnover of 10 million euros to 60 million euros, making it one of the 20 largest Portuguese groups of that sector and a success worldwide.

In the first part of the paper, devoted to develop the theoretical framework of the research topic, we intend to describe the framework of internationalization strategy, performing a reflection on its main theories and studies.

We discuss the main motivations that firms face to internationalize their activity, as well as, the aspects related to the success of approaching new markets. Then, it is also intention of this study to characterize the main risks associated with the decision of internationalization and international trade, developing

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