ISCTE IUL
Instituto Universitário de Lisboa

Department of Management

A Proactive and Entrepreneurial International Market Approach: Some Evidence in the Portuguese Hotel Sector

Ricardo Jorge de Castro Correia

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Supervisor: Jorge Francisco Lengler, Assistant Professor

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Abstract

Internationalization is a process of such complexity that its explanation, in terms of one single theoretical perspective is difficult. Drawing on a comprehensive multi-case study, this doctoral thesis explores the influence environmental and organizational stimuli as determinants of Portuguese hotel firms' international engagement. It also proposes to understand the linkage between the antecedent firm motivational stimuli factors with, time of entry, market selection and entry mode strategies.

The strategy regarding the epistemological position is via a deductive research approach, where is identify, and tests, in the field, the propositions initially proposed, for further development. A previously used framework was adopted to structure the factors involved, thus ensuring that all comprehensive evidence was obtained through empirical research. Having its foundations in Barney´s resource-based theory and International Entrepreneurship principles within Dunning's eclectic model determinants, this model sheds light on firm´s resources and competences as determinants factors for the decision to go abroad, pointing the ownership and location advantages as main determinants factors of internationalization strategy decisions.

Due to the limited number of the total population, a non-probability purposive sampling method was adopted. This study is mainly based on semi-structured interviews to top level managers, responsible for the internationalization process and supplemented by confirmatory questionnaires, memos, press releases, media articles and in-situ observations. Accordingly, a within and cross-case analysis was applied for the deduction of facts.

From the data analysis, it is seen that that the internal competences and the firm's managerial entrepreneurial profile were important stimuli for the Potuguese hotel grups becoming involved in international activities. Accordingly, it was found that the combination of proactive, internal and external, stimuli drives initially, the Portuguese hotel groups to international market. It was the junction of these proactive stimuli, within an entrepreneurial vision from managers that triggered the process of internationalization.

An evolution of the nature´s motivational stimuli was also found given the level of international engagement and the development of market environment. Hence, from an opportunistic market seeker motivation, the Portuguese hotel firms turned to efficiency seeking motivation, less based on tacit competences exploitation and more focused in network and coordination competences, emerging a systematic market exploitation taking into account the new profile of demand and firm growth ambitions in international market. It was also found that, in the early stages of international engagement a positive linkage between the firm proactive stimuli factors and the Portuguese firm international strategies.

From the contributions that emerged from the work, stood out, in the theoretical field the achievement of a deeper knowledge, of the motivational, and stimuli factor, on the internationalization process and the importance of manager´s proactive attitude as key determinant of the linkage between the company's competitive advantages and strategies of internationalization.

Concerning the practical implications, a better understanding of the key resources and competencies to exploring market opportunities, can be an aid to hotel firms companies that are considering expanding to other markets, thus, preventing the dispersion and improper use of scarce firm assets.

Key words: Internationalization, Hotels, Competences, Entrepreneurship, Portugal

Uma abordagem pró-ativa e empreendedora no mercado Internacional: Algumas evidências no setor hoteleiro Português

Resumo

A internacionalização é um processo de tal complexidade que a sua explicação é difícil em termos de uma única perspetiva teórica. Baseado num estudo multi-caso, esta tese de doutoramento explora a influência dos estímulos ambientais e organizacionais como determinantes do envolvimento das empresas hoteleiras portuguesas no mercado internacional. Também propõe compreender a ligação entre os estímulos motivacionais e as estratégias relativas ao processo de internacionalização.

A abordagem epistemológica do estudo é maioritariamente dedutiva, onde o pesquisador identifica e testa no campo, as proposições inicialmente propostas. Assim e em conformidade, foi adotada uma matriz previamente estruturada, garantindo que todas as variáveis do modelo fossem obtidas através de uma pesquisa empírica. Tendo nos seus fundamentos a Teoria Baseada nos Recursos de Barney, integrando os princípios do Empreendedorismo Internacional e utilizando as determinantes do modelo eclético de Dunning para explicar as estratégias de internacionalização, este modelo lança luz sobre os recursos e competências da empresa como determinantes na decisão de sair para o estrangeiro, apontando as vantagens de propriedade e de localização, como principais fatores decisivos nas estratégias de internacionalização.

Devido ao número limitado da população, foi adotado um método de amostragem não-probabilístico. A recolha de dados, foi baseada em entrevistas semiestruturadas a gestores e responsáveis pelo processo de internacionalização. Posteriormente foi complementada por um questionário confirmatório, memorandos, comunicados, artigos de imprensa e observações. A estruturação e análise dos dados foram obtidas através de uma análise caso a caso e de cruzamento de todos os casos, seguindo as questões de investigação, as dimensões do estudo e as variáveis do modelo.

A partir da análise de dados, foi observado que os participantes do estudo identificaram como estímulos importantes para o envolvimento internacional, as competências internas, o perfil do gestor e as oportunidades de mercado. Por conseguinte, verificou-se que a combinação de estímulos organizacionais e ambientais com uma natureza proactiva motivou os grupos hoteleiros portugueses a se envolverem no mercado internacional. Foi também observado, uma evolução da natureza dos estímulos motivacionais, consequência de um maior envolvimento internacional das empresas hoteleiras e evolução das condições económicas do mercado doméstico e internacional. Assim, partindo inicialmente de uma abordagem oportunista ao mercado internacional, as empresas hoteleiras portuguesas passaram a adotar uma abordagem mais sistematizada, tendo em conta a dinâmica dos mercados e as suas ambições de crescimento. Observou-se também que, nas fases iniciais de envolvimento internacional existe uma ligação entre os estímulos motivacionais e as estratégias de internacionalização.

Das contribuições teóricas do trabalho destacam-se a obtenção de evidências sobre a importância, dos estímulos motivacionais no processo de internacionalização e da atitude proactiva do gestor como determinante na ligação entre as vantagens competitivas da empresa e as estratégias de internacionalização.

Quanto às implicações práticas, e tendo em conta as contingências e o desenvolvimento dos mercados, destacam-se a compreensão e a importância dos recursos e competências das empresas hoteleiras na exploração das oportunidades no mercado internacional, sendo uma mais-valia para as empresas hoteleiras Portuguesas que estão a considerar expandir-se para outros mercados.

Palavras-chave: Internacionalização, Hotéis, Competências, Empreendedorismo, Portugal

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List of abbreviations

GDP - Gross Domestic Product

WTO – World Tourism Organization

UNCTAD - United Nations Conference on Trade and Development

FDI – Foreigner Direct Investment

MKG – MKG group hospitality (International advisory and consultancy firm)

IMF -International Monetary Fund

RQs – Research Questions

RBV – Resource Based View

CPs –Case Participants

RPs – Research Proposition

GATT - General Agreement on Tariffs and Trade

GATS - General Agreement on Tariffs and Services

SME - Small and Medium Enterprise

IME –International Market Engagement

OCDE- Organização para a Cooperação e Desenvolvimento Económico

OECD - Organisation for Economic Co-operation and Development

PALOP´s – Países Africanos de Língua Oficial Portuguesa

PALOP´s - African Countries of Portuguese Official Language

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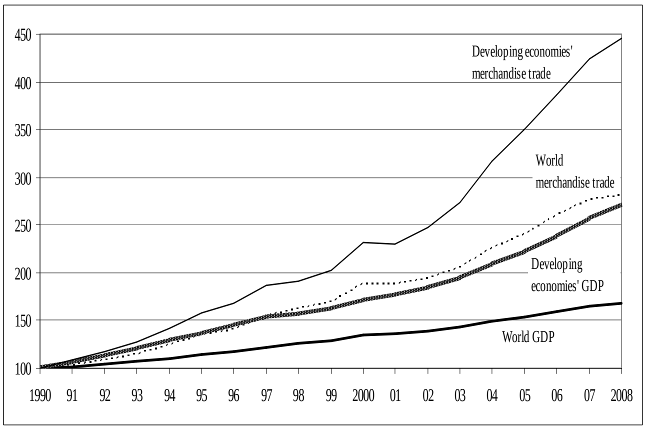
1 -Introduction

1.1-The Internationalization as a global phenomenon

In the present scenario in which the countries economies become more global, the study of internationalization of companies becomes more important. Since the middle of the twentieth century there was a rapid and uninterrupted internalization of firms, markets and industries (Hadjikhani & Johason, 2002), involving various outward and inward products, services and resources transferring across national boundaries (Wu & Zhao, 2007). The 1990s witnessed fundamental changes in trade policies and orientations, both at the global and country level, creating an environment conducive to economic integration, flourishing world trade. Between 1990 and 2008, the rate of growth of world merchandise trade, in volume, has been twice faster than world GDP. World trade and GDP rose by an annual average of 6 per cent, and 3 per cent, respectively. The respective figures of developing economies are 9 per cent and 5.5 per cent per year. World merchandise trade almost tripled between 1990 and 2008, while developing economies multiplied the volume of their trade by 4.5, which is double the growth of developed countries (Figure 1).

Figure 1 - World merchandise trade (1990-2008



WT/COMTD/W/172/Rev.1_21 January 2010

Since the late eighties, the participation of developing economies followed a discernible upward trend. Over the twenty-year period to 2008, exports of the developing economies rose from 23 per cent, to a new historical record of 38 per cent, of world merchandise trade, and from 20 per cent to 27 per cent of global trade, in commercial services. The business globalization and the companies increasing ownership, of different stages of the production process, have increased the role of intermediate goods in merchandise trade, over the last decade. A similar fragmentation of production has emerged in the field of services, increasing the levels of company's internationalization (World Tourism Organization Barometer, 2010).

Firm internationalization, general understood as the process of increasing involvement in international operations across borders (Welch & Luostarinen, 1988) and the related adaption to such international environments (Calof & Beamish, 1995) can be considered as a major issue of strategy driven process of many contemporary business (Welch and Welch, 1996). A firm´s response, in international markets, constitutes a critical aspect of strategic decision-making (Solberg & Durrieu 2008). Because different firms choose different strategies to launch into internationalization, it is important to understand what drives foreign expansion over other alternatives (Chen & Martin, 2001). It has been argued that every organization has an approach to international management that influences its international engagement (Fatehi, 1996). Centricity, defined as an organization's view approach to international management, is one of the key components determining the success of multinational organizations in the global marketplace (Heenan & Perlmutter, 1979). The behavioural approach of an organisation can, therefore, be identified both from a management mind set, as well as from strategic predisposition perspectives, concerning the range of internal and external stimulus that motivate the organization to leave the domestic market in a certain time to the chosen market within a range of equity commitment and cooperative options. In its essence, the future of the companies will mainly depend on their ability to master and successfully apply a range of strategic options throughout its foreigner operation (Welch & Luostarinen, 1988). The development of these strategic attitudes, reflect the outgrowth and the intricacy of the internalization phenomena, with large impacts and challenges in its progress within international research.

1.2-The Internationalization as a subject of research

Despite the topic of internationalization is diversified, within a complexity of subjects, international entry modes and foreign direct investment represent the most representative subject of research. International entry mode represents the most researched field in international management (Werner, 2002). The most commonly theories used to explain internalization are based in three main paradigms: the market imperfection, the market failure and the behavioural approaches. Representative of these streams of literature are the transaction cost theory from Coase (1937) and Williamson (1975), the Dunning´s eclectic model, the Johanson and Mattson's stage model and Barney´s resource based approach. Most of these studies and theories are focused in foreign direct investment and contribute to the study of the internationalization process, as a strategic option of entry mode in foreigner markets. Using cross sectional approach of research and, focusing their attention on the internationalization of production and foreign direct investment, as cause-effect of international engagement, the view of internalization as a dynamic process is somehow incomplete. According to Luosterinen (1980) and Welch and Lusoterinen (1988), the internationalization is a process based on a strong behavioural component. Andersen, 1993; Bell, 1995; and Jones 1999 argued that the internationalization must be understood as a process of firm innovation, regarding its practices and behaviours. Recent theories have focused internationalization as a process in which the firms increase their involvement in international operations, adapting their strategies, resources and structure to new investments along the time (Moreira, 2009). From this perspective, the studies of internationalization, based on Uppsala model whereby the development of international ventures is presumed to pass through consecutive stages of increasing commitment of activities and assets (Andresen, 1993), some considerations were introduced about the dynamism of the internationalization process. Due to the advance and complexity of firm international operations, the traditional quantitative studies and related hypothesis development are no longer enough to explain the phenomena of internationalization. Each theory pursues its research by itself, and many of them, subsist in spite of their inability to account the growth of multinationals companies (Hennart, 1996). More robust models are needed in order to account the impact of idiosyncratic factors when seeking to understand strategic behaviour, in international markets, in a particular context and time (Whilta, Walters and Davies, 2007). Longitudinal case studies are required to increase our understanding of the internationalization development process (Hauge & Havnes, 2001), being important to establish patterns of strategic behaviour along the internationalization process, as well as to understand and contextualize its dynamic nature. Researchers argue that, internal and external forces are important to understand the internationalization process (Knickerbocker, 1973). Future research should look very different to the one undertaken previously and welcome shift towards more internalised and qualitative research. (Litteljohn, Roper and Altinay, 2006).

1.3 -The service sector in the global scenario

The service sector has grown rapidly in importance, in both developed and developing countries. Services have become increasingly important international trade transactions. In 2007, the value of service exports was around 24 percent of world merchandise exports compared to 18 percent in 1990 (UNCTAD, 2008). The growing role of services reflects a structural shift in many economies from agriculture and industry towards the tertiary sector (Johnson & Turner, 2003).

Developing economies increased their share in world exports of both transportation services and travel. In the case of tourism services, their exports rose to account for 30 per cent of the world in 2008 (World Tourism Organization Barometer, 2010)

Establishing a commercial presence abroad is a mean used by service suppliers, to provide services in a host country, where proximity to the consumer is needed. However, it may also be seen as a way for a company to benefit from the specialization, in specific sectors, in order to supply better and cheaper services (either to outsource some activities or, to further provide these services on the export market). Commercial presence has been an increasingly important mode of supply for developing economies. According to the UNCTAD's (*World Investment Report 2009),* outward foreign direct investments (FDI) from developing economies in the service sector amounted to US$98 billion in 2005-2007, up from US$2 billion in the years 1989-1991. Within the same period, their service-related foreigner direct investment (FDI) inflows also increased considerably, from US$11 billion to US$208 billion. Finance and tourism services were the main target sectors. Due to the heterogeneity of different companies in terms of activity, size and location, one relevant aspect of the growing importance of the service sector, in modern economies, refers to their internalization patterns (Castellacci, 2008). A comparison between firm’s competences and market characteristics should be a useful tool for determining how international activities should be planned and organized (Gronnhaug & Haugland, 2005). The developed studies, within the service sector, gained importance bringing about the fact that, strategic options for manufactured goods cannot be transferred to services because of firm’s idiosyncrasies (Erramili, 1990). Services industries and service firms have distinct characteristics which may add risk and delivering problems to the design and implementation of global services strategies (Horn & Faulkner, 2010). In most of the activities of a service firm, service cannot be decoupled from the costumer experience with low operational and strategic flexibility, while the costs and service delivery risks for a global strategy remain high. We should bear in mind that, the firm's own experience and related type of knowledge, can be a critical source of firm-specific advantage in the service sector. This particularity is obvious in the hotel industry, where relatively few studies have attempted to apply conceptual models to explain the internationalization process (Johnson & Vanetti, 2005). Substantial effort has been devoted in the last decade to enhancing the theoretical insights of the application of conceptual models to tourism, but a paucity of studies have considered the international hotel sector (Mace, 2005;Litteljohn, 2007)

1.4-The Internationalization in hotels: General aspects and developments

The hotel industry is of central importance to the development of travel and tourism. It is complex and highly competitive, and over the recent decades has witnessed unparalleled growth driven principally by globalization (Fayall & Garrod, 2005). It is by nature an international sector, since most hotels have received foreign guests at one time or another, thus exporting hospitality services and generating export income. It is thus perceived, as being one of the most 'global' in the service sector (Litteljohn, 1997). Although the evolution of tourism in the last few years has been irregular, World Trade Organization (WTO) maintains its long-term growth forecast (Figure 2). The underlying structural trends of the forecast are believed to have not changed significantly. Experience shows, that in the short-term, periods of faster growth alternate with periods of slow growth.

Figure 2 - Forecast Tourist Receiving (WTO)

WTO Tourism 2020 Vision: Forecast of Inbound Tourism, World by Regions
International Tourist Arrivals by Tourist Receiving Region (million)

	Base Year	Forecasts		Average Annual Growth Rate (%)	Market share	
	1995	2010	2020	1995-2020	1995	2020
World	**565.4**	**1,006.4**	**1,561.1**	**4.1**	**100**	**100**
Africa	20.2	47.0	77.3	5.5	3.6	5.0
Americas	108.9	190.4	282.3	3.9	19.3	18.1
East Asia and the Pacific	81.4	195.2	397.2	6.5	14.4	25.4
Europe	338.4	527.3	717.0	3.0	59.8	45.9
Middle East	12.4	35.9	68.5	7.1	2.2	4.4
South Asia	4.2	10.6	18.8	6.2	0.7	1.2
Intraregional (a)	464.1	790.9	1,183.3	3.8	82.1	75.8
Long-Haul (b)	101.3	215.5	377.9	5.4	17.9	24.2

Source: World Tourism Organization (WTO) © (Actual data as in WTO database July 2000)

Notes: (a) Intraregional includes arrivals where country of origin is not specified
(b) Long-Haul is defined as everything except intraregional travel

Despite this irregular trend, the development of growing strategies remains a challenge for the leisure service sector, with a particular emphasis on the hotel industry. The hotel industry is characterised by high capital intensity, contrary to other industries in the service sector (Contractor & Kundu, 1998), and, in terms of logistic and supply chain, can be compared to manufacturing operations. Hotel companies, although being only a numerical fraction, of organizations operating in the service leisure sector, have a disproportionately large influence on the development of operations in the sector. By virtue of their cross-border activities, they have an important role in the transfer of knowledge between markets (Alexander & Lockwood, 1999). Globalization continues to be a major trend in the world's hotel industry, due in part to the saturation of domestic markets in developed countries (Zhao & Olsen, 1997). For their future survival and growth, many hotel firms, in these matured markets, decided to exploit new world markets.

Financial markets were pioneers in the seventies in supplying capital to hospitality industry. According to Go (1988), the hotel investment offered, compared to other types of businesses, accelerated the value of these, being initially funded by the capital market. The pressure, exerted by the capital market on the American hotel companies, to increase their productivity and at the same time diversify their risk, constituted the greatest force for their exit to other markets and the adoption of more flexible forms of management. However, the recession, in the early nineties, and excess capacity resulted in a more difficult access to credit. Thus, multinationals Americans found themselves obliged to seek other forms of growth through mergers and acquisitions with companies from other countries, giving a big boost to the global consolidation in the sector. According to Olsen, Crawford-Welch and Tse (1991) recession in the early nineties, the introduction and regulation of the real estate markets and a general decline of inflation, globally, has changed the perspective of investors of the capital markets. However, in Western Europe the picture was different, since the initially the European chains are traditionally more inclined to invest capital itself, for its expansion.

Transformations in the international travel sector, over the past 45 years are of such magnitude that it would be surprising if the hotel industry presented no changes (LittleJohn, 1997). According to the International Hotel Association (IHA) 2011, the hotel industry were fragmented, dominated by small – medium sized companies, with slightly differences between different regions of the world but with a clear trend towards sector´s consolidation in large corporate groups According to IHA (2011) hospitality data base, the average size of a hotel is 78 rooms in Europe, and 96 in North America, while the staffing profile per room averages is 0, 6 in North America, 3,0 in Asia and 0,5 in Western Europe. Given the almost 20 million classified hotel rooms, the global corporation room penetration rate of the top-ten worldwide companies, in end the of 2010, was 32% per cent, with different patterns for USA and Europe. In Western Europe the penetration is 22 per cent against 65 per cent in the USA (MKG, 2011). Around the globe, the average split among domestic and foreign clients are 50/50, with an orientation for business and leisure travellers. Much of internationalization has been based on North America and European big branded companies. Originally, those companies had strong formal vertical links with airlines and tour operators, but changes in ownership in the 1990's have slowly loosened these links. There is a tendency for large hotel groups to develop a range of the brands where different product/service specifications are intended to meet different market segments (Lockwood and Alexander, 1991). The world´s top 20 chains hotels brands together saw their global room availability increase by 3,5% by the beginning of 2010. To this contributes the extensive development plans in new international markets, namely China, India, the Midldle East and South America. The ranking of hotels groups in the European Union (Table $_1$) continues to be dominated by Accor Group, which has three times more rooms than its strongest competitor, Best Western. The European market is under constant restructuring leading to the disappearance in mature countries of thousands of obsolete rooms that no longer correspond to market needs. According MCG hospitality study in 2011, the market share of hotels is growing, in a shrinking market, with a major portion of the new supply, as the result of conversions.

Table 1 – Ranking of hotels groups in Europe (MGK hospitality 2011)

Rank 01/01/2012	Hotel Group	Nationality	Hotels 01/01/2012	Rooms 01/01/2012
1	ACCOR	FRANCE	2345	254 553
2	BESTWESTERN	USA	1316	89 743
3	INTERCONTINENTAL HOTELS GROUP	GB	559	86780
4	GROUP DU LOUVRE	FRANCE	956	67 687
5	CARLSON GROUP	USA	253	51 498
6	NH HOTELS	SPAIN	356	51 498
7	WHITBREAD HOTELS	USA	606	45 496
8	MELIA INTERNATIONAL	SPAIN	201	45145
9	HILTON WORLDWIDE	USA	184	43189
10	TUI HOTELS & RESORTS	GERMANY	161	40804

Source: MGK hospitality 2011

Despite the moderate growth, and the difficulties in obtaining financing, there is a clear sign on hotel consolidation in hotel business, based in market share and geographic availability goals.

Nowadays, customers, particularly those making single-sourcing decisions for business travellers, place a premium on the broad geographic availability of the product and the provision of a given set of services that meet consistent quality standards. Management attention to global branding and positioning, and, dependable quality reflects the need to project a common image that provides assurance to customers purchasing intangible service products, internationally. At the same time, many hotel customers and international leisure travellers are also often interested in a unique experience which reflects the foreign context. Thus, there is a need to be 'responsive' in areas such as facilities, amenities and the service portfolio offered (Whitla, 2007).The smaller and medium hotel chains perceived factors, such as the ability to form a network of strategic alliances, size and brand name a big disadvantage, comparably to their large competitors (Johnson & Vanetti, 2005), making their strategic planning a creative and challenging task. A new age of tourism, with experienced and more sophisticated travellers, will generate super segmentation of the markets (Fayos, 1996). The revolution of technology and transports constitutes an opportunity for smaller groups to explore new forms, growing expansion in their internationalization process (Chen, 2005). The ability to manage and build networks, within the World Wide Web, will bring large benefits to the internalization of small and medium companies. The growth of networks in small chains will provide access to groups which, otherwise, would be difficult to enter (Poon & Jevons, 1997). The fast transformation of industry environments is changing the attitudes towards internationalization on hotels business, creating new emphasis and patterns on their international operations (Table 2).

Table 2 – Hotel Patterns of internationalization

Old emphasis	New emphasis
Value created with strong vertical links with chosen suppliers	Value added through flexible links with wide numbers of suppliers
Economic of scale	Economics of scope
Focus on centralized and global strategies	Focus on internal competences and local strategies
Growth strategies use standardized service.	Growth flexible strategies targeted at international and local marked.
Operation focus	Knowledge focus
Internal centre-periphery relationships	Internal and local networks important; communication within and across the organization
Market follower	Market gaps identified
Ethnocentric	Polycentric / Geocentric

Adapted from Litteljohn, 1997

Other authors consider that, the ageing of population, the climate change, the customer needs and values are also expected to influence the patterns of behaviour on hotel globalization. According to Go and Pine (1995), a growing number of domestic business are being drawn into the global arena. The main reasons for that, is the weakening of growth opportunities in some emergent economies, which is pushing firms to expand into foreign markets, and the fact that corporations based in developed economies, are being pulled into fast growing markets in search of growth opportunities. The most important effect of globalisation is, therefore, an intensified competition through market extension. Hotel businesses operate globally and many have opted for a competitive advantage of internationalization. Regarding the hotel industry, and according to Go and Pine (1995), there are four major drivers at the heart of its international involvement: competition, government regulations, costs and market changes (Table 3). We can add that all of these factors are embedded in information and communication technology, which is having a major influence at any level. These drivers render it profitable to make a greater or lesser use of the global strategy ‘levers’, which can be conceptualised in terms of a continuum, ranging from a‘multi-domestic’ strategy to a ‘global’ strategy (Whitla, Walters, and Davies, 2007). Evidence gathered from industry experts and senior executives reveal that the patterns of strategy and operational policies are most influenced by market drivers, while cost drivers do not have a dominant impact in the industry, and government and competitive drivers are not very influential (Whitla et al., 2007).

Table 3 – Internationalization drivers of hotel industry

Market drivers:	Global costumers and channels	Costumer needs
Government drivers:	Market regulations	Change Agents
Cost drivers:	Scale and scope economics	Difference on country costs
Competitive drivers:	Networks	Global strategy

(Adapted from Go & Pine 1995)

1.5 -The internalization of Portuguese economy - Some findings on tourism sector

In 2006, the Portuguese exports of goods and services experienced a strong growth, increasing at a rate of 13, 6% in nominal terms. During the preceding six years (2000-2006), the average nominal growth rate of the Portuguese exports was only slightly above 3% (both for the exports of goods and for services).

The growth, occurred in 2006, interrupted the deterioration of the export-to-import ratio and gave way to an increase in the exports-to-GDP ratio, which was declining since the early 90’s.

The exports reached 31% of the GDP, the highest value since 1992. This suggests a return to the long run trend of increase in the openness that the Portuguese Economy experienced since the beginning of the 1960’s until 1992, which since then seemed to have reached a maximum. This expansion reveals that there is still an important scope for the internationalization degree growth of the Portuguese economy (Cabral, 2008).

In 2006, the tourist arrivals increased 6.3% (11.3 millions) corresponding to a total of 6.6 million euro of revenue. This growth was superior to the average World and European figures, below Asia and South America, reflecting some gaining in world-income market share. According to the PENT (Strategic National Plan for Tourism), the tourism sector contributed with almost 17% for the Portuguese GPD in 2008, with a forecast of increasing up to a 20% contribution, by 2018. The hotel sector has an important weight in those figures, strongly contributing for the image of Portugal overseas and for its competitiveness in foreigner markets. The hotel’s capacity grew in the last 20 years more than 20% with an accent of a requalification in terms of quality and efficiency, increasing the standards of service and management capabilities. The geographical concentration of hotel’s investment reveals the traditional importance of destinations like Algarve, Madeira and Lisbon, but in recent years, consequence of the segmentation of the markets, there was a clear tendency for hoteliers to invest in other typologies all over the national territory. Despite this, the hotel business model was still based on family businesses with an average of nine employers and 28 rooms. Only a fraction of 12% of the Portuguese hotels companies had more than 20 employees, reflecting a fragmented sector. The sector total revenues represented more than 2 000 million euros in 2006, with an 80% market share for the hotels with more than 20 employees. From late 2008 to the economic downturn began to set the pace of slowdown of the dynamics of hotel investment in Portugal. Necessarily, adjustment measures to uncertainty and market volatility were responsible for deep changes in the overview of our business in Portugal. In the last five years, there was a clear tendency for company’s consolidation in the sector hotel, consequence of international tourism market pressure and international rivalry. At the same time, some Portuguese large companies, from other consolidated sectors, diversified their activities entering the hotel business, bringing new and more innovative management techniques to the sector. In the present context, with increased competition, the pressure on the price has led to the phenomenon of consolidation to be a reality. According to a September 2012 report of the DRT (Directorate General of Tourism) as by the end of 2011, 63.3% of hotel rooms are already integrated in hotel groups (firms with more than a hotel and about a trade name common) and 36.75% belong to the independent entrepreneurs. Thus, the context of increasing globalization and the world economy, in the services sector, has emerged a new paradigm in the development of the hotel sector in Portugal. The boost of internationalization phenomenon and the integration of tourist real estate activities, in an effort to attract more capital, were two realities, in favour of the tourism sector development, in Portugal.

The Pestana Corporation, pioneer on hotel internalization, is the largest and top ranked company among the Portuguese hotel groups, with a global and diversified presence. The group strengthened its positioning in the 2000´s with the grant concession of Pousadas de Portugal and in this present year, of 2012, has already two hotels in European capitals. Although the growing of Portuguese hotel groups are still insignificant, comparing with other countries like Spain, France, UK and USA, in the recent years some other Portuguese hotel companies expanded their business from local to international activities engaging different strategies. The Vila Galé Group, with activity all over national territory, has an important presence in the Northeast Brazil with a full range of property resort hotels. From another perspective, the Oásis Atlântico Group has born international with activities in Cape Verde and Brazil. The Porto Bay Hotels, a strong reference in the luxury resorts existent in Madeira, has begun its internationalization to Brazil using a network of alliances with other Portuguese companies. As mentioned before, some of the hotel internationalization moves, in Portugal, are also consequence of diversification strategies of large non-hotel companies, like Amorim Group in association with the giant ACCOR and BES Group with the Tivoli brand. As in other parts of the world, the international expansion is not exclusive of large companies, and some Portuguese independent hotels and small-medium sized groups like Sana, VIP, Dorisol and Enotel have undertaken foreign expansion to Brasil and to some PALOP countries. Unlike other European countries, where the industry is already a consolidation process, in Portugal the phenomenon is relatively recent and includes very few companies. Only recently, some Portuguese hotel companies, due to different internal and external factors, begun to think more seriously in internationalization of their activities.

1.6 –The interest and personal motivation to carry out the study in this research area

The global economy is being driven by the rapid and unrestricted flows of information and people. This is a worldwide phenomenon, especially characteristic of the developed world, but showing a strong growth among emerging markets. This dynamics on the world economy provide the basis for tourism, which is now seen as a commodity for a large number of the world population. The majority of tourists are originated from, and travel, between developed countries; nonetheless, tourism to the less developed countries is becoming significant and increasing. This evolution has lead to a growing importance of emerging destinations, most of them in Asia, Brazil and emerging African economies. The increasing importance of these markets, as tourism and business destinations, has been originating investment by worldwide economic agents, motivated to seek for scale, scope and learning economies, and the desire to enter markets globally. The international hotel industry is a dynamic industry sector, showing a growing trend in terms of properties and rooms. Although independently-owned properties represent the majority of rooms worldwide, there is evidence of increasing consolidation in the industry, with the major chains growing strongly in number of rooms and in the influence they exert upon the industry (Breda, 2010). The international hotel sector is dominated by a relatively small number of companies, based in a few developed countries, in particular the United States and some European countries. Nonetheless, it is worth to note the emergence of other peripheral European countries that engage in the diversification of its own markets following the emergence of new tourist destinations. While in 1950 the top 15 destinations absorbed 98 percent of all international tourist arrivals, in 1970 the proportion was 75 percent, and this fell to 57 percent in 2007, reflecting the emergence of new destinations, many of them in developing countries (UNWTO, 2008). Over time, more and more destinations have opened up and invested in tourism development, turning modern tourism into a key driver for socio-economic progress. The generalised expansion of the tourism sector, allied to an increasing dispersion of tourists and diversification of destinations, have created new challenges to companies that are now striving to have an international presence and to be competitive in the global market. The current external environment, characterized by the interdependence of economies, the globalisation of markets, and the deregulation and globalisation of competition, has created new challenges to Portuguese tourism companies, but also opened up new opportunities that pushed companies to adopt internationalization strategies. The internationalization of the Portuguese economy and companies is a very contemporary and relevant issue, having acquired in recent years a projection and dimension that have never accomplished before. These changes in the international scene, along with the opening of the Portuguese economy to the world, are the primary motivation and purpose for studying how the Portuguese hotel companies has dealt with these challenges. Globalisation poses a big challenge to these companies that must strive for increasing competitiveness (Breda, 2010).

2 - Research problem

2.1 - Introduction

Since the middle of the last century the world has witnessed an increasing involvement of firms in the internalization process. This reality has consequences not only on the firm's behavior, but also in the international business research. Foreigner market entry has been a popular international business topic research during the last couple of decades (Benito & Gripsurd, 2005). We have witnessed the development of a number of concepts and frameworks, addressing the dynamics of the internationalization of the firm, in order to understand the complexity of the phenomena, in different sectors and markets, within their particularities and contexts (Johanson, 2002). The concept of internationalization as a process, mainly explained as a phenomenon of international business, started to be understood as an entrepreneurial process in the early 1990´s. Despite of that, most of the literature studying the concept has so far focused mainly on manufacturing industries, neglecting the service sectors (Castellaci, 2010). While, typically, in the manufacturing companies, the motivation to enter in a foreigner market is to exploit location advantages in production costs and access to resources, in a service industry the entry in a foreigner market by is more likely to be motivated by the exploitation of the firm specific advantages on demand markets (Benito & Gripsurd, 2005). Most of the service sector is dominated by small and medium enterprises operating in fragmented markets with limited access to financial and managerial resources (Cavusgil, 1984; Erramili & D'Sousa (1993); O'Gorman & Mctiernan, 2000). In the context of internationalization, those characteristics may have some impacts on their ability to demand for an international venture. SME's face considerable barriers when internationalizing and consequently most of them do not internationalize (O'Gorman & Mctiernan, 2000). Like almost other service industries, Portugal´s hotel industry still remains dominated by small and medium groups, mainly with a family shareholder structure, with critic resources constraint and centralized organizational structures (Caldeira & Ward,2002). The recent venture in engaging international activities, by some Portuguese hotels firms, is a phenomena not yet studied, therefore, being an opportunity to investigate the firms resource profile and to highlight the motivations of international engagement and related strategic orientation.

The Portuguese market it´s characterized by strong segmentation, with 63.3% of the housing units to integrating hotel groups, while 36.7% belong to independent entrepreneurs (Atlas Hospitality Deloitte, 2012). A total of 1,508 tourism enterprises, accounting for nearly

119,000 room uits, make up the fabric Portuguese hotel in late 2011. The group Pestana Hotels & Resorts / Pestana Hotels continues to lead the ranking of hotel groups with more units (6483), followed by groups Vila Gale Hotels (3808) Accor Hotels (2,890), Tivoli Hotels & Resorts (2,453) and VIP Hotels (2,312). According to Deloitte study carried out in for 2011, these positions have been undergoing changes, which reveal the global reality of the Portuguese market. Although, in international terms, was observed some dynamic, nationally mergers had some decrease, not having recorded the last two years major operations. Outside intervention of the IMF pushed some Portuguese international investors, who now begin to look again at investment opportunities (Marrão, 2012).In terms of typology of tourist hotels, the hotels of three and four stars continue to predominate, representing more than half of the total market. As to the geographical concentration, Algarve leads with 27 percent concentration of tourist hotels (402), followed by the North (20 per cent corresponding to 305 projects), Centre (18 percent corresponding to 279), and Lisbon (15 percent matching to 226). The autonomous region of Madeira and Alentejo keep eight percent of the market share and the autonomous region of the Azores, four percent. The increased competition, pricing pressure and margin deterioration require improving efficiency of hoteliers. In this context, it is expected that in the coming years there is a trend of concentration, through acquisitions, being the differentiation and the market expansion a way to avoid direct price competition. Strong pressure on prices in the hotel, including the associated product beach can only be minimized if there is innovation in the approach to the market and differentiation of service (Marrão, 2012).

2.2-Purpose of research and its implications

Internationalization is an important strategy for firms to overcome constraints of small and peripheral markets. According to Hymer´s (1976) market imperfection theory, the firms constantly seek market opportunities and their decision to invest overseas is explained as a strategy to capitalize on certain capabilities, not shared by competitors, in foreign countries. The recent venture in engaging international activities, by Portuguese hotels, is a phenomenon that has not been previously studied, therefore representing an opportunity for future research. Research in the tourism sector in Portugal is still in its infancy; representing then an area in need of more studies, particularly, in the internationalization of the hotel sector (Carvalho & Sarkar, 2008). Grounded in the literature, the purpose of this research is to develop and test a conceptual model to explain an entrepreneurial approach of the Portuguese hotel internationalization, contributing and adding new insights to international management research. Congruent with a new vision internationalization, where the benefits of opportunity identification and exploitation are levered by resources and capabilities of the firm in a proactive and entrepreneurial behavior (Zahra & Garvis, 2000), this study seeks to test the linkage between the motivational proactive drivers and international engagement. It also proposes to understand the linkage between the antecedent firm motivational drivers with, time of entry, market selection and entry mode strategies. It is not only important to identify the international drivers, but also its impact on firm´s strategic behavior (Tupurra, et al.2008).

In terms of theoretical implications, this research will attempt to contribute in four ways. Firstly, testing the empirical validity to previously untested claims about the importance of the internal and external drivers, on firm's motivation to undertake and carry on international operations. There is a lack of knowledge regarding the factors that drives exporting attitudes (Leonidou, 1995) and there has been little effort to examine internationalization motives as they relate to (Pett, Francis and Wolff, 2004).

It also tries to prove that the integration of different theories within a holistic approach, the more adequate, to explain the behavior of firms and managers. This research suggests a need to integrate different theoretical perspectives, to explain the international engagement of the Portuguese hotel firms, always bearing in mind, a central premise that the direction of firm's market diversification is believed to be due to the nature of its available resources and the market opportunities. This integration is supported by several theories and paradigms of internationalization, with the purpose of giving more consistency to the model and its internal validity. It also aims to strengthen the new insights on International Entrepreneurship theory. Keupp and Gassmann (2009) called for more theoretical integration in International Entrepreneurship research. While the presence of certain type of internal specific resources may induce a firm to become international (Barney 2001), this integrated model also claims that firms have an opportunistic behavior when exploiting market opportunities to leverage its resources (Dunning, 2000), in a combination of innovative, proactive and risk seeking behavior (McDougall & Oviatt 2000). Following this line of reason, as firms engage in international experience they are likely to perceive more uncertainty in international business operations, having a better understanding of foreigner market forces and, in turn, are more competent in seeking, identifying and exploiting market opportunities (Morgan & Katsiskeas, 1997).

Wright and Ricks (1994) called for researchers to examine international business issues in an integrated multidisciplinary way, while Young et al.(2003) called for more focus on the environmental and institutional approaches, as well as innovation and resource-based perspectives (Coviello et al. 2011). Contemporary research, in more traditional activities, has identified an entrepreneurship culture that relies upon international market orientation, unique skills and propensity for learning, network orientation and opportunity seeking. These determinants forming a particular cultural setting can, holistically, explain the international market engagement. According to Marion Jones (2004), future research in international entrepreneurship should, move more increasingly towards recognizing entrepreneurship in traditional industries and companies, not just in high-tech born global companies, but also towards further discussion of entrepreneurial alertness or opportunity-seeking behavior. The combination of behavioral, resource and entrepreneurship perspectives is present in Perks and Hughes (2008) and Zahra and George (2004) studies to capture the dynamics of the internationalization business strategy at the firm level. Applying constructs developed in other disciplines provides us an alternative way to study the mechanisms underlying the growth of international new ventures (Jones & Nummela, 2008).

The third contribution of this study lies on the development of a new vision of entrepreneurship beyond the focus on hi-tech born global firms and entrepreneurship as an individual act. The definition built on recent writings in the field of entrepreneurship that highlights the importance of the opportunity recognition, discover and exploitation (Zahra & Dess, 2001) and how the firm specific resources and capabilities can affect positively those goals (Zahra, 2000), are consistent with a constructionist view of entrepreneurship, where accumulative capabilities built through time in the domestic market, enables internationalization. International entrepreneurship is not so much about the skills of making the opportunities happen, but the correct skills at the right moment allowing, maximizing an opportunity in front of a situation (Fletcher, 2004). It is important to better understand whether international entrepreneurial firm behavior is due to the profile of the firm leader, the nature of the firm resources and competences, by the networks involved or by the context in which, all these are placed (Coviello et al. 2011).Finally, but not less important, is that Portuguese hotel firms are clearly different from those focused in previous hotel sector studies such as in, Dunning and Kundu (1995), Rodriguez (2002) and Whilta, Walter and Davies (2007). They are smaller, younger and operate in a small and peripheral market (Carvalho & Sarkar, 2008).The differences between company sizes and market contexts are important to understand the internationalization process (Gorman & McTierman, 2000). The identification of Portuguese hotel industry drivers of international expansion into international markets has also significant practical implications. The findings of this research could help in determining the importance of the Portuguese hotel resource profile, on the formulation of internationalization strategies, providing a better understanding of the process itself. Due to the size, and the fragmented nature of the hotel sector, with limited resources access, it is important for managers to understand the importance of internal competences to better search and explore foreigner opportunities. Entrepreneurship has been further defined as the identification and pursuit of opportunity, regardless of the firm´s current resources (Stevenson & Jarillo, 1990). Another practical contribution is to stimulate a proactive and entrepreneurial managerial behavior, in terms of exploitation, and exploration, of specific resources and capabilities. Global market success does not only depend on a firm´s given portfolio of resources and capabilities, but also on its capacity to reconfigure and adjust them to international contingences (Kogut & Singh, 1988). Understanding and analyzing the reasons for the involvement of Portuguese hotels, in international operations can, somehow, leverage other national companies in the industry to follow an international market engagement and therefore contributes for the development of the sector and the Portuguese economy. Given the Portuguese market size, and the population of hotel firms that have internationalized, there is still scope for others to follow them. This work seeks to provide guidance to these hotel firms that are more likely to enter the international market, taking into account the international experience of its predecessors, in terms of attitude and strategies. The understanding of market contexts and its evolution, underpinning the importance of the development of certain critical resources and competences are useful for potential international hotel firm followers. In the same sense that many international hotel groups have already used the successful experience of others, it is expectable that others to follow their examples. First movers, in an industry like tourism, may actually suffer from the resulting positive externality of identification and exploitation of an opportunity (Cohen and Winn, 2007). This occurs because once an opportunity has been showed to be profitable; others will tend to adopt the same behavior in line with the role of market imperfections regarding entrepreneurship and international activities. The observation or not of these assumptions and their practical implications are one of major objectives of this work. The degree of learning and cooperation between the companies, according to their strategic behaviour pattern, can be explained after the data analysis, taking into account the different timing of internationalization in hotel sector.

2.3 -Caveats and limitations of previous research

Internationalization is a process which complexity makes its explanation more difficult in terms of one single theoretical perspective. The need for a new perspective to explain firm internationalization is mainly due, the complexity of the internationalization concept (Mejri & Umemoto, 2010). Most of the theories do not explain internationalization as a whole process, focusing mainly on market choice and entry mode strategies, limiting the scope of the research and its findings to experienced and mature internalized companies in big markets. Much of the research within the field of international business has examined firm behavior in relation to the variables that affect the firm´s strategic responses (Solberg, 2002). The changes of world international business, with the emerging importance of small and medium business in small and competitive environment, are a challenge for the researchers when explaining the process of internationalization. The use of theories to explain internationalization must be more balanced and explorative in order to develop further conceptual models and theoretical frames, between entrepreneurship, strategy and internationalization theories (Madsen, 2005). The attempts to integrate different theoretical perspectives, for better understanding the phenomena have already been done. Coviello and MacAuley (1998) integrated the network perspective and the stage model approach to better explain the small and medium-sized firm’s internationalization process. Research on hotel internalization should look very different to that previously undertaken, with more internalized and qualitative research (Littlejohn, Roper and Altiney, 2005). While most of studies have considered what established hotels performance, regarding the “where” and “how” options, in the internationalization, there is still little concern with “why” and “when” questions. Related literature shows that internationalization is a phenomena influenced by a number of factors such as, firm characteristics and environment. Therefore, to understand internationalization, it is necessary to study the factors that make it happen or at least the main ones (Mejri & Umemoto, 2010). Few studies have considered, why a firm is motivated to undertake international market entry (Perks & Hugues, 2008), being important to find a “fit” between firm´s motivations and its strategic orientations (Tuppura et al, 2008).

The Resource Based View explains how firm resources drives differ in firm strategic orientations, but the resources themselves do not constitute a distinctive competitive base of strategic export competitiveness (Zou & Stan, 1998). The firm needs to deploy the resources using organizational processes to affect a desired end. According to the approach, advocated in this work, it is important to understand that, is not only just the existence of resources that can trigger the internationization process, but how these resources are used (Tupurra, et al.2008). The ability to convert those resources into a final competitive advantage is the key for the firm to create a unique position in the external market (Weerawardena, 2007). Despite scholars, distinguishing between resources from capabilities, this is still a diffuse field when defining and linking both concepts. Barney´s Resource Based View suggests that firms in a same industry perform differently, because they differ in their resources and capabilities. According to Teece (1997), competences or capabilities must be built along a period of time, and, cannot be bought. Even though, there are few studies that have considered the firm´s resources and internationalization strategies, the connecting role of firm´s strategic orientations has not yet received the attention that it deserves (Tupurra, et al.2008). In contrast with the static nature of Resources Based View, a more dynamic approach to resources deployment suggest that the firm needs to develop capabilities to identify and respond to market opportunities (Jarvenpaa & Leider, 1998). In pursuing international opportunities, the firm must devote scarce resources, under uncertain market condition, in a combination of entrepreneurial and proactive behavior (Perks & Hughes, 2008). In conformity with these previous reflections, and along with the complexity of the different forms of internationalization in the service sector, within different contexts and markets, this study constitutes a challenge for international management research, forcing the actual researchers to deal with some emerging and complex concepts. In what refers to internationalization, the empirical findings have been mixed, presumably due to different types of samples, different conceptualization and measurement, and different analytical approaches (Cavusgil & Zou, 1994). The manager’s perception that international operations can bring benefits, in terms of performance, is one of the main drivers of international expansion (Papadoulos & Martin, 2010). However, despite the existence of studies that prove this fact, in terms of first order motivational factors highlighted by Dunning (1993) and Beattie(1983), the essence of the explanation of what drives a company to internationalize has to be essentially focused in specific reasons based on internal and external stimulus (Albaum & Duerr, 1989). Identifying the drivers that motivate the act of international market entry is essential to explain the phenomena of internationalization (Perks & Hughes, 2008). This is fundamental to carry on studies, in order to cover different types of service firms, in other market contexts. Although, within the service sector, the hotel industry is included in soft services such as banking and retail distribution, these services cannot be exported and, in most of the times, require major local presence, as production and consumption occur simultaneously.

Portugal is a small and peripheral market, with natural constraints where the phenomenon of the internationalization is taking its first steps. In this context, this study represents an effort to uncover the implications that specific characteristics of this type of services within, a small and mature market, may have for the understanding of the internationalization expansion. Considering the motivational drivers, as the independent variables, it is possible to frame the internationalization approach of Portuguese hotel firms and, therefore, better explain the different internationalization strategies. Even though, the international Portuguese hotel groups are not homogeneous, in terms of age and size there are some similiarites concerning ther strategic moves, in the international market, this fact represents a challenge for researchers to develop new insights in this field of study, identifying the causes for these similarities and differences and even indentify patterns of behavior. Thus, in accordance with the previous reflections, two important questions arose regarding the internationalization of the hotel sector in Portugal. First, the reasons that encouraged Portuguese companies to internationalize and, secondly, which strategies were adopted to fulfil the internationalization process. Based on these two research issues, in the sphere of a deductive theoretical model, the goal of the study is beyond finding and explaining the main motivations of international engagement, it is also to comprehend if the stimuli, that drive companies to internationalize are, somehow, linked to the development of the strategies in their international engagement.

2.4 – Research Questions

Having in mind that the research aim is to test the linkage between the motivations and related stimulus internal competences and environmental opportunities, to undertake and carry operations in external markets, we should be able to clarify these two issues. First, is the possession of resources and competences built in domestic market enough to motivate the Portuguese hotel firms to go abroad? Second, are the size and experience, in the domestic market, important to motivate the Portuguese hotel firms to engage in international operations? Third, if the Portuguese hotel firms operate in the same market, which internal competences should be exploited, in order to better identify and explore foreigner market opportunities? Fourth, is the strategic behavior, a function of the antecedent drivers of the international engagement? Therefore, and in compliance, two research questions are raised and were the starting point for the research model:

RQ_1–<u>Why</u> do Portuguese hotels engage in international operations?

RQ_2–<u>How</u> do Portuguese hotels firms develop strategies in their internationalization process?

3-Literature Review

3.1- Contributions and Orientations

The purpose of literature review is to explore previous research, theories, concepts, practical perspectives, methodologies, and philosophical orientations discussed in a variety of disciplines, in relation to the research problem. In this particular case, the literature review will help to identify and define the main studied strategic dimensions and to confront different perspectives. For case studies, theory developments as a part of design phase is essential, whether to ensure the case study's purpose is to develop or test theory (Yin, 2003).

The literature will be the starting point for developing the present research, in terms of theoretical fundamentals of the problem, and support for the explanatory model design. The intent is not only to use literature review, as a guide for pointing directions about the topic, but also, to develop insightful questions about it. Experienced investigators reviewed previous research to develop sharper and more insightful questions about the present topic (Yin 2003). Future empirical studies should use common and accepted theories to a larger extend, and apply the theories on various international settings. Therefore, international factors can be explicitly taken into account, while the specific features of international business may be more clearly focused and perceptive of the importance of specific effects, of international dimensions, compared to other previous theoretical explanations (Gronnhaug & Haugland, 2005).

3.2-Paradigms, Theories and Related Concepts

The present sub-chapter will review the main theories, developed by researchers in the last few decades, which have contributed for building knowledge in the field of firm's internationalization. In the existing literature, there is a variety of different approaches to explain internationalization (Moreira, 2009). All of these approaches are rooted in four paradigms. First, the behavioural paradigm, mainly represented by Uppsala's model which, argues that firms have an incremental behaviour due to the market uncertainty. The other two paradigms are economical by nature, and explain the internationalization by the market's imperfections and failures. Finally, the resource base paradigm was the last to be developed and assumes that the resources may yield sustainable competitive advantage when they are valuable, rare, well organized and difficult to imitate.

3.3 - The economics theories

When the neoclassic theory emerged, in which it is argued that due to domestic competition there is a propensity for firms to engage activities; in underdeveloped countries this is insufficient to explain the internalization of the firm. Hymer (1960) introduced a microeconomic approach, focusing on international production rather than nations trade, giving a great insight for the market imperfection paradigm, where the commitment of resources in an external market is a function of the of market imperfection degree, for its existing monopolistic advantage.

The other major contribution for the modern economic theories was made by Coase with the theory of the firm. He argues that, under perfect completion, the market mode is more efficient, however, when the market fails, the firm is better in internalizing it. This is a combination of macro and micro economic insights that support the development of modern international trade theories (Yamin, 2000).

Hymer´s theory (1976)

Also known by the market power approach, this theory suggests that firm’s main motivation to locate production facilities abroad involves the pursuing of market power to decrease the level of competition and increase the entry barriers to outside competitors. The market imperfections theory states that, firms constantly seek market opportunities and their decision to invest overseas is explained as a strategy to capitalize on certain capabilities, not shared by competitors in foreign countries (Hymer, 1970). Firms expanding abroad should have strong ownership advantages if to successfully overcome the disadvantages of operating in host countries (Hymer, 1976).

Life Cycle Stage of the Product (Vernon, 1966)

According to this theory, during the early stages of a product life cycle, a firm satisfies demand in a foreigner country, through exporting. As the product enters the maturity stage, some host country competitors, motivated by higher profit rental, start producing cheaper substitutes. The firm perceives this as a threat, and transfers its production facilities to that market, in order to strength its market position.

The transaction costs and Internalization theory (Buckley and Carson, 1976)

The roots of internalization theory go back to Ronald Coase (1937), who argued that there are conditions under which it is more efficient for a firm to create an internal market, rather than enter foreign ones; such conditions are the transaction costs of foreign activities. According to the internalization theory, market researchers' failures (such as information costs, opportunism and asset specificity) are the main reason, that a multinational firm must use direct investment, instead of licensing. Multinationals with technological or marketing know-how detain firm-specific advantages which are protected within its internal market. A multinational seeks expansion, by direct investment, when it has competitive advantages over other firms and the firm specific advantage needs to be protected by its organizational structure, by that, a multinational internalizes its foreign market activity. Internalization theorists suggest that foreign direct investment occurs when the benefits of internalization outweigh its costs.

Eclectic Theory (Dunning, 1980)

John Dunning has developed a framework that integrates various strands of explanation of international production. A set of three general and interrelated principals is suggested to be fundamental to understand international production. The three principles are derived from a variety of two past theoretical approaches. Therefore, Dunning labels his approach as 'eclectic'. According to Dunning, a company will engage in international production when several conditions are present. A company possesses certain specific advantages not possessed by competing companies of other nationalities (internalise advantages), and such advantages are most suitably exploited by the company itself, rather than by selling or leasing them to other companies. In other words, the company internationalises the use of its ownership-specific advantages. The other condition is that it must be more profitable for the company to exploit its assets in overseas, rather than in domestic locations. In other words, location-specific factors play an important part, in combination with internationalisation of ownership-specific advantages, in determining whether or not, and where, overseas production occurs. The third conditions called ownership-specific advantages are assets which are internal to a company, and which the company creates for itself. These could be certain types of knowledge, organization or human skills and these acquire some proprietary right of use, for example a legally protected right. The OLI model was widely applied to explain entry mode decisions and its basic ideas were supported by several empirical studies. But in spite of its eclecticism, its improved measurability, and its great explaining power the OLI model is solely a static one. It intends to explore all important factors impacting entry mode decisions but in fact fails to do so due to the neglect of strategic factors, characteristics of and situational contingency surrounding the decision maker, and competition. According to Rugman (2010), one of Dunning paradigm is that it is two eclectic and in many ways each of three motives for FDI is over determined. According the same author so that the level of analysis is more correct, there should be reconciliation between the eclectic paradigm and the theory of internalization.

3.4 - The Behavioural Models

Derived from Cyert and March´s behavioural theory, where a firm operates in imperfect markets, its behaviour assumes to be short term orientated and risk averse, with implications on the level of investment and resources commitment. This view was the base for one of the most studied models in internationalization theory, the Uppsala Model. Proposed by Johanson and Wiedersheim-Paul (1975) and Johanson and Vahne (1977, 1990), this model explains the internationalization process over time, by using the concept of psychic distance and experimental knowledge, where the first concept influences market selection and experimental knowledge, affecting firm´s pattern of resource commitment. The Uppsala model, describes firms going through a series of stages ranging from no regular export activities, through export via independent representatives, on to establishment of foreign operation units. A basic assumption underlying this gradual internationalization model is that, firm’s move away from the well “known” domestic market, towards the “unknown” new markets which, due their novelty and the firm´s consequent lack of knowledge, are often regarded with a high degree of uncertainty (Gronhaug & Haugland, 2005). There is a basic assumption that market knowledge and market commitment, affect both commitment decisions and the way current decisions are performed – and in turn, market knowledge and commitment (Anderson, 1993). This theory was very important for the development of the literature, once based on static economics models providing a more dynamic approach of internationalization, enabling longitudinal investigation and explicitly recognizing managerial participation on strategic decisions (Erramilli & Sharma, 2004).

The network approach to internationalization (Johanson and Mattson 1988)

The network approach (Johanson & Mattson 1988) to internationalization is seen as a process in which relationships are continuously established, developed, maintained and dissolved with the aim of achieving the objectives of the company. Relationships are developed through interaction, in which, the parties build mutual trust and knowledge. These relationships are connected by networks that consist of several companies including customers, competitors, supplementary suppliers, distributors, agents, and consultants as well as regulatory and other public agencies (Johanson a& Vahlne 1990). It is assumed that, without a good network in international markets, the company will have problems with future growth. According to Johansson & Mattson (1988) the internationalization of the company begins with the company being initially engaged in a network that is primarily domestic. The company then internationalizes by developing relationships in networks in other countries.

3.5 The Resource Based models

Barney´s resource based view

Despite some criticism, this theory gained widespread acceptance within practitioners. According to this theory, a firm’s competitive advantage steams from its resources. The resources may yield sustainable competitive advantage when they are valuable, rare, well organized and difficult to imitate (Barney, 1991). This concept, also borrowed from market imperfection and market failure paradigm, differs from an essential point, the long term profit maximization. Another important contribution for the development of Barney´s resource based view was the seminal work developed by Edith Penrose, in 1959, where it is provided an explanatory logic to unravel causal links among resources, competences and competitive advantage. It is widely acknowledged that Penrose´s (1959) theoretical approach in the seminal work “Theory of the Growth of the Firm” made a direct and important contribution for the modern resource-based thinking (Kor & Mahoney, 2004). The close relation between the various types of resources and the combination with firm competences such as, experience and acknowledgement of managers and entrepreneurs was seen, as fundamental to value creation within the competitive advantages, highlighted by Penrose in 1959, were also pioneered in the dynamic capability view perspective, and in the development of entrepreneurship theories.

The exploration of a resource advantage in international operations, when sustainable and cost transferable is a valid way, for the success and growth, in external markets. The speed and direction of firm growth is determined by the firms existing stock of resources and competences (Barney, 1991). From the firm´s resources point of view, internationalization should be based on firm´s competence. Accordingly, due to resource differences, all firms should not only have different internationalization process, but also emerge in different relationships (Moreira,2009). Barney’s (1981) resource-based view (RBV) theory also argues that firms possess resources, which enable them to achieve competitive advantage that can lead to superior long-term performance. Resources that are valuable and rare can lead to the creation of competitive advantage. That advantage can be sustained over longer periods of time to the extent that the firm is able to protect against resource imitation, transfer, or substitution. In general, empirical studies using the theory have strongly supported the resource-based view. If a foreign firm is to be successful in another country, it must have some kind of advantage that vanquishes the costs of operating, in an abroad market. The perception and possession of this advantage is decisive for the allocation of resources in the international market but, should be complemented with a market opportunity where the firm can leverage this competitive advantage. Thus, a new vision of the relationship between, resources and internationalization emerged, where the internationalization engagement not only depends on a firm´s resources portfolio, but also, on its capacity to reconfigure and adjust those to international opportunities. Barney (1991) suggests that firms get competitive advantages by implementing strategies that exploit their internal strengths, through responses to the opportunities of the environment. The resource-based models view in international expansion, an extension of resource development and skills with implications for organizational learning and even extending it to the entire organization. According to Tallman (1992) reconfiguration and creation of skills, is one way to reduce risk and successfully compete in international markets.

The dynamic capability-based perspective

Assuming that the possession of resources, sometimes, is not crucial to the process of internationalization, where the firms must develop certain skills, to make use of these resources consistent with the market contingencies, the dynamic capability perspective presents itself as a more dynamic view of international engagement, adding an external variable in the equation. The dynamic capability view, offers a suitable theoretical foundation, and, simultaneously, complements the resource based perspective. In contrast with Barney's (1981) resource-based view theory the firm needs to develop new competences, to identify opportunities and respond quickly to them (Jarvenpaa & Laeidner, 1998). The dynamic capabilities' view (Peng, 2001), in comparison, with earlier industrial organization view, as RBV, assigns a prominent role to the entrepreneurial view of the firm. The mere possession of superior resources, cannot guarantee competitive advantage for the firm, but how the firm deploys its scarce resources, put its capabilities to best use, invests and complements its existing capabilities infrastructure, can bring "immobility and inimitability " to its resource-capability framework (Song, et al., 2007).

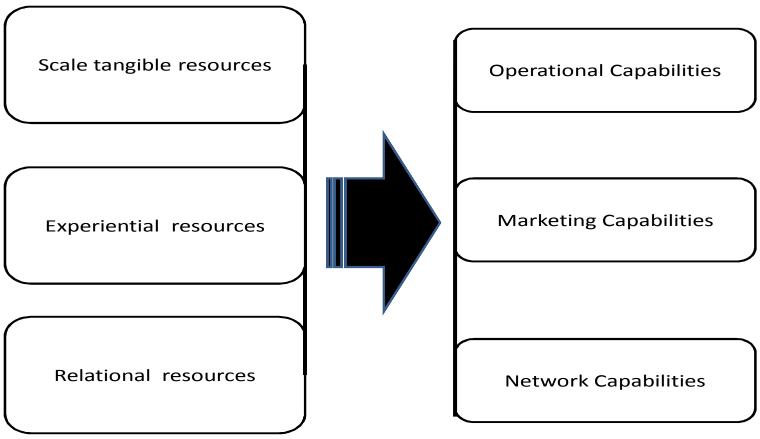
This multi-theoretical perspective, which combines environment and competences, requires a careful consideration, so that we understand the complexity of what drives companies to internationalize. Cociello and McAuley (1999) concluded what can be described as entrepreneurial internationalization, must require a multi-theoretical perspective. Young et al. (2003) called for more focus on the environment, and institutional approaches, as well as innovation and resource based perspectives. The allocate view of perceived opportunities is in line with a new vision of international management, called international entrepreneurship.

The firm internal dimensions relate to resources and capabilities that can be strategically used by firms to undertake international operations, in a competence advantage orientation or, scale and scope economics. Resources and capabilities will be those that enable a company to perform in a superior way to its competitors, or in such a way as to achieve better results. Such resources are developed over a long period of time and are not easly transferable (Diericks & Coll, 1989). Examples of those resources include all assets that have potential to create value to the firm (Erramili & Sharma, 2004).

A capability or a competence is defined, as the ability of the firm to use its resource to a desired end (Amit & Schoemaker, 1993) and concerns the level of the development, of the firm resources into, internal competences. Incorporating a more dynamic approach of Barney's Resource Based View and, considering, the internal competences or capabilities a separated variable from resources this study emphasized the operational capabilities, the market capabilities and the network capabilities. Accordingly, Day 1994; Day and Wensley; 1988; Weerawardena, 2007 and Nath, 2010) logic input-output where a firm capability or competence is defined "as its ability to deploy resources (inputs) to achieve the desired objectives (outputs)", will be used in this study, to explain (Figure 3) the relation between resources and capabilities. Unlike Nath´s 2010 framework, in this study the linkage between resources and capabilities are not made in a direct way because one resource can contribute to generate different capabilities and, different resources can generate one capability. According to Hall (1993), the capabilities are not directly derived from specific resource possessions but it is, inherent, in the organizations as a whole .The network of those capabilities enables firm core competences to deliver a strategic value throughout the internalization process. These core competences are defined, as organizational processes that bring assets together (Teece, Pisano and Shuen, 1997).

The operational capabilities, also called production-based capability, are capabilities that enable a business to pursue a product –market specific business strategy (Cleveland, Schroeder and Anderson, 1989). The operational goals are to deliver the right service, to the right client, at a minimum cost. The operational capabilities are those organizational processes that make the firm efficient, in the service production by maximizing the possession, application and utilization of the firm resources.

Figure 3 – Resources and Capabilities input-output – Adapted Nath (2010)



The marketing capabilities, also referred as marketing-based capabilities, are defined as the integrative process of applying the resources of the firm to perform marketing activities (Ngo & Cass, 2009). In order to add value to existing products and services and meet competitive demands in the international markets, the marketing capabilities are composed by a large number of activities developed by the firm, in a combination of resources (Day, 1994). Traditionally, marketing literature has always measured marketing capability using survey based indicators, such as knowledge of competitors, effectiveness of advertisement and managing durable relationships (Song & Bannetedo, 2007). However, some studies used secondary data as a source to measure marketing capabilities, arguing that the managerial perceptions often lead to erroneous results. Nath, Nachiappan and Ramanathan, in a 2010 study, used an input-output frame to measure marketing capabilities, using archive financial data. According to Weerawardenna (2003), the marketing capabilities are critical to identify and access international opportunities, in terms of transmitting the firm's credibility and finding appropriate distribution and price options for the value of the product in its market.

The network capability is defined as the ability to reduce risk and uncertainly, inherent in international operations, by seeking and developing partners' relation for garnering complementary resources, critical for internationalization. Building and maintaining relevant, superior, and effective networks is an integral part of an internationalization process (Liesch et al., 2002). Network knowledge starts in a pre-internationalization stage and continues during the internalization phase (Mejri & Umemoto, 2010).

The international entrepreneurship principles

Wright and Ricks (1994) defined international entrepreneurship as firm-level business activity that crosses national borders, and, such activity focuses on the relationship between business and international environments they operate. McDougall and Oviatt (2000) complement this view, defining international entrepreneurship as a combination of proactive and risk-seeking behaviour, to create value to the firm. Zahra and George (2002) developed another definition, taking into consideration that international entrepreneurship is the process of creatively discovering and exploiting opportunities that lie outside a firm domestic market, in the pursuit of a competitive advantage.

Despite the criticism, that research in international entrepreneurship is fragmented, inconsistent and lacking in unifying paradigms and theory (Jones et al., 2011, Combs et al., 2009), this field of study encapsulates both, the behavioural and temporal, natural entrepreneurship, in connection with some dynamics of international business strategy (Perks & Hughes, 2008). Etemad (2004) described international entrepreneurship, as a phenomenon that incorporates multi-levels of interaction, between firm, market and environment. Coviello and McAuley (1999) concluded that, to understand what we might now describe as international entrepreneurship, scholars require a multi-theoretical perspective.

3.6 -International Theories - Limitations and Trends

The internalization of the firm has gained interest, in the recent times, because of the emerging and innovative way of doing business abroad. The proliferation of new and hybrid approaches, around the internationalization subject, is the result of that phenomena due the limitations of the traditional theories, towards new international ventures and new research insights. The related transaction cost theories, as the most common approach in internationalization research, has several limitations. Firstly, there are difficulties in observing and measuring transaction costs, researchers have had to rely on estimations of reduced-form relationships between observed characteristics and organizational forms. Secondly, under some circumstances, transaction costs may be lower if the transaction takes place in an open market, which in other situations costs will be lower if managers coordinate the transaction. The internalization approach closely associated with transaction cost, which concerns the identification of the mode of transferring operations in which, the effective cost is minimized, is criticized by some authors because it might explain the growth of the firm, but does not explain why firms decide to take the international way (Hennart, 1982). The limitation is because all of those related models assume that the market and all the management decisions are rational and short term oriented. Nowadays, due its dynamic nature, the business strategy approach believes that there is a sum of decisions based on managerial entrepreneurship and contingency practices. Another criticism, pointed to economic approaches to internationalization, is the excessive focus on foreigner direct investment, with little regards for other modes of entry with large multinational manufactured firms. The assumption of Buckley and Carson in internalization approach does not do justice to the dynamic nature of competitions, in today's fragmented market (Dunning 1995).

The Dunning´s eclectic framework, with encompassed elements of both macroeconomic theory of FDI and microeconomic of multinational firm, was a step ahead on analysing, internationalization, as a process. Somehow Dunning, introduced new insights not only in terms of internalization of activities but also regarding firm ownership and location advantages. Dunning defends internal and external motivations, and the firm´s capabilities as triggers, for the internationalization process, and, partially, explaining the cooperatives modes of entry. Although the eclectic paradigm has strong points which make it very successful, it cannot explain some issues like, the inward and outward foreigner direct investment and in effect, does not approach the internationalization as a process but basically as a decision, being difficult to make a comprehensive longitudinal approach, to the firm behaviour. The eclectic paradigm neglects the sector influences, the alliances between firms and the global strategy (Moreira, 2009).

Internalization theory, as developed by Buckley and Casson (1976), Rugman (1981), is a firm-level theory explaining why the firm will exert control (ownership) over an intangible, knowledge-based, firm-specific advantage. In internalization theory, all firm-specific advantage is efficiency-based. The knowledge advantage arises from a transaction cost economics explanation, whereby the nature of knowledge (an externality) is remedied through the hierarchy of a firm overcoming this situation of market failure. The other types of firm-specific advantage, such as brand advantage, skills in management, and organizational competences, are also efficiency-based and are compatible with the resource based view (RBV). In short, internalization theory applies transaction cost economics and the RBV to explain the efficiency aspects of the firms.

Indeed, contrary to the firm-level analysis at the core of internalization theory, the eclectic paradigm is more of an industry-level analysis. The mingling of O, L, and I advantages serves to explain outward FDI and, although this has firm-level implications, has been mainly tested at industry level (Dunning 1992). Internalization theory, as developed by Buckley and Casson (1976), Rugman (1981), is a firm-level theory explaining why the firm will exert control (ownership) over an intangible, knowledge-based, firm-specific advantage. In internalization theory, all firm-specific advantage is efficiency-based. The knowledge advantage arises from a transaction cost economics explanation, whereby the nature of knowledge (an externality) is remedied through the hierarchy of a firm overcoming this situation of market failure. The other types of firm-specific advantage, such as brand advantage, skills in management, and organizational competences, are also efficiency-based and are compatible with the resource based view (RBV). In short, internalization theory applies transaction cost economics and the RBV to explain the efficiency aspects of the firms.

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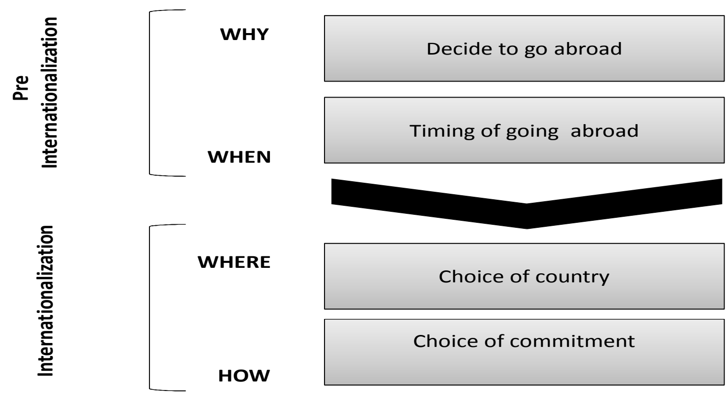
The behavioural theories, together with the internalisation theories, are the most popular to explain the internationalization. The most representative of them, the Uppsala model, permits a more dynamic approach enabling longitudinal investigations. Although explicitly recognizing managerial participation and involvement on commitment decisions, this model is normative with a one-way stage process and does not explore the other forms of cooperation and knowledge. The Uppsala model lacked as being an explanatory model; why and how the process takes place, and how to predict the movement from one stage, to the next, are properly addressed (Anderson, 1993). The identification and the implications of each stage, in terms of operational behaviour, would be important to clarify the delimitation between stages. Longitudinal analysis, should at least, be tried for small-sample, in order to test the stage-model approach (Anderson, 1993). The traditional models, which thrived predominantly on notion of foreigner investment as an increasing commitment over time, are based on a static model of cost and benefits, ignoring that in many instances, the firms delayed their decisions to a later point in time, according to the level or resources accumulated to face more riskless the investment abroad (Tan, Erramili and Liang, 2001).

The other, and important critic, to this sequential and gradualist approach is the emerging of start-ups, internationalizing firms, with new behaviour patterns in the international context. Mostly, in the last decade, international entrepreneurship has emerged as a distinctive and interdisciplinary steam of research, focused on studying the early and accelerated non-conventional internationalization process (Criado, Sanchez and Ortega, 2009). The changes of international world business, with the emerging importance of small and medium business, in new technological and competitive environment, the use of theories, to explain the internationalization has to be more balanced and explorative in order to develop further conceptual models and theoretical frames between entrepreneurship, strategy and internationalization theories (Madsen, 2005).

3.7 - The Internationalization process

Internationalization is the process, by which, firms increase their involvement in operations across borders (Wech & Luosterinen, 1988). This firm engagement focuses mainly on how firms discover, evaluate and exploit opportunities abroad (Oviatt & McDougall, 2005). Internationalization can be perceived as part of the on-going strategy process of business firms (Melin, 1992). The particularity of the internationalization process is when, resource or competence based products or services, are to be transferred across national boundaries and the firm has to select the level of commitment in international activities, the country where, and with whom, the transition should be performed (Andresen & Buvik, 2002). In many firms, internationalization may occur in a relatively continuous chain, in a rational predicted way, with the firm undertaking various internationalization stages on expansion projects in incremental steps, over a period of time. However, for others, internationalization is often seen as a relatively discrete process, one in which management regards each internationalization venture as, distinct and individual. Analysis of longitudinal panel data concludes that more than 40% of firms, internationally active, follow discontinuous development patterns (Hauge & Havnes, 2001). Therefore, it is important to understand why, and what factors determine the different patterns in firms, during international engagement. The Young´s (1989) market service stages (Figure 4) show a traditional pattern of international operations, sometimes not compatible with the new forms of firms, where some of these processes are simply over passed.

Figure 4 - Young´s market service stage framework



Entrepreneurial models are better suited to explain those situations, most of the times, small and medium business ventures, where the decision are not made by strategic plans but, by emerged opportunities. This conceptual difference lies on motivational factors, which the stages model is unable to explain. The Uppsala model cannot explain why the firm starts its internationalization activities and why, many firms are not predictable on its behaviour (Forsgreen, 1989). Researchers argue that, internal and external forces are important causes for firm´s foreigner expansion (Chen & Martin, 2001). If most of the time, the external forces are the same for all the firms, in the domestic market, the difference lies on how firms deal with those external contingences. Because, different firms may choose different strategies to deal with the same problems, it is important to understand the factors causing firms to choose foreigner expansion over other alternatives (Chen & Martin, 2001).

According to Welch and Lousterinen, 1988, to understand and explain the internationalization process, it should be explained why a company undertakes each particular step in an overt pattern. Welch and Lousterinen (1988) emphasized the appropriateness to analyse the process of international involvement at company level, looking across foreigner market activities.

According to the same authors the actual internationalization are often irregular, particularly because strategic steps are affected by the emergence of opportunities and / or threats which do not arrive in a continuous or controlled manner. The outcome tends to be derived from a mixture of deliberate and emergent strategies.

3.7.1 - The pre internationalization stage (Why and When)

The study of pre internationalization is important to differentiate the firm which chooses to expand to outside markets, from the firm that chooses only domestic activities and later in, trying to understand what determines the choice of different forms of internationalization, from the export to the foreign direct investment (FDI).

Consequently, and at first, the main driving forces that stimulate the firm to go abroad should be established. The main driving forces motivating internationalization are partially found within the firm, and therefore, based on the management's strengths and weaknesses perceptions of the firm's capacity, to meet or not, certain goals. The environmental factors also influence the internationalization activities, but the pool of resources and capabilities within the firm, might be appropriately combined to succeed in international markets (Ortega & Vera 2005). In most cases, it is a combination of factors that initiates the internationalization process (Rundh, 2007), being the more obvious way, to understand the motivations of a firm to engage or not in international market. The analysis of the firm's motivations contributes to the understanding of why, and how, the internationalization process is initiated and sustained (Welch & Lousterinen, 1988). Czinkota, in 1992 (Table 4), classified the motivations in two groups, the proactive and the reactive. Proactive motives represent stimuli to attempt strategy change, based on the firm's opportunities in exploiting unique competences or market possibilities. Reactive motives indicate that the firm reacts to pressures or threats in its home market or, in foreign markets, and adjusts passively to them, by changing its activities over time.

Table $_4$ – Proactive and Reactive Motivations

Proactive motives	**Reactive motives**
Profit and growth goals	Competitive pressures
Managerial urge	Domestic market: small and saturated
Technology competence/unique product	Overproduction/excess capacity
Foreign market opportunities/market information	Unsolicited foreign orders
Economies of scale	Extend sales of seasonal products
Tax benefits	Proximity to international customers/psychological distance

Adapted from Czinkota (1992)

Dunning, in 2000, argues that internationalization is more driven by opportunities rather than by threats. The same author proposes four different types of motivations, the resource seeking, the market seeking, the efficiency seeking and the strategic assets seeking.

The market seekers category of motives focuses on demand aspects. If decision makers within a company acknowledge the importance of accessing specific target markets abroad and believe that a direct presence internationally is essential for this access they will focus on market seeking motives. Companies that invest in a particular country or region, with the intention to supply goods and services, are called market seekers. According to Dunning (1993), there are several reasons why companies undertake such action. Firms sometimes conduct investments on foreign markets to promote or exploit new markets. Reasons may include the size of the market or an expected growth of the same, indicating that the company may enter and then generate more business.

The resource seeking firms are those investing abroad in order to obtain resources (Dunning, 1993). Perhaps the wanted resource can be acquired at a lower comparative cost, or simply, does not exist at all, in the home country. Resource seeking could deal with the search for physical resources, such as minerals and natural landscape. These resources are sometimes central to the survival of a company, especially if the material constitutes an important part of the potential revenues. The search for cheap and unskilled (or semi-skilled) labor is an important activity for many companies trying to minimize costs and maximize profits. This labor force should be well motivated and exist in large numbers. The seeking for such labor is often undertaken by companies with high labor costs.

Sometimes, skills and capabilities are resources that can be used through collaboration with a business partner. According to Dunning's model (1993) this corresponds to resource seeking.

It is believed that collaboration involves the use and development of business relationships and networks. Therefore, we put this kind of collaboration under the category of network seeking motives.

The main purpose of efficiency seekers is to rationalize structures of established investments in order to gain from common governance. Often those benefits come from economies of scale and scope, but also risk diversification. Therefore, efficiency seeking is seen as gaining from the differences of factor endowments, cultures, institutional arrangements, and economic systems etc. Often, this implies concentration of production, in a limited number of places. Companies that are seeking efficiency are often experienced, large and diversified multinational enterprises.

Advantage can be drawn from differences of factor endowments in different countries. Such differences consist of availability and cost. As an example, value-adding activities that are capital, technological or informational intensive are usually placed in developed countries. On the other hand, value-adding activities that are labor, or resource intensive, are often placed in developing countries. Economies of scale and scope are issues that an efficiency seeker often focuses on. While differences of factor endowments utilize differences between developed and developing countries, economies of scale, and scope, regards differences within similar countries. The differences may be the consumer tastes and supply capabilities.

Companies may become international with the intention to lower the total amount of tax paid to governments. By acting in several countries, the efficiency seeker might be able to lower the tax burden. Exactly how this is done is not of interest to this study. However, we believe this is a motive well worth investigating.

Strategic resources are intangible resources dealing with the technology and core competence of the company (Dunning, 1993). Patents, knowledge, the skills of the employees, and strategic supplies necessary for developing comparative advantages are examples of strategic resources. By focusing on developing strategic resources the firms supports its long term strategic objectives. This is often done by acquiring the assets of foreign corporations. Accordingly, the main motive is, therefore, to either sustain or strengthen, the competitive position, or weaken the competitors. In order for knowledge to have commercial value, a company must prevent competitors from accessing such information (Oviatt & McDougall, 2005). Some authors stress the idea of a fifth motivation, founded in a study of small high-tech business (Hanson & Hedin, 2007), the networking seeking. Networking has been described as a dimension of international entrepreneurial culture (Dimitratos &

Plakoyiannaki, 2003). This network orientation within companies reflects to what extent companies participate in alliances, cooperative ventures and other forms of similar social connections. Networks, relations and collaborations with partners outside the organization, can be very important for companies. By assessing the network seeking motives, companies intend to nurse, develop and expand their existing networks of relations.

A network of relations and sales contact is vital to improve the foreigner market performance, and is associated to new Born Global Firms. The Born Global is small and medium business specialized and niche oriented, which becomes international from its inception. Their lack of internal capabilities, and intrinsic information, must then be compensated by external access resources, usually, through networks (Hauge & Havnes, 2001). A Westhead (2002) study showed that, the bigger the firm, the more likely that it would have cited *proactive* motives. In 2006, Freeman in a quantitative study, identified variables that increased the rate of internationalization of small and medium business such as domestic market competitiveness, unique knowledge and different forms of relationships. The ability to undertake any form of international operations is clearly limited by means, accessible to the firm to carry it out (Welch & Lousterinen, 1988). Some authors call the stimulus to go aboard, when the firm acquires a group of competences that permits the decision to go abroad. The most important obstacle for a firm's internationalization is its lack of knowledge and resources (Seringhaus & Rosson, 1990). Resources are required to sustain the process until a new positive balance is established, with new channels of information and competences (Hauge & Havnes, 2001). These requirements can be obtained through incremental decision, making and learning about foreigner markets (Solberg, Kirstiansen and Stlattebrekk, 2002). By this means, it should be expected that firms, who are based in a wider domestic market, reveals a more advanced involvement in internationalization early and faster, in others words the size and the experience are factors to trigger the internationalization process. At the same time, there is some evidence that, somehow, there are different situations where some international ventures are developed. With new market conditions and more skill and entrepreneurial oriented people, the learning and experience process are relevant allowing the firm to expand or begins its foreigner operations. While resource availability, in some cases, limit expansion at any given point, the constraint is not static, so, any action to explore it can provide the basis for increase operations over time (Welch & Lousterinen, 1988). The availability of resources is important, also, in terms of geographic coverage, in terms of operations. For firms that undergo domestic expansion their ability to devote resources to international venture, are lower, than those who don´t pursue domestic expansion (Chen & Martin, 2001). This is especially true for smaller firms because the lack of resources increases their difficulty, in focusing into a risky international market. It is not surprising to find the pattern noted earlier, where companies are attracted to expand operations, first in a more familiar location, without high risk pressure, before deeper commitment in unknown markets. The risk reduction and uncertainly exposure plays a key role, at given points, in firm international moves (Welch & Lousterinen, 1988). Doing business internationally becomes a crucial element of company survival and growth, but it also involves risk taking (Simi´c & Horvat, 2006). Risk taking is defined as one of the three dimensions of entrepreneurial orientation of a company, and refers to the willingness of the management to commit significant resources, to opportunities that might be uncertain (Junehed & Davidsson 1998). According to a certain number of situations, a company may have a certain level of risk propensity. Risk propensity can be defined, as a tendency to take or avoid risks. It is a relatively stable characteristic but, can be modified through experience.

The reasons of international involvement have been investigated by some authors and there is unanimity that is the result of a set of forces also called stimuli that motivate companies to initiate, develop and maintain international operations. The stimuli factors are in fact, the basis of all international engagement motivation, but according to some authors they just became operative only to the extent that they are brought to the attention of the manager who is responsible for making the "strategic" decisions of the organization (Leonidou, 1995; Miesenbock, 1988).

Generally speaking, these motivations have been called the "pushes and pulls" to internationalize within a proactive or reactive nature respectively (Barlett, 1991; Czinkota, 1982). Typically in the literature, the two dichotomies are indistinguishable and have been classified as firm-based and environmental-based.

3.7.2 - The internationalization strategies

After the decision to go abroad within the overall framework of international strategy, firms have to choose where, and how, they will set up the operations. This step is also known as entry decision. The firms take into consideration two aspects, the market, and the entry mode choice. As previously mentioned, the companies, in most cases, develop their marketing entry strategies in accordance with external opportunities that arise, in view of the internal competences of each one. So, there is a close link between market opportunity and the decision to internationalize, thus, resulting in an inversion and discontinuity in the traditional pattern of internationalization. According to Bradley (2002, 2005) there are two types of approach that strongly influence the future strategic options. These are the opportunistic approach and the systematic approach. According to the author, the evolution of an opportunistic approach to a systematic selection of markets is a practice that occurs, given the international involvement and geographical context, not constituting a rule, however. What matters is that, this development will allow the company to obtain the best of both approaches taking into account the nature of the hotel product.

Some considerations about the hotel firm specific factors

From a theoretical perspective, the levels of intangibility, in the service sector, make a difference and influence the developments of the internationalization studies, in terms of strategic choices, but it should keep in mind that some researchers argue that the separation on services and goods are too simplistic. The theoretical segregation of services, from products, may have long been dysfunctional (Cloninger, 2004) and there are few taxonomic exercises concerning the service sector. Some authors said that services can be divided, according to the level of intangibility and knowledge. Miozzo and Soete (2002) Castelacci (2008) grouped the service industries in four main groups: the personal services, the physical infrastructure, the advance knowledge services and network infrastructure services. In the tourism sector there are activities based in pure service providing and physical infrastructure. In the lodging industry, given the high degree of customer-supplier interaction, internationalization necessary implies a physical presence in the target country (Dader, Garcia& Pla-Barber, 2007), being difficult to classify this activity in a single group. Given today´s shorter product life-cycles, an innovative firm must maximize its sales in several markets, as quickly as possible. Thus, it may utilize different entry modes, even though this entails high levels of risk. Researchers holding such opportunity base theories have argued that the staged model is of limited value (Oviatt & McDougall, 2008), however, and taking into account the specificities of hotel services, it is often hard to reconcile these premises.

The market choice

Theoretically, a country is attractive for a foreigner investor, if the return is higher than the risk adjusted cost of capital. Despite this short term oriented vision, the majority of investors use it as a guide to measure attractiveness, in a dual logic, in terms of risk and market competitive opportunities. There are two main dimensions that contribute to country attractiveness, the market opportunities and country risks (Peinado & Barber, 2006). From a normative standpoint, several factors are considered to be important in assessing the potential attractiveness of foreigner market (Erramilli, 1991), but there are other factors that are important and will affect the investor's decision, in terms country attractiveness. Factors, such as cultural and geographic distance are important in terms of facilitation, in an operational level. Each country has its idiosyncrasies in terms of business practices, institutions and resource endowment, which affects the way business operate. Local market knowledge is important for international managers (Meyer, 2009) and, in some way, can influence the decision of how to operate in the host market. In Dunning's (1980) eclectic approach to explain the displacement of competitive advantage based on competence ownership advantages, depends mainly on firm knowledge and perception of the specific location advantages.

The entry mode choice

The ent**ry** mode, as a sequential process is the set-up of strategic choices after the firm has performed the country attractiveness analysis and consist essentiality in a set of options, taking in account the type of industry / services the firm competences and the environmental factors. In the entry process, the firm meets three delicate but essential dilemmas, what to look for in this country, when to enter, and, how to enter. The first two questions are already, somehow, made and solved in the pre internationalization stage. The objectives to develop the market, access critical resources, capture some kind of advantage are implicit in international motivations. The timing of entrance is critical for sustainable competitive advantages, also implicit in motivations and in country/market attractiveness. Concerning the choice of the legal structure adopted by the firm, in the host market, is important and a central issue for the internationalization process. The choice of market entry mode has great impact on international operations and can be regarded as "a frontier issue" in international marketing (Wind & Permutter1977). The choice of market entry mode is one of the most critical strategic decisions, for multinational enterprises (Root 1994). There are six legal forms of entry choice: wholly-owned operations root built, acquisitions, joint ventures, licensing or franchising and representative office. Root (1994) also classifies entry mode as follows: export entry modes, contractual entry modes and investment entry modes. The entry market is contingent, upon many external and internal factors and their interactions. And of course, not all factors have equal importance. Moreover, the same factors may play a different role in different contexts. The choice of market entry mode is one of the most critical strategic decisions for multinational enterprises. It affects future decisions and performance in foreign markets, and, it entails a concomitant level of resource commitment which is difficult to transfer from one to another, especially from high level to low level (Root 1994). It determines whether a company has a full control over the foreigner or shares the control with a partner. Therefore, the degree of the commitment in their operations depends upon a serial of factors. The factors that influence entry mode decisions are often classified into host country variables, home country specific variables, company specific variables and venture specific variables (Morschett, Klein and Swoboda, 2010). The resource commitment will also depend of the characteristics of the type of activity of the firm, in terms of capital knowledge and capital intensive. In the past, and current decade, most of the relevant research, has focused on examining the impact of specific factors on the entry mode decision. The study of these factors, classified into country specific factors (cultural distance, institution and exchange rate), industry specific factors (market size, market structure, and industry type), firm specific factors (firm capabilities, firm resources and firm size) and product specific factors (product type, maturity, sales service,) are fundamental for new research in international management and can provide insights for managers in practice and outline emerging trends internalization process.

The FDI (Foreigner Direct Investment) determinants

Foreign investment has long been a subject of interest, but, as seen in the introduction chapter, it has received a renewed interest in recent years, because of the strong expansion of world FDI flows since the 1980s. This expansion has made FDI even more important than trade as a vehicle for international economic integration. A large number of theoretical explanations on FDI have advanced over the years, with many studies focusing on the determinants of such investment in the form of firm-specific and country-specific variables, or in others words, firm and host country determinants. In the mid-1970s, apart from research on the internationalization process of firms (Johanson & Vahlne, 1977), attention shifted from the macroeconomic flows of FDI to the firm level of analysis. The main focus of interest, was essentially, why firms choose to set up, or acquire, foreign value-adding activities, rather than export the intangible assets, or the right to use these assets, underpinning such activities directly to foreign firms (Buckley & Casson, 1976; Hennart, 1977, 1982, 1986a, 1986b, 1987, 1991b; McManus, 1972; Rugman, 1980b, 1980c, 1981b, 1981c, 1982, 1985, 1986, 1987; Swedenborg, 1979). Although the firm-specific determinants of international economic activity were still driving much academic research in the 1980s, this approach was complemented by a renewed interest in the spatial aspects of FDI, and of how these affect both the competitive advantages of firms and their modes of entry into, and expansion in, foreign markets. As seen before, Dunning's eclectic paradigm (Dunning, 1998), much contributed to this subject, by integrating ownership, location and internalization variables into a single model. In later contributions (Dunning, 2006; Dunning & Bansal, 1997), the role of institutions in the international business activity, was considered a cultural component, incorporated into the paradigm, hypothesizing about how this might affect the ownership and internalization advantages of firms, and their response to the determinants of host countries.

Dunning's, initial model, suggested three main motivation of international production: market seeking, in which the ownership advantage defines the investment location; resource seeking, which considers market size and other characteristics in domestic market, and in the host country, to get access to production resources; and efficiency seeking, which looks at economies of scale and scope through product diversification and market concentration. Dunning, in 1994, added another FDI motivation – strategic asset seeking – for sequential FDI. The aim of the strategic asset seeking investment is to acquire resources that are important to enhance the capabilities of the firm.

According to the author and taking into account these four motivations four main findings were unveiled: (1) the changing role of spatial transaction costs, reflecting the liberalization of cross-border markets and the changing characteristics of economic activity; (2) the complementary foreign assets and capabilities are increasingly of a knowledge-facilitating kind; (3) the location needs of corporations have shifted from those to do with access to markets, or to natural resources, to those to do with access to knowledge-intensive assets and learning experiences, which augment the existing ownership specific advantages; (4) much of the recent FDI in developing countries is prompted either by traditional market-seeking motives or by the desire to take advantage of lower (real) labor costs, and/or the availability and price of natural resources (Dunning,1998). In developing countries, the physical and human infrastructure, combined with the macroeconomic environment, tend to play a more decisive role than before mainly, for companies who want to from there, expand more rapidly its product portfolio.

The entry mode research – The theoretical and empirical contribution for the study of the internationalization phenomena

Anderson and Gatignon (1986) based on transaction cost analysis, concluded that organizational structure and design are determined by minimizing transaction costs. They also concluded that MNEs choose a specific mode of market entry, which maximizes the long term risk-adjusted efficiency. Erramilli and Rao (1993) modified the framework of the transaction costs advantages (TCA) to suit it for service industries, by assuming that firms prefer high level of control, unless proven otherwise. Lu (2002) put forward institutional theory as complementary to TCA theory by claiming that the latter is static and unable to explain the evolution of entry mode. In 2002, Brouthers claimed that institutional factors refer to the conditions that undermine property rights and increase risks in exchange and, that cultural factors tend to influence managerial costs and uncertainty evaluation in the target market. Through empirical examination, he concluded that firms which make their entry mode choice, with this criterion, are performing better than those which do not. Dunning (1995, 1998, and 2000), argued that competitive advantages, market failure and collaboration, as well as dynamic environments should also be integrated into the model when decisions on international production are made. Later on an extension occurs with the fundamental work Dunning (1988) passing to incorporate the advantages of both types of ownership. The assets ownership advantages (Oa) and the transactions ownership advantages (Ot). Thus incorporating the advantages of transactions and the pursuit of efficiency through organizational networks, coordination of activities and other assets associated with the creation of rents and more complete transactions, explanation move from an inside perspective to an overall strategic vision of the business.

The development of the stage model, which is also known as the U model, proposed by Johanson and Paul (1975), asserts that the internationalization of small and medium enterprises is a long, slow, and incremental process with two dimensions: the geographical or rather cultural expansion, and the commitment of assets.

Despite a lot of business strategy models and theories were analysed in terms of entry mode choice, and explaining the genesis of corresponding decisions, there is still a lot of conflicts and a long a way to run. Different samples selected, different periods of time analysed, different methodologies used, or even different skills of the analysts may also induce conflicting results, especially in empirical studies.

Some have argued that a firm's level of international involvement is positively related to international experience, the more international experience a firm possesses, the more efficient it is to adopt an entry mode with a higher level of control (Anderson & Gatignon, 1986). The counter-argument is that international experience is negatively related to international involvement; the more international experience a firm has, the more efficient it is to adopt an entry mode with a lower level of control. Some studies support the assumption that, the more international experience a firm possesses, the more efficient it is to adopt an entry mode with higher level of control, a positive relation is concluded. Evans (2002), in contrast to this Chung and Enderwick (2001) found some empirical support for a negative relation. There are also conflicting results with regard to the influence of cultural distance, on entry mode decision. Hennart and Larimo (1995) Erramilli & Rao (1993) found that there is a negative relationship with the level of control, i.e. the higher the cultural distance, the more efficient it is to adopt an entry mode with a low level of control. Firm size, is another factor for which studies have produced different outcomes. Erramilli & Rao (1993) support the assumption that the bigger a firm is, the more efficient it is to adopt high equity entry mode while Evans (2002) found that the size of a firm is not an important predictor.

It could be detected that market entry mode choice was primarily regarded as a one-stage or a static decision making problem, primarily evaluated by the outcome of market entry mode decisions. But in fact, in many cases, it is a multiple-stage problem which involves at least a process of goal formulation, alternative strategies identification, and optimal or suboptimal strategy selection. A dynamic choice model which is more ambitious to emphasize cognitive processes in decision making involves a hierarchy of single decisions, each of which being an attempt to improve the outcome in the light of new information, gained in previous decisions. Thus, it provides a more realistic description of firm behaviour than a static one does. Furthermore, firms which have started to enter into a foreign market may change their original strategy due to learning effects or unscheduled developments. So, dynamic models which additionally consider longitudinal aspects are desirable, to fully understand foreign market entry mode decisions.

3.8 - The internationalization of services

Traditionally, the theoretical framework of internationalization has been developed using the context of manufacturing firms. Despite the importance of services in the world economy and the present trend toward internationalization, the amount of research on the internationalization of services is relatively small. International services have been relatively neglected in the international business/marketing literature. Nonetheless, as the active involvement of service firms, in international markets, has been gradually recognized, there has been a growing interest in the services internationalization, both in conceptual terms (Daniels, 1995; Weinstein, 1977) and in empirical studies.

Services differ from physical goods in a considerably large number of features, their main distinguishing characteristics being intangibility, heterogeneity, perishability, and inseparability of production and consumption (Agarwal & Ramaswami, 1992; Terpstra &Yu, 1988; Weinstein, 1977). Even though there are some studies that support the generalization of entry mode determinants to services (Erramilli, 1990; Erramilli, 1991;Erramilli & Rao, 1993), the differences in the nature of services are believed to create special internationalization needs and different behaviors (Buckley et al., 1992), thus, not being reflected in the models derived from the observation and research of manufacturing firms (Björkman & Kock, 1997). The range of operation modes tends to be, somewhat, more limited for service firms than for manufacturing firms (Contractor et al., 2003), and even among different types of services there are substantial differences in terms of foreign market entry modes and market selection (Ekeledo & Sivakumar, 1998).

Several authors have classified services according to their heterogeneous nature and therefore being possible to identify differentiated approaches to service firm's internationalization within services. Erramilli (1990) has adopted a classification of hard services and soft services. In the former category, production and consumption can be separated, thus entailing a limited or no local presence of the service firm, while in the latter category the production, and consumption, occur simultaneously, thus requiring the presence of the firm in the local. In this sense, soft services are not able to be exported, requiring other modes of entry. According to this classification, manufactured goods and hard services do not differ significantly; however, there are noticeable differences between hard services and soft services.

Lovelock and Yip (1996) proposed the classification of services into three groups: people-processing services (e.g. restaurants, health care), possession-processing services (e.g. transportation, appliance repair) and (3) information-based services (e.g.accounting, insurance). Clark and Rajaratnam (1999) divided services into four different categories: (1) contact based services (e.g. consultancy services); (2) vehicle-based services (e.g. roadcasting); (3) asset-based services (e.g. banks); and (4) object-based services (e.g. computer software).They consider contact-based services as the 'purest' type because it exhibits all the classic service characteristics, while the others exhibit them in varying degrees, thus, with certain assumptions relaxed.

Generally speaking, service firms may enter foreign markets using a variety of entry modes, ranging from exporting to equity forms, with some types of service firms requiring the presence of the firm in the local of consumption, which is the case of tourism firms, namely in the accommodation and food sectors. The choice of foreign market entry mode is critical and related to control (Blomstermo et al., 2006), therefore, research concerning control and entry mode for services internationalization, has been identified in the literature. Non-equity modes, seem to be more popular among services, than in manufacturing (Erramilli et al., 2002), especially among consumer-services firms (such as hotel and restaurant firms) as compared to professional-services firms (such as consulting firms) (Erramilli, 1990). Ball, Lindsay and Rose (2008) have, however, suggested that information-intensive soft service firms can use less resource-intensive market entry modes, thus not being restricted to internationalizing, through wholly owned subsidiaries and equity based joint ventures.

Service firms engaging in international activities, such as hotels, can be ‘market seekers’, deciding to expand into foreign markets after gaining experience and financial resources in the domestic market (Erramilli, 1990; Erramilli & Rao, 1993). According to Erramilli (1991), domestic experience plays an important role in the foreign market entry behavior of service firms, with empirical results showing support on models that depict a gradual outward spread of a firm’s international operations. Results on entry mode choice imply that, contrary to traditional linear conceptualizations, the relationship between experience and desire for control may be U-shaped, with firms demanding high-control modes in the early and late stages of their international evolution.

According to Björkman and Kock (1997), a service firm can adopt a ‘costumer following’ internationalization process, with empirical studies evidencing that some firms, follow client manufacturing companies into overseas markets, in particular banking and insurance industries (Hellman, 1996; Li, 1994). Other studies have also shown the importance of inter-firm relationships, including client corporate networks, and the influence of regional and sector conditions upon internationalization (O'Farrell & Wood, 1998). Service firms can also internationalize, as a reaction, to the actions of a competing firm, or by relevant stakeholder information (Engwall & Wallenstål, 1988; Li, 1994). These patterns of internationalization can find in behavioral perspectives, a useful theoretical framework, being argued that the context, in which the actor is embedded, constitutes a major factor in the internationalization of service providing industries (Björkman & Kock, 1997).

3.9 Recent studies in tourism internationalization

Investigators have attempted to explain the phenomena of internationalization for multinational companies, using three main theories: internalization, imperfect capital market and agency costs theory (Saudagaran, 2002). While literature acknowledges the particular differences across services industries, mainstream research failed to explore specific aspects of multinational hotel companies (Lee, 2007).Two mainstream theories, namely eclectic, and transaction cost theories, refer and underpin research studies in the hotel internationalization area (Altinay, 2007). The most widely quoted work with regard to the internationalization of hotel organizations, based on the eclectic theory, developed by Dunning in 1981. Dunning and McQueen's (1982) study explained the growth and forms of involvement, of international hotel companies through the framework of the eclectic theory. The theory, which answers the questions "what, where and how" multinational organizations develop internationally, was further used by Dunning and Kundu (1995) in order to re-evaluate some of the reasons for the increase in hotel multinational activity. Hill (1990) developed a framework to combine the partial explanations discussed in the existing literature. These researchers argue that strategic management issues, such as the role of global competition and global strategy, are completely ignored in studies using transaction cost frameworks. According to Litteljohn; Roper and Altinay (2005) this stream of literature may become circular in nature, and, limited in vision.

Therefore, they stressed the need to incorporate strategic variables in an eclectic theory in the choice of international entry modes. Hill (1990) further noted, that not only the separate variables are important for the choice of the entry mode, but also the key is the interaction between strategic and transaction – specific variables.

Over the recent years, the international hotel studies started to integrate other range of theoretical positions (Litteljohn, Roper and Altinay, 2005). More behavioural oriented studies have emerged, providing hotel international research, a less economics nature. Erramili, in 2002, integrated organizational capabilities in his questionnaire survey of 139 managers, in a study where he highlights the experience, as a factor for not employing partnerships in internationalization process. Rodriguez, in 2002, and Pine and Qi in 2004, integrated the cultural distance, as a factor for hotels employing non-equity modes, in internalization. Despite of that, some authors argued that those quantitative studies didn´t add too much because it was still modal choice oriented with limitations. It´s uncertain the Eclectic Model is a study of country specific investment or an explanation of organizational behaviour (Macharzina & Engelhard, 1991). A decade ago, some qualitative studies were published with a more internal focus research, which evaluates the strategic and organization competencies, as the main factor for study the internationalization process. This category of research goes beyond the question of how to become a multinational to how to develop a coherent competitive strategy (Litteljohn, Roper and Altinay, 2005). Focusing in single-multi case studies, this approach is important to evaluate different firms' behaviours, in a particular context. Roper, in 2001, investigated management orientations, with great insights about the influence of centricity on internationalization and Whilta (2007), observed patterns of strategies and policies and its drivers.

However, still few studies have focused on the internationalization of the tourism sector. Difficulties in obtaining information and data, made rare the application of theories of the multinational enterprise to tourism (Buckley & Geyikdagi, 1996). Only recently tourism started to receive more attention from international business scholars, especially the hotel sector. One of the first studies, regarding this issue, aimed at identifying the criteria established by international hotel companies to guide their expansion policies (Khanna, 1975). Another early study was conducted by the United Nations Economic and Social Council (UNESC, 1980). It portrayed the developments in the field, in the 1970s, focusing on hotel, airlines and tour operations, and providing an overview of the impact of transnational corporations in those sectors, and on the development of the tourism industry in developing countries. Apart from the location, it also assessed the main entry modes chosen by the companies. Dunning and McQueen (1981), who contributed to the aforementioned study, used data about the involvement of multinational corporations, in the international hotel industry, providing empirical support for the eclectic theory of international production. In a subsequent study, they analyzed the source of competitive advantage of international hotel chains and, the non-equity forms of involvement (Dunning & McQueen, 1982).

Since this pioneer industry research, detailing the growing internationalization of hotel groups, numerous studies have aided in a general understanding of the international hotel market. According to Burgess, Hampton, who assessed some research works on international hotel groups, it was concluded that, although the analyses of some of these studies are based on a numerical framework and the importance of growth in international travel, collectively, they have added little theoretical knowledge about the internationalization of hotel groups (Price and Roper, 1995)

Since then, the number of publications on the subject has increased considerably, but still, a significant part of the literature needs to be produced on internationalization, thus not being sufficient. Apart from more conceptual studies (Alexander & Lockwood, 1996; Baum & Mudambi, 1996; Buckley & Geyikdagi, 1996; Buckley & Papadopoulos, 1988; Burgess et al., 1995; Davé, 1984; Jones, Song, & Hong, 2004; Kusluvan & Karamustafa, 2001; Litteljohn, Roper, & Altinay, 2007), there has been some works that have established hypothetical bases, applying and testing conceptual models to the international hotel. These studies are varied and either focuses on the international hotel sector at the global scale or in European countries as Spain, Ireland and Slovenia (Pla-Barber & Darder, 2002; Rodriguez, 2002; Gorman & McTiernan, 2000; Ruzzier & Konecnik, 2006).They also tend to integrate a range of theoretical positions. The main theories, used as the basis of analysis, were the transaction cost and agency theories (Chen & Dimou, 2005; Cho, 2005; Contractor & Kundu, 1998a; Purcell & Nicholas, 2001;Ramón Rodríguez, 2000, 2002), the Dunning´s eclectic paradigm (Anastassopoulos, Filippaios, & Phillips, 2007; Dunning & McQueen, 1982; Johnson & Vanetti, 2005) and Uppsala's Model of the internationalization of the firm (Agndal & Elbe, 2007; Weiermair & Peters,1998). Other theories used include the internalization and organizational capabilities theories (Pla-Barber & Darder, 2002) and the syncretic theory (Contractor & Kundu, 1998b)

3.10 -Conclusions

This literature review chapter has revised the most influential theories, models and paradigms in the internationalization engagement of firms, in the international business literature and their main supporting arguments. The drawbacks of these theories were also explored, and it was evident that they have been challenged over the time, given rise to new perspectives such as the entrepreneurial and network approaches. The traditional approaches, individually considered, fail to provide a complete explanation of the internationalization process, thus calling for a more integrative approach, incorporating complementary views on this phenomenon, within a more qualitative and explorative nature. One of the main applied theories has been the Uppsala internationalization model, which describes the internationalization phenomenon, as a process of successive stages with higher degrees of international involvement, introducing the concept of psychic distance. Although a considerable number of studies have confirmed the existence of gradual international expansion, thus providing support to this approach, other studies have contested it, since it does not explain international new ventures or born global or the born against global, who internationalize very quickly and do not pass through a series of incremental steps. The introduction of the network approach and other behavioral principles has shed some light on how firms, particularly in small groups, in particular small contexts, where firms can internationalize more rapidly within certain patterns. According to this view, the development of business relationships and informal trade cooperation can help surpass the existing barriers, by providing the necessary market knowledge and know-how. The eclectic paradigm has also been rather used in the literature, being regarded as a comprehensive framework, widely used as a reference on the study of FDI determinants, as seen before. According to this model, there are essentially four main motivations of international production, related to ownership, market (domestic and host country) and internalization advantages. The entry of mode decision is then influenced by a series of these factors and others that emerged, within the international experience. Although most works have tended to focus on manufacturing firms, a growing interest has developed in analyzing the particularities of service firms. Although classified in the service sector, the hotel sector has distinctive characteristics that differentiate it from other service industries, therefore presenting a challenge, calling for a separate research, regarding the decision on the mode of corporate development. Despite the importance of the sector, there are not many studies focusing on it. Hotel internationalization is a slowly developing research field, however with some drawbacks relating to the focus of the studies on few countries and publicly-quoted companies. Nonetheless, the growing literature in the area, offers directions for further research, exploring new geographical and organizational territories. Still, it has been suggested that tourism research may not always be in line with the generic research. The future research in hotel internationalization should look different to the one previously undertaken and provide a greater deep understanding of the process and firm behaviour taken by managers and firms along time. It would be interesting to conduct qualitative studies that could monitor changes by hotel companies during the time (Johnson & Vaneti, 2005).

4 - The study's propositions

From the literature discussion, it can be draw out a number of internal, and external, conditions that can be included in a holistic set of factors which forms the basis of the theoretical development of the proposition model. Combining the benefits of external opportunity identification, with the internal proactive drivers, the firm is motivated to initiate international operations, in a proactive and entrepreneurial behavior. Proactive motives denote the firm´s interest in exploiting internal strengths like competences, scale economics, and managerial urge, in a favorable external environment within market opportunities and change agents (Albaum & Duerr, 1989). Reactive motives exemplify a response to organizational, environmental pressures (Johnston & Czinkota1982; Leonidou, 1989) and institutional pressures (Meyer 2001, Cheng & Yu, 2008), in a defensive international behavior. Contemporary research, in more traditional service companies, identified the so-called International Entrepreneurship approach that relies upon a market orientation, propensity for learning, capabilities development and network activities as a holistic explanation, for firm's internationalization. Buckley and Casson (1976), suggest that firm seek to develop and deploy their resources across international boundaries, to take advantage of asymmetries in knowledge and capabilities. Assuming a gradual acquisition of knowledge and competences, Johanson and Vahlne (1977), the incremental gaining of resources and capabilities allow the firm to embrace and exploit relationships with clients, distributors and other stakeholders to more easily access to market information and related opportunities (Johanson & Mattson, 1988). This entrepreneurial and proactive behavior, suggests a mix of opportunistic and competence based to explain the international engagement of Portuguese hotel firms. In the same line of reasoning, the model attempts to explain the link between the strategic orientation (When, Where and How) and the antecedent motivational stimulus, of international engagement.

After framing the research questions, a set of propositions were designed, according to the theoretical development above summarized, focused on literature review, and therefore, submitted to test and confirmation. Each proposition directs attention to something that should be examined within the scope of the study (Yin, 2003), which points directions and somehow, narrows the field of study, in terms of data requirements. The initial assumption of an entrepreneurial internationalization approach, by Portuguese hotels, is not the end of the line for this research. An open minded attitude will consent the hotel managers to explain what triggers the internationalization engagement, allowing the researcher, if necessary, to add and modify the initial propositions and, the related internationalization approach. The range of research and theorizing in the area of internationalization, as well as the heterogeneity of the sample, can lead to unexpected results. In this semi exploratory approach, unexpected results may emerge, which may require a reset of the model, in terms of variables and propositions, always based on complementary, and or, competing theories. An accurate development and frame of propositions, most of the times, facilitate the work of researcher in terms of the preparation, collection and analysis of the data, for further conclusion. Every proposition, must reflect an important theoretical issue, and help to look for relevant evidence (Yin, 2003). The strategy for looking and analyzing evidence is to follow the theoretical model for the case study context, relating the firms process patterns to the different theoretical proposition. For case study analysis, one of the most effective techniques is to use a pattern matching logic (Yin, 2003). The pattern matching technique compares an empirical base pattern, with a predicted one or several, within the propositions. If those patterns coincide, the results can help its internal validity (Yin, 2003). After formulating the research questions, it is important to point what should be studied and confirmed, in terms of relations between variables. Each proposition directs attention to something that should be examined, within the study framework (Yin, 2003). It is very important, to delimitate, and narrow, the relevant data, in order to avoid excess of information.

According to Albaum and Duerr (1989) international engagement's definition, captures the dynamic nature of the internationalization process, from starting, to exploiting international activities. The adoption of international engagement, as a study variable, is due the dynamic nature, in contrast to other definitions. Internationalization behavior and resource based theories, attempt to explain why and how the individual firm is engaged in international activities and, in particular, how the dynamic nature of such activities can be conceptualized (Albaum & Duerr, 1989).

The more a study contains specific propositions, more it will stay within feasible limit (Yin, 2003). After the study questions were formulated, and by consequence, the scope of the study, a group of propositions are developed and linked in a conceptual model with a logic orientation, according the initial theoretical approach. The construct orientation based on a group of drivers that determine the internationalization strategies, is within the Wiedersheim-Paul, Olsen & Welch (1978) international process approach, where the drivers or the motives, are among the most dynamic and critical elements of the decision to undertake international operations, with clear impact on strategic choices such as, time of entry, choice of market and entry mode. International growth approach is a construct, meant to find and differentiate companies, according to their motivation to seek international markets, and thus, identifying the factors behind the chosen growth strategies (Nummela, Puumalainen, & Saarenketo, 2005*).*

The first proposition combines important parts of internationalization theories. The Eclectic Paradigm, the Resource Based View within the Dynamic Capability approach and International Entrepreneurship theory and argues that the combination of proactive drivers the influences positively the international engagement.

According to Dunning´s eclectic paradigm, the decision to internationalize involves the identification of the ownership advantages that the firm can transfer to international market. The ownership advantages refer to assets and competences, used by the multinational firms, to gain advantage over the local firms, satisfying the necessities of the actual and potential clients. This advantage implies a deep knowledge of the business and allows the firms with a mix of critical resources and capabilities to differentiate products or services, from its competitors (Caves, 1971). Erramili et al. (2002) underline the known-how resulting from the experience and complexity of organizations and related intangibility, as being the largest contributor of a competitive advantage on ´inimitability`. Consistent with the resource-based view theory of the firm, unique resources and competences can intensify and expedite a firm into a proactive and entrepreneurial international expansion. The competence-based ownership factors that have produced competitive advantages, in domestic market, may not have potential, to transfer into proprietary advantages and sustainable competitive advantage in international markets (Tiernan & O'Gorman, 2000). The goal here is to identify which perceived ownership advantages, will create a competitive advantage in the international markets. According to the resource based perspective, these ownership advantages or capabilities may be translated into competitive advantages.

Despite entrepreneurship has been defined as identification and the pursuit of an opportunity, regardless of the firm´s currents resources (Stevenson & Jarillo, 1990), it is also true that the goals of being proactive in the exploiting these opportunities are value oriented by stretching and leveraging the firm capabilities (Hamel & Prahalad, 1994).The main driving forces motivating internationalization are found within the firm, and therefore, they are based on the management's perceptions and related entrepreneurial attitude, towards risk and opportunity. As it was noted by Balabanis and Katiskea (2003) that company size directly influences risk taking propensity; a greater pool of resources and capabilities gives larger companies more space to take risks and spread them among markets. It also enables larger companies to tolerate losses from unsuccessful entrepreneurial efforts. Therefore, it is expected that companies with a poll of resources and capabilities, would have proactive stimulus to explore its advantages, in others markets. Proactive stimuli denote international behavior based on a firm´s interest, in exploiting a unique internal competences and market opportunities (Leonidou, 1995).

The behavior of a firm is not only guided for its pools of capabilities and resources, but also, by the opportunity to identify an external opportunity. Steaming from environment, the market opportunities and benefits are also essential, to influence a proactive behavior of the firm. The identification and management of environmental opportunities is seen as fundamental to the competitive positioning of companies (Costa,2008). The internationalization presents an opportunity for established firms to leverage their resources and capabilities (Zahra & Gravis, 2000) thus the exploitation of market opportunities and benefits in others countries. The more positively these opportunities are perceived by managers, in terms of business development, the greater is the perceived munificence. Perceived munificence is the indicative, of the extent, to which the environment is supportive, of sustaining stability or growth, for the firm and its competitors, in the same sector (Sutcliffe & Huber, 1998). According to Cuervo (2011), the market imperfections do not create multinational companies. Manager's attitudes play a critical, if not a major, role in determining the internationalization of the firms. Managerial urge, reflects the desire and the commitment of management, towards exporting and other types of international marketing (Albaum & Duerr, 1989).

As international entrepreneurship has been further defined, as the identification and pursuit of an opportunity, the ability of the manager or a decision-making unit to perceive a market opportunity that can be seen by an entrepreneurial effort. The fundamental aim of this research is to find what makes the difference between internationalize or not internationalize taking firms in sectors where levels of competitiveness are not based on technology or on privileged information. In the hotel sector, observation would suggest that there has been a proactive response to international market place (Alexander & Lockwood, 1996). An empirical research in the 1990´s, suggests that push factors were no longer the primary determinant of international development (Hutchinson, Alexander, Quinn and Doherty, 2007). The environments influence the internationalization activities, but the pool of resources and capabilities within the firm have to be appropriately combined to succeed in international markets (Ortega & Vera 2005). In most cases, it is a combination of factors that initiates the internationalization process (Rundh, 2007). Therefore, it's the combination of proactive organizational and environmental drivers that motivates the Portuguese hotel firm, to engage into international markets.

***P_1* – In the Portuguese hotel sector, the combination of proactive organizational and environmental drivers positively influences the firm international engagement.**

The next proposition is composed by a set of assumptions related to the three strategic dimensions. This compound proposition advocates that, the initiation of international activities and its strategic choices is a consequence the proactive drivers. Supported by the incremental stage internationalization approach of Johanson and Wiedersheim-Paul (1975) and Johanson and Vahne (1977, 1990) to explain the "when", and using Dunning´s eclectic reasoning reconciled by internalization theory (Buckley & Carson, 1976) to explain the "where" and the "how", this proposition argues that the Portuguese firm hotel firm, decides to initiate their international expansion, after a solid resourced domestic activity, guided by an opportunistic proactive behavior and competence-based ownership advantages, in countries with perceived location advantages, adopting high levels of control and asset commitment.

1stAssumption (RP2a)

Accumulating business experience over time, and combining new, and existing knowledge, enables firms to develop a solid resource based, easing the initial move, from a established domestic market into a international one (Johanson & Vahlne, 1977). This step-by-step business orientation, is implicit in behavior models, like Uppsala (Johanson and Vahne 1977, 1990) and, in a certain way, is a natural riskless oriented behavior, against the degree of uncertainty of the unknown. The more domestic experience, the more confident and risk taken are the hotel executives in the internationalization moves (Johnson & Vaneti, 2005). To strengthen the previous premises within the proactive motivational drivers, the possession of a network of contacts is an important factor for the organic growth of the firm. According to Johansson and Mattson (1988) the internationalization of the company begins with the company being initially engaged in a network that is, primarily domestic. A firm internalization process commences well before its first action abroad (Casillas,et al. 2009). The recognition of a potential opportunity, for better taking advantage of firm's resources, is within these network capabilities built before, in partnership with relevant stakeholders. Thus, taking into account that the initiation of international activity, is motivated by resources and competences, acquired over a period of business experience, in the domestic market, means that the delay time till internationalization, is positively influenced by proactive international drivers.

2nd Assumption (RPb)

Countries, characterized by a high market potential, can absorb additional productive capacity and, therefore, provide opportunities for companies (Darder, Garcia and Barber, 2010). The size of the market, its potential growth, in terms of tourism income, and the level of internal competition, are relevant when choosing the country. Besides the importance of the destination itself, in terms of localization, certain market characteristics and business familiarity are significant, in order to develop and get advantage of the ownership-advantages of the firm. As explained by O´Grady and Lane in 1996: There is an implicit assumption, that psychically close countries, are more similar and that similarity, is easier for firms to manage then dissimilarity, thereby making it more likely that they will succeed in similar markets. There are two dimensions that contribute to country attractiveness, the market opportunities and physic distance (Peinado & Barber, 2006). When the internal motivations of the firm are triggered by a firm’s specific advantages, the business environment is fundamental for the development of the potential, of the firm resources and capabilities, in overseas markets. In other words, the perceptions of location-specific factors play an important part, in combination with internationalization of ownership-specific advantages, in determining whether or not, and where, overseas production can occur (Dunning, 2002). Due the motivations of exploring ownership-specific advantages, environment scanning, is an important step in the internationalization process, allowing the firm to search and select the country, with the best potential for firm growth. This proactive process is an evaluation of the most determinant factors that better pull the firm, for an international expansion. The “pull” factors include all the attributes that make a particular foreigner country attractive (Benito & Gripsurd, 2005). Congruent with Zahra and Garvis (2000) the entrepreneurial approach of firm internationalization, the benefits of opportunity identification lies in the firm capacity to develop their own capabilities, and, to access critical resources in a foreigner country. Accessing and developing critical resources in a country with a high level of attractiveness is implicit in the process of Portuguese hotel firms market selection, therefore the selection of countries of high level of attractiveness is positively influenced by the proactive international drivers.

3rd Assumption (RP2c)

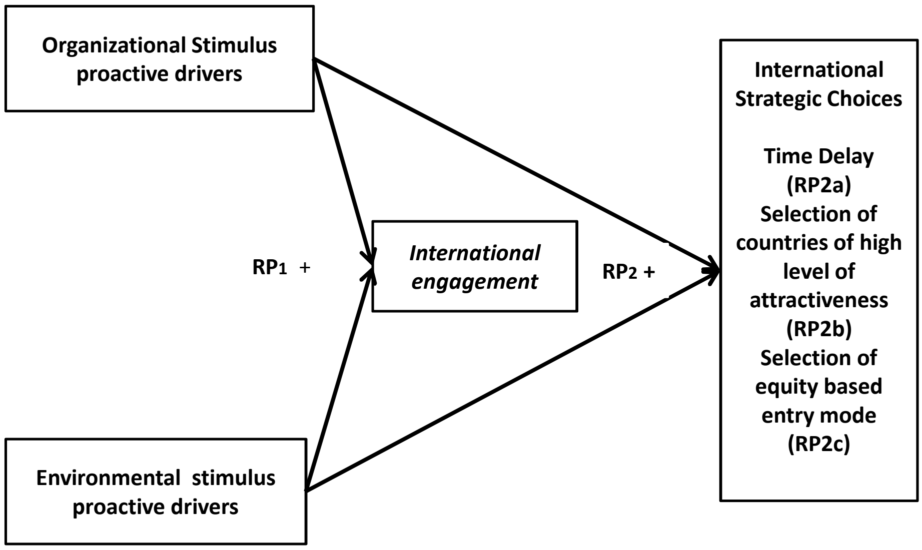
The entry mode, into overseas markets, must be seen, as a gradual process that results from interacting, cultivating and maintaining relationships over time. The selection of the market entry mode is one of the most critical strategic decisions, for multinational companies and entails, a certain level of risk. It affects future decisions and performance in foreign markets, and it implies a concomitant level of resource commitment which is difficult to transfer from one to another, especially from high level to low level (Root 1994). The entry mode may be differentiated by the level of resource commitment and the related control of operations. Resource commitment involves the dedication of assets, to specific use that are difficult to reallocate without considerable cost. The control is defined as the ability of the firm, to influence the various management systems of the organization, in order to improve its competitive position, and maximize returns on firm specific assets (Peinedo & Barber, 2006). According to Woodcock, 1994 resource commitment and control are highly correlated and the entry mode is an economic and rational decision based on the trade-off between the cost of control and the cost of capital, of a full commitment decision. A multinational seeks expansion, by direct investment, when it has competitive advantages over other firms of foreigner market and its specific advantage needs to be protected by its organizational structure, by that a multinational internalizes its foreign market activity (Buckley & Carson, 1976). According to the internalization theory, researcher's market failures (such as information costs, opportunism and asset specificity) are the main reason, that a multinational firm must use direct investment, instead of licensing. The next proposition is engaged from an important theoretical principle of international operations, concerning the internalization of operations, developed for the service sector by Dunning (2000), in the OLI paradigm. The international firm has several choices of entry mode, ranking from the market cooperative transactions to wholly owned subsidiary. The international firm chooses internalization, where the market does not exist or, functions poorly so that transactions expenses of the external route are high. The subsistence of a particular know-how, or core ability, is an asset that can give rise to economic rents for the firm. These rents can be earned by licensing the firm specific advantages to another firm, exporting products using these advantages as an input, or adjustment subsidiaries abroad. The hotel's operations combines capital intensive and knowledge resources and, its transference in terms of transaction costs depends, on the level of protection mechanism against third parts. In most of the times, the tacit nature of the hotel capabilities based on firm specific knowledge and competence makes its valuation and transfers, a complex process because it's difficult to reveal that knowledge, without diminishing its value. In the hotel industry, firms, usually obtain specific capabilities and competences through investments in physical, idiosyncratic assets and/or specialized assets (software, furniture, reservation and information systems) or in human assets through educational and specialized training. Normally, these assets are not easily transferable without a certain loss of value (Leon, Barber and Garcia, 2010). These specific assets are especially vulnerable to problems related to divulging information to or to the misuse of information by the third parts (Peinado, Barber and Hébert, 2007). The non tangible assets, like tacit knowledge are not easily transferred in contractual and cooperative entry modes (Contractor and Kundu, 1998). There is a high risk of opportunistic behavior, from buyers and sellers, due the ease with non-codified assets that can be under or overvalued (Madhock, 1998). In the particular case of Portuguese hotels, there are reasons that can lead the firms to use direct investment, when going abroad. The nature of specific resources and competences, of Portuguese Hotel firms, is characterized by a high level of tacit knowledge with low asset codification mainly, due limited scale size effect, and little international experience, so in these circumstances might occur higher transaction costs when the firm externalizes its operation. Markets with a high potential of touristic resource exploitation, are markets in emergent countries, with low level of industry competitiveness (Holjevac, 2003). The uncertainty of local partner's behavior, regarding the incapacity to develop operations in accordance of high quality standards, and complexity of Portuguese hotels, is an important factor that may also influence the entry mode decision. Therefore, Portuguese hotels firms show a higher tendency to choose high control entry modes, within asset commitment, due to the market specificities and internal competences.

Given the previous assumptions, the strategic choices such as, time of entry, country choice and entry mode, carried out by Portuguese hotel firms, are influenced by the internal proactive drivers and market specificities, therefore;

RP$_2$– In the Portuguese hotel sector, the combination of proactive organizational and environmental drivers, positively, influence the firm international strategic choices

According to the theoretical principles, the two propositions developed above summarized in a value proposition model (Figure 5) will be subjected to a validation process in accordance with the research methodology described below.

Figure 5 – Value proposition model



5 - Research Methodology

5.1 - The research strategy approach

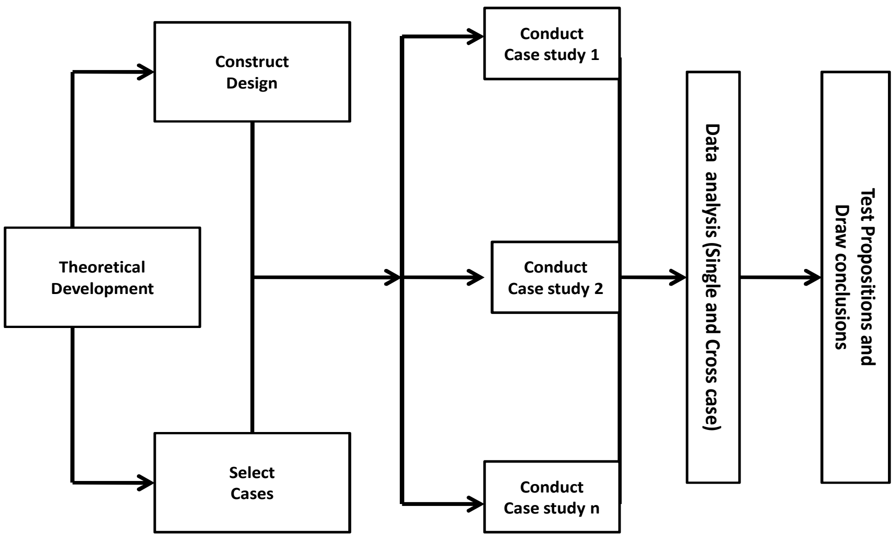
Since the research will be focused on understanding and explaining the internationalization process of Portuguese hotel firms, a comprehensive multi-case study will be applied as a research method. The case study is a research strategy which focuses on understanding the dynamics present, within single settings. Because the multiple-case studies methodology is more robust than a single case study (Yin, 1994) the potential benefits of data availability and quality, will compensate the sample size and strengthen the study's reliability. The approach, regarding the epistemological position, is via a deductive strategy, where the researcher identifies, and tests, in the field, the propositions initially proposed for further development. Although, the majority of international management studies have implied the inductive theory building approach (Voss et al., 2002), a number of authors have proposed, the use of deductive approach, for theory testing purposes. The proposal to test existing theories is in line of other studies, in general business disciplines: operations management (Barrat, Choi and Li, 2011), and marketing (Bonoma, 1985, Hillabrand and Johnton, 1999). In this particular case of study, and, in line with Bonoma, (1985); Bryman, (1988); Johnston et al., (1999) there is a confirmatory purpose and the appropriateness of Resource Based, Behavioral and International entrepreneurship principals, to explain the phenomena of internationalization in the Portuguese hotel sector.

According to Yin, (1994) and Cavaye,(1996) one of the main requirements for using qualitative research for qualitative purpose, is that the case study must begin with an existing main paradigm for development of the research hypotheses. The desire to test propositions, guided the strategy of the study to adopt multi-case studies as the method (Yin, 1994) providing description and explanations, to test or generate theory (Eisenhardt, 1989). Bonoma (1985) argues that the case study research is particularly useful, when the phenomena of interest, cannot be easily studied, outside its natural setting, neither readily quantified. As Yin (2003) points out, studying a phenomenon that takes place in rich contexts will end up having too many variables to consider for the number of observations made. Consequently, the application of standard experimental and survey designs may not be appropriate (Johnston, Leach and Liu, 1999).

A case study approach has the capacity to accommodate a variety of research techniques, the flexibility to select appropriate information-rich cases to study holistically, the ability to investigate contemporary events and carry out research within defined boundaries related to the chosen investigation subject.

It also includes multiple sources of evidence, within different data collection methods, allowing the investigator to elaborate different triangulation techniques. Besides being a method of validation and verification of data, triangulation is used by researchers to ensure that the account of information is rich, comprehensive and well developed in order to corroborate findings and test its validity. Validity, in qualitative research, relates whether the findings are true and certain, in the sense of those findings accurately reflect the real situation (Gion, 2002). According to Denzin (1978) and Patton (1999), there are four types of triangulation to facilitate a deeper understanding of one phenomenon, such as data triangulation, investigator triangulation, theory triangulation and methodological triangulation.

Figure $_6$ – Yin´s multi-case study research steps



The multi case aproach can be exploratory and explanatory, focusing on specific aspects of the organization (Yin, 1994), not intending to study the entire organization, but rather, focus on a particular issue, feature or unit of analysis. When analyzing the behavior of the multiple case studies, in their similarities and differences, it´s possible to infer patterns of behavior (Yin, 2003). This approach allows testing if the initial theory-derived propositions in fact are relevant for Portuguese hotel firms and, at the same time, refines and develops propositions outlined, herein. In choosing information rich cases, firm selection, plays a crucial role to achieve the purpose of this qualitative approach. Analytical conclusions, independently arising from multi case studies, will be more powerful than those coming from a single case alone (Yin, 2003). The choice of multi case studies allows introducing new contexts and new circumstances, enabling, if necessary, the researcher to replicate and generalize the results.

To achieve the purpose of understanding the drivers for the internationalization of Portuguese hotel firms and its influence on the internationalization strategies, this multi-case study (Figure $_6$) will follow a series of specific steps proposed by Yin (2003): the theoretical model design, the selecting of the hotels firms and the conduction of the multiple case-studies for further analysis and conclusions.

5.2 - The model design and theoretical fundaments

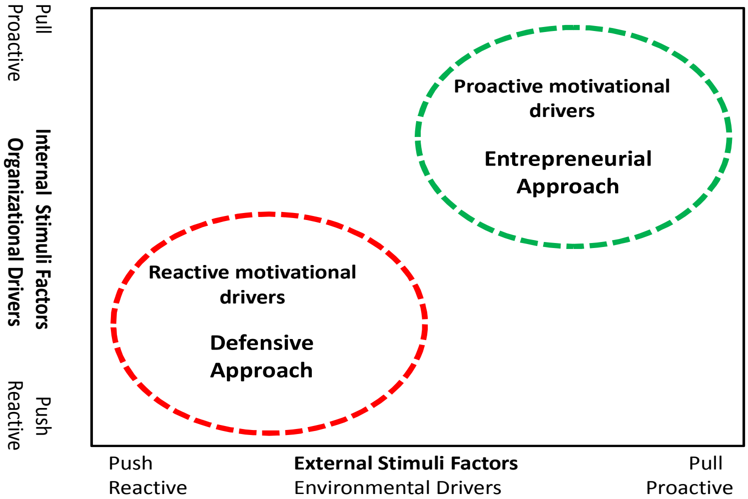
The research approach used in this study is “theory first”, where a value proposition model is developed according to theoretical principles. For case studies, theory development as part of design phase is essential; whether the ensuing case study purpose is to develop, or to test, theory (Yin, 2003). In this particular case, the general purpose of the theoretical model based on intersection of several theories, is to explain the extent to which drivers of internationalization, can contribute to an entrepreneurial approach of internationalization and its influence in the related strategic choices.

The definition of stimulus or drivers, concerns the factors that stimulate the adoption, and the development of international activities. Some researchers distinguish between factors responsible for initiation exporting (stimuli /drivers) and factors for sustaining exports at subsequent stages (motivators), although there is an understanding that these are often closely related (Leonidou, 1995; Bilkey, 1978). In this particular research, the definition of stimulus that drives to a certain behavior, were used as Albaum did in his seminal text book (1987).

The rationale of the model was based on the intersection of Resource Based Theory (RBV) and Entrepreneurship Theory, to explain why Portuguese hotels firms engage in international markets. The alternative of using complementary theories to explain an organizational behavior is recommended, by some researchers (Yin, 1989; Bomona, 1985) in terms of methodological rigor. Instead of adopting the use of one behavioral approach, the strategy here, was the creation, within the same theoretical framework, of two behavioral approaches, avoiding ambiguities and biased practices, in the construction and analysis of case studies.

This solution is recommended by various authors, to overcome potential criticisms in using qualitative case studies, for deductive, theory and testing purposes (Barrat, et al., 2011).
After data analysis, the initial theory–derived propositions can be modified in a final proposition scenario. One of the strengths of this research is, despite, an initial assumption of a proactive behavior, keeping an open minded to allow the respondents in the study to explain their own motives and attitudes. According to Lumpkin and Dess, (1996) and McDougal and Oviatt, (2000), an entrepreneurial and resource based approach to internationalization, is focused in the willingness to allocate scare, specific internal, resources and capabilities to meet market opportunities. By the contrary, a reactive and defensive approach can be a response of competitive and institutional pressures, to look to internationalization, as a way of improving or, overcoming internal problems (Albaum, Strandskov, Duerr and Abetii, 1987). A matrix (Figure 7) within Barllet's (1991);Czinkota´s (1982) and Albaum et al.(1989) motivational dichotomized variables, was developed to better visualize the constructs, within the model, in a clear association, between the pull stimulus and proactive drivers and, by opposite, between reactive drivers and push stimulus.

Figure 7- Internationalization Approach, Based on Motivational Stimuli Factors



Such a distinction may be important, because it identifies the nature of internationalization decision: is the foreigner activity initiated because of need for international expansion, or, on a purely basis to improve an already situation of the company. The initiation of internationalization, especially for a small and medium firm, may not simply be the result of pursuit of opportunities in other markets, but may also represent a response to the home market environment (Cheng & Yu, 2008). Organizational theory emphasizes, that firms are responsive to the signals they receive from other parties, within their organizational field. The adoption of new practices by firms is influenced by institutional pressures, which are, in turn, related to various sociological conditions within firm´s external environments (Zucker, 1987). The pressures that exist, within environment, may be a critical factor, for small and medium firms, to initiate or develop internationalization activities (Kraatz, 1998).

The linkage between competences based stimulus and OLI variables within Dunning´s framework was the basis to determine in what extent the drivers of internationalization can influenced or not the strategic choices of the hotel firms.

Despite the OLI Dunning model was widely applied in the past to explain country choice and entry mode decisions, (Dunning & Mcqueen (1982); Kundu(1994); Dunning & Kundu (1995); O´Gorman & Mctiernan (2000);Peinado& Barber (2006); Quer, Claver and Rosario (2007), it fails due to the neglect the importance of strategic factors and related contingencies surrounding the decision maker (Cuervo, 2011).

Given the weaknesses pointed to the Dunning model, the choice of the determining factors behind the explanation of the strategies adopted by CPs, were also based on the principles of international entrepreneurship within a reconciliatory approach between internalization theory and paradigm eclectic pointed by Rugman in 2010. This boarder reasoning allowed finding a more consistent set of variables (determinants factors) within the value proposition model.

5 .3 - The study's dimensions and variables

Qualitative data analysis is a process of putting together data, in a straight forward way, therefore, making the invisible obvious (Morse, 1994). For that, it is necessary to frame the determinant factors within dimensions to produce accurate and comprehensive patterns. A case study reveals theoretical relations in *situ* and can be used, to uncover processes that link inputs and outputs, within a system (Lacey, 1976). This implies that the researcher draws a set of variables that allows an easy reading, of how the process happened, to capture the key dimensions of the research questions. According to previous research and literature review, these factors or variables were listed in cascade (Table $_5$) and integrated in a comprehensive framework (Figure $_8$) derived from Loustarinen´s and Welch (1993) and Ruzzier´s and Konecnik (2006), for case study guidance. This framework explains how factors are framed and divided in a logical way, for further deductive analysis. Extracted from previous studies, these relevant factors will be consolidated and mapped into a more manageable and consistent list of topics to better identify in the explanatory field work the dimensions and variables of the case study analysis. The main difference between the author's original frameworks and the modified one, is the introduction of the motivation (Why) dimension instead of the product dimension. This fact is due the lack of maturity of Portuguese hotel companies in the process of internationalization.

Figure 8- Analytical Framework dimension guide – Adaptated from Loustarinem & Welch_1998

The product diversification, as a strategy, only appears in a more advanced stage of internationalization and sometimes, is not suitable with some industry services (Rodriguez, 2002). Different dimensions of the internationalization strategy have been covered in the literature, always focusing three kinds of decisions, the time of entry, the geographical choice and the entry mode (Tuppura, 2008).

Table 5 – Dimensions and factors, identified in the literature, as determinants for international engagement and related strategic choices.

Dimension	Coding Level	Variable	**Source**
Resources	1		
		Scale	Dhanaraj & Beamish, 2003
		Marketing	Cadogan, 2002
		Experimental	Kalela, 2010
Motivation	1 a		
		Growth	Beattie, 1993

Dimension	Coding Level	Variable	**Source**
		Profit	Beatttie,1993
		Brand Recognition	Beatttie, 1993
		Risk Diversification	Beatttie,1993,Rugman, 1975
	1b		
		Market seeking	Dunning, 1993
		Efficiency seeking	Dunning, 1993
		Strategic resource seeking	Dunning, 1993
		Network seekers	Hanson & Hedei, 2007
Internal Stimulus	2		Jonhston & Czinkota, 1982
		Competences / Capabilities	Albaum, et,al, 1989
		Synergies	Albaum, et,al, 1989
		Managerial Urge	Albaum, et,al, 1989
		Logistic / Production	Albaum, et,al, 1989
External Stimulus	2		Jonhston & Czinkota, 1982
		Market opportunities	Albaum, et,al, 1989
		Accessing local benefits	Albaum, et,al, 1989
		Stakeholder follow	Albaum, et,al, 1989
		Domestic Market Contingences	Albaum, et,al, 1989
Competences	3		
		Operational	Cleveland, et.al 1989
		Marketing	Weerawardenna, 2003
		Network	Liesch et al., 2002
Synergies	3		
		Scale economics	Caves,1982; Dunning, 1988
		Scope Economics	Sarkar, Cavusgil e Aulakh 1999
Managerial Urge	3		
		International Experience	Cavusgil, 1982;Grisprud, 1990
		Managerial Style	Cavusgil, 1982;Grisprud, 1990
		Managerial Skills	Cavusgil, 1982;Grisprud, 1990
Production / Logistic	3		
		Receipt of unsolicited orders	Albaum, et,al, 1989
		Availability of unutilized capacity	Albaum, et,al, 1989
Market Opportunities	3		
		Strategic Assets	Dunning, 1993
		Bigger Market	Hansson,2007
		Cultural proximity	Johanson & Vahlne, 1977

Dimension	Coding Level	Variable	**Source**
		Geographic proximity	Johanson & Vahlne, 1977
		Competitiveness	Kundu & Contractor, 1999
Accessing local benefits	3		
		Taxes	Seymour & Flanagan, 1985;Go & Pine, 1990
		Legal	Seymour & Flanagan, 1985; Go & Pine,1990
		Financial	Krugman & Graham, 1989
Stakeholders follow	3		
		Clients	Olsen, 1991;Kundu, 1994
		Competitors	Vernom,1974;Knickerboker,1973
Domestic Market Contingences	3		
		Size	Cheng & Yu, 2008
		Competitiveness	Cheng & Yu, 2008
		Stagnation	Butler, 1980
		Decline	Butler, 1980
Time	1		
		International Vision	Oviatt & McDougall, 1994
		Critical Incident	Bell et al.2001
		Critical Size	Johanson & Wiedersheim-Paul,1975
Host Market Determ.*	1		
		Market size	Kundu & Contractor, 1999
		Market Growth (Potential)	Kundu & Contractor, 1999
		Country Risk	Kundu & Contractor, 1999
		Market Competitiveness	Kundu & Contractor, 1999
		Physic distance	Johanson & Vahlne, 1977
Entry mode	1		
		Host Market Determinants*	Darder et al.2010
		Tacit level of competences	Peinado et al.2007
		Complexity level of competences	Erramili et al.2002
		Global Stategic Factors	Kogutand and Kander (1993)

The **resource dimension** consists of tangible component, physical, assets like property, plant and equipment and intangible components like human capital, brand and technological knowledge (Grant, 1991). Although many different kinds of resources may be available due the tangible and intangible nature of the hotel service, three major ones, emerged for this study. Resources derived from firm size, or scale tangible resources (Dhanaraj & Beamish, 2003), relational or market resources (Shervani & Srivastava 1998), (Cadogan, 2002) and experimental resources (Kalela, 2010).

The variable size will be measured based on the geographic distribution, in domestic and international market, rooms available and turnover. Adapting Erramilli´s 1991 study, on firm´s behavior, the scope of activity is determined by the geographic distribution in a certain territory, in this particular case, by tourism regions in Portugal, for domestic activities, and by its activity in international markets activities. Dunning and Kundu, in 1995, used the turnover to define the size of the hotel company in a study of internalization within the hotel sector. Quer, Claver and Rosario in a 2005 study used the turnover to measure the dimension of the hotel and argued that the variable number of employees is less accurate, due the peculiarity of the business with a high degree of seasonal workers. Colin, Johnson and Vanetti, in their study of the location strategies of international hotels chains, dated from 2005, categorized the hotel dimensions according to its number of rooms.

In terms of market or relational resources variables, the study will cover the firm specific issues. These resources can be tangible and intangible and, can also be found in any functional area of the firm (Erramilli & Sharma, 2004). For intangible specific resources the Shervani and Srivastava's (1998) classification of firm resources, relational assets or market based assets are more appropriate for the idiosyncratic nature of the hotel sector, due to the high professional level skills on human investment, deep knowledge of the market and, in most of the times, service customization. The relational assets are closely related to firm´s relationship with consumers, clients, suppliers and other relevant stakeholders and concerns, mainly about, tacit competences. For the other relational resources, the study focuses mostly, in technologic competence related to reservation and information systems, brand presence, and concerns mainly with coded competences.

As to the experimental resources, there is a close relationship with the time and market variables, pertaining to the firm's activity, in terms of domestic and international engagement. The domestic experience is expressed by the duration of its activity since inception and scope, in domestic territory. The international experience or engagement is expressed by the degree of internationalization in terms of room's capacity, multi-country presence and length of activity in foreigner markets. This variable is important to determine the timing of the first international operation, its extent, and the degree of the firm's engagement in international market. Chen and Dimou (2005) used this indicator in a study of the hotel firms' expansion strategy, which highlights the number of years since the first international operation, in a second country classifying the hotel company from new international to long time international. The degree of internationalization is determined by the multi-country presence and the geographical scope of international activity. Kogut and Singh (1988) used these variables as international experience, in a study which emphasizes the cause of preferences of joint ventures in USA, by foreign entrants. Erramili and Rao (1993) used the ratio of hotel firm´s overseas rooms, over total rooms, to express the level of internationalization. Another important determinant of the experimental resources is the firm / managers experience in the international market, and can reflect the desire and commitment toward exporting. This variable can be explained by prior experiences of management in international markets, and it's net of relations with stakeholders, throughout international exposure.

The **first strategic dimension,** within the research propositions, is the motivation pattern, and indicates the endogenous (organizational) and exogenous (environmental) nature of the motivations (drivers), for the internationalization decision. Dunning (1993) introduced a model of internationalization motives, classified in four main categories. These categories are: market seeking, resource seeking, efficiency seeking and strategic resource seeking. Beattie (1983), in a study for the European hospitality market, introduced first-order reasons or motives that induce an international market orientation, such as, economic performance, risk diversification, brand image strengthen and market contingences. According to Czinkota (1992) these motivations can be proactive or, by opposite, reactive. Within the motivational pattern, Walter in 1988 and Lowendahl in 1992 divided the stimulus factors of internationalization of service firms, in the internationalization of the clients, the scope and scale economics and globalization of the main competitor. All of those factors can be included in Czinkota's (1983) dualistic motivation' classification, later developed by Albaum et al.(1989), in a two typology scheme combination, in four categories: internal-proactive, external proactive, internal-reactive and external-reactive. According to those, the stimuli factor behind the motivation pattern is potential, to measure the proactiveness of the variable motivation. Within the literature, the motives behind internationalization have been based on the analysis of 'pull' and 'push' factors stimulus and its reactive and proactive responses. These factors, or stimulus, can be classified, according to their proactive nature responses. Proactive stimuli denote export behavior based on a firm´s interest in exploiting competences and market opportunities (Leonidou, 1995). Firms, motivated, by proactive stimuli exhibit aggressive, positive and strategic behavior, whilst reactively firms are characterized by a passive, negative and tactical approach, towards exporting (Cavusgil, Czinkota and Johnston, 1983).

The **second strategic dimension,** is the time pattern behavior, and indicates how long the firm waits from inception to first internalization and the related pace. Adapted from Svensson's (2006) terminology, it is argued that the first variable can be measured, from inception or short after, or in an opposite way, long after inception. According to literature, the path that firms, follow along internationalization, depends of both internal and external factors. From a managerial international vision to a critical incident, the pace of internationalization was divided also in three groups, somehow linked with Svensson's (2006) classification. Born global, adopt a rapid pace in their internationalization decision and are considered to have an international vision (Oviatt & McDougall, 1994). Born again global, are firms that are well established in their home market and have had no impetus to internationalize, but which have, suddenly, due to a critical incident, embraced rapid international engagement (Bell et al.2001). Traditionally internationalizing, are firms that adopt a later and slower internationalization pace, by reaching a critical dimension, through a series of steps in domestic market (Johanson & Wiedersheim-Paul, 1975).

The **third strategic dimension** is the market pattern orientation, and concerns what variables were determinants in the process of selection and country choice, within related strategic orientations, such as, concentration and diversification. International studies have focused on the complexity aspect of external environment, in other words, country market attractiveness and location familiarity as indicators of country attractiveness as a strong determinant for the market choice strategy (Buvik, 2002). For Nordstrom and Vahle (1994) the psychic distance consists of cultural, structural (legal, administrative and labor) and language differences. For O´Grady and Lane (1996), psychic distance, should include industry structure and competitive environment. According to Kundu & Contractor, 1999 the country attractiveness, which includes the market size, the market growth rate, the country risk, the market competitiveness and psychic distance are strong country host determinants while choosing hotel location strategies. According to Dunning (1980), the advantages of location are linked to local factors of the host country environments and can justify the presence in that country, being an essential complement to the company specific competitive advantages. According to Ilhéu (2009), to answer the question of what influences the choice of countries, or markets, are liked to where the companies are expected to expand and operate with success. This question also can be explained by the theories of the behavior described in the literature review, and should take into account the type of approach to markets, and the company's strategic objectives. An opportunistic approach should evolve and be supplemented by a systematic approach, balancing on one hand, the internal competencies of the company, and secondly, the appropriateness of the market to the company's goals. Kotler (1994) presented three criteria that facilitate the selection of the markets choice process, its attraction, their potential, the risk and the competitive advantages that generate these markets.

The **fourth strategic dimension** is the entry mode selection and is associated with the degree of commitment and control of resources by firms, in their international operations. According to Zhao, Lou and Suh (2004), the transaction cost variables have been recognized as major determinants of entry choice modes. In the view of the existent literature, this study adopted the Hill et al. (1990) model. The author identifies variables that influence the entry mode choice such as, the variables related to the environment, the transaction variables and strategic variables. The relationship between these variables and entry forms are determined by the nature of resources and competencies, within the company and the degree of need to control these resources. Normally, a high degree of resource commitment suggests a less collaborative venture with high level of control over the operation. Contractor and Kundu (1998) adopted a commitment scale, which varies from a fully owned to a non equity and from full control to no control respectively. The transaction cost variables group and the host market variables, are determinant for entry mode choice according to Darder et al. (2010). Erramili et al.2002 and Peinado et al.2007 emphasize the level of tacit competences and complexity of product, as relevant factors for entry mode choice. Kogutand and Kander (1993) focus the impact of organizational competences as determinants factors of entry choice mode. According to the authors, in more advanced stages of international engagement, the firm must weigh the entry mode decision, consistent with the strategic position, taken by the company about its international career.

5.4 - Selecting the study cases

According to Patton (2002), the sample selection in qualitative inquire, depends on a number of factors among which, the purpose of the inquiry and what can be done with available time and resources. The validity, meaningfulness and insights generated from qualitative inquiry have more to do with the information richness of the cases selected and the analytical capabilities of the researcher, rather than the sample size. The participating firms can be counted as rich cases, because they were chosen by the evidence, regarding their international presence. Case studies are not usually intended to be representative, but the bases for their selection and for their exclusion are still needed for the assessment of the evidence founded for testing or theory generation (Yin,1994). By treating each case as a study, the focus shifts to choosing the case or cases that are best suited to investigate the theory. Thus, selecting the case study or the set of case studies is similar, to the decisions made by a researcher conducting multiple experiments (Yin, 1994).

The target population is formed by Portuguese hotels firms with international lodging activities outside Portugal. The internationalization of the Portuguese hotel industry is a relatively new phenomenon and most of the hotel firms, only started internationalization in the late 1990´s. Given that Portugal is a small country, the population of the hotel firms that have operations abroad, is small. Due the limited dimension of the target population, a non-probability purposive sampling method was adopted. This kind of technique is often used when the researcher deals with small samples such as, in this particular case. Despite not being able to generalize, based on statistical grounds, the selection of the enriched cases enables to answer the research and therefore, supports the proposition testing. A small sample can contain particular points and, any patterns that emerge are more likely to be observed (Patton, 2002). As the purpose of study is not to look for the frequency of a particular phenomenon but, to examine patterns of behavior, the importance of sample logic is misplaced, in statistical terms (Yin, 1994). According to Eisenhardt (1989) in case study random selection, is not necessary. Given the limited number of cases which can usually be studied, it makes sense to choose cases in which the process of interest is “transparent observable"(Pettigrew, 1988).

The methodological approach followed in respect of the selection work case study was divided into two phases. The first was to make an inventory of the Portuguese hotel firms that are already overseas, taking into account the criteria already adopted by other authors in the field of internationalization of hotel companies. In this study the first criterion for selecting the cases, is the existence of international activities in hotel operations, in a consistent basis following Dunning and Kundu’s (1995 and 1999), criteria of having two proprieties abroad within two years of uninterrupted international operations. As this study intends to give particular emphasis to the Portuguese hotel firms, that consist of organizations, people and material resources in a given socio-cultural area, the second criterion is that the hotel firms have the majority ownership owned by Portuguese shareholders within a Portuguese brand image. Given the complexity and diversity of motivations and difficulties in obtaining concrete data about a particular activity, were left on the sidelines of this study hotel investments made by Portuguese groups which core-business was not the hotel business, whether building and financial groups that do manage hotels in Portugal.

The second phase was to build a database of these companies, since the information collected was scattered and not systematized. So several entities were contacted, that somehow, might have information about the international operations of Portuguese hotel firms such as, DGT (General Direction of Tourism), AICEP Portugal Global, ITP (Tourism Institute of Portugal) and CTP (Portuguese Confederation of Tourism). Under this initial demand, an introduction letter (Appendix A) was sent to the four entities related to the tourism sector, in order to obtain relevant information to the selecting process and logistical support in terms of location, and access to the hotel firms. Simultaneously, a research on other secondary sources, such as magazines and journals, and institutional and corporate sites, was made, both to find new hotel international businesses, as well as to complete company information already gathered in a data base.

Thus, 28 companies were scheduled in a database which was subsequently reduced to 11 in view of the selection criteria mentioned above. In this first selection stage, eleven Portuguese hotel firms (Table $_6$) were listed and analyzed in order to gather the richest and most significant cases in accordance, with the research subject. According Paton (2002), the information required the purpose of the inquiry, what will be useful and what can be done with the available time and resources are relevant factors for the sample selection, in qualitative inquiry. Thus, relevant information is gathered relating to the eleven hotel firms for further selection of cases which, by their nature are most significant, thereby, avoiding duplicate efforts regarding the collection, processing and analysis. Saunders (2002) argues that purposive sampling enables to use one´s judgment to select cases that will best enable to answer the research questions. In order to cover all dimensions of the study, the widest possible, a collection of secondary information was made in a systematic manner, based on interviews and articles from various print media with the purpose triangulate different data sources. This practice, in addition to providing us more knowledge about the population, also provided a better foundation and robust information for a subsequent triage. If the purpose of this study is to test a theoretical model, to explain the internationalization of Portuguese hotel firms, the case selection should be as heterogeneous as possible. Although this may appear a contradiction, as small sample may contain cases that are relatively different, Patton (2002) argues the following strong point: any patterns that to emerge are likely, to be representative to research key subjects. The size of the sample can be determined at the point of redundancy of information (Patton, 2002), ensuring that the chosen cases are as significant as possible. Case studies are multi-perspective analysis, meaning that the researcher considers the relevant group of cases. Bonoma (1985), Johnston (1999) and Yin (1994) advocate that, cases must complement each other, in terms of, similar contexts and polar extreme types. Patton (2002) and Merriam (1998) suggested several strategies to select cases using purposeful sampling, one of them is the deviant sample or maximum variation sample, which means the cases are rich because they are unusual or different; in this case the difference can mean a "valid way" to generalize to entire population. In terms of limiting to a minimum variation sample by trying to only cover the types of companies, in the average, in terms of behavioral dimensions, there is the risk to miss out a number of different groups of companies that make up quite a high proportion of the population.

By seeking maximum variation, averages companies are automatically included. The principle is that, if you deliberately try to interview a very different selection of people, their aggregate answers can be close to the whole population. There are two main occasions for using maximum variation sampling, when the sample is very small or, when no population information is available (Dennis, 2004). According to Hennart, (1985) the choice of the sample can be based on the principle of maximizing the variables of interest, while minimizing variations related to what you want to keep constant. In this particular case, what matters essentially are the drivers for internationalization and the related strategic choices. Therefore, among the eleven firms eight were selected with the larger degree of difference, concerning domestic and international activity within the Table $_6$ information. Prior to collecting the data, it is important to set operational criterion whereby candidates will be deemed qualified to serve as cases (Yin, 2003). As seen in Appendixes (B) and (C) at first sight, it seems to be a homogeneous population of twelve within the hotel companies, however, beyond the fact that, they are all hotel groups, with international business activity, there are important differences among them. Case studies are not to be viewed as "sampling units" in inferential statistics but rather as "individual studies" that are used to confirm or falsify a theory (Cavaye, 1996; Yin, 1994). Thus, an attempt was made to purge the sample from identical cases it relates to comparing capacity, domestic operational activity and international activity. Accordingly, eight hotel companies were selected. Once it has been established the hotel firms that potentially form the basis for the multi-case study, the process of initial contacts started, through a letter of intent (Appendix D) including the following elements: presentation of the researcher and the research project, scope and framework of the study, formal invitation and guidelines about the process of gathering information. In this initial contact it was crucial to emphasize the scientific character of the study and its confidentiality. It was also imperative, at this stage, to define the profile of the person interviewed, in accordance with the scope of investigations and the availability of the company.

Table 6 (Data provided by hotel companies and reporting to the end of 2011)

Hotel Firm	Year Foundation	Overall Rooms Hotels	International Rooms Hotels	Domestic Market (Scope)	International Market (Scope)	Year of 1st Internalization	Tourism segment	Associate Products
1	1990	1015 3	817 2	Cascais Algarve	Turkey	2010	Leisure	Real Estate Golf Medical Care
2	1986	4 237 23	850 6	All	Brazil	2001	Leisure Business	Real Estate
3	1978	3262 20	1250 4	Lisbon	Angola Mozambique	2005	Business	-------
4	1998	1232 6	1232 6	-------	Cape Verde Brazil	1998	Leisure	--------
5	1933	3280 14	512 2	All	Brazil	2006	Business Congress Leisure	Golf
6	1972	7 985	102 2	Madeira Algarve Lisbon	Brazil	2008	Business Congress Leisure	Golf
7	1970	891 6	226 2	Madeira	Brazil	2005	Leisure	-------
8	1998	908 5	348 2	Madeira	Brazil	2005	Leisure	Real State
9	1988	1236 10	214 3	Madeira Lisbon Algarve	Brazil	2006	Leisure	Real Estate
10	1972	9470 90	2946 22	All	South America Africa Europe	1998	Leisure Congress Business	Real Estate Golf Travel
11	1978	4142 11	3 000 5	Lisbon	Angola Mozambique	2006	Business Leisure	Vertical Integration

Accordingly, the outline of the interview and follow-up questionnaire was sent (Appendix E). This follow up questionnaire, which was sent after the formal acceptance of the invitation, was divided into two parts. The first part allowed obtaining data to categorize the company according to the size, international presence and the main sector of activity, validating the status of Portuguese international hotel company.

The second part of the questionnaire, allowed understanding the degree of international activity of the company regarding the year of internationalization, the country of destination and type of operation, validating and supplementing the information previously obtained by the investigator by secondary sources. From the eight formal invitations, one hotel group (Firm 1) declined to participate and therefore the study case participants were reduced to seven.

5.5- The unit of analysis and the observation unit

According to Yin (1983), one of the most important steps of a research project is the definition of the unit of analysis. The unit of analysis is the major entity that is analyzed in a research study. According to Bryman and Bell (2003), is the study analysis to set the conclusions of your study that determines what unit is. In the context of qualitative research, it is sometimes to differentiate what are unit of observation and unit of analysis. In this particular case, the unit of analysis is the hotel firm, and the main unit of observation, is the firm manager, once the main information support arises from the data collected at the level of managers, responsible for the process of internationalization. In first line of analysis, and taking into account the interviews, all respondents were responsible for the internationalization process from the first moment, and in most cases, were administrators and shareholders of firms. In a second line analysis, regarding the confirmatory questionnaires, the observation level focused also on development and marketing directors.

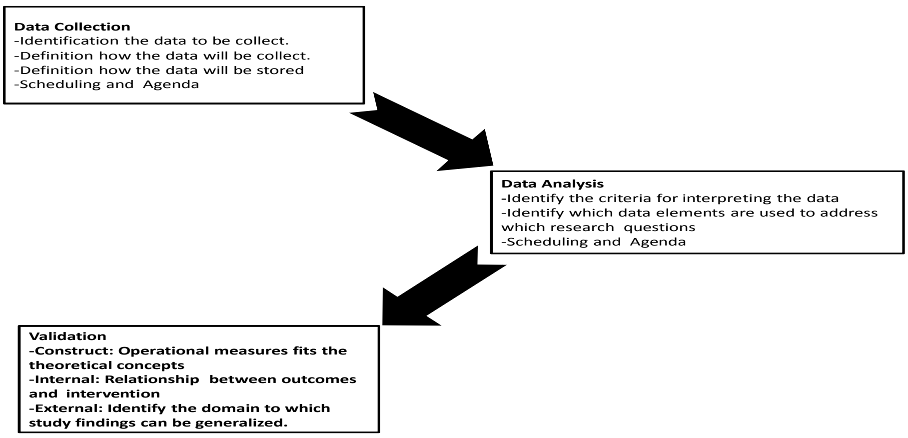
5.5 - Conducting the multi-case study

This part of the research methodology, also called protocol, was one of the critical phases of the study since, from this depended the future of research and the ability to handle unexpected problems. It was essential that the researcher had, the appropriate expertise, to carry out a complex work of reviewing and preparing all the assumptions of the problem in order to become more flexible, in collecting and analyzing data. The adaptation of a research plan, regarding the processing of evidence and facts that were not expected, is fundamental to guarantee that the process does not reach a dead end. It is vital to raise more relevant questions to later, be able to process all the evidence found. The protocol is a special and effective way of dealing with the overall problem, of increasing reliability of case studies (Yin, 2003).

5.5.1- Case study protocol

The protocol is a major way of increasing the reliability of case study research and is intended to guide the investigator, while carrying out the data collection from a single case to multiple case studies (*Yin, 2003).* The case study protocol is a standardized agenda for the researcher, essential to conduct a multi-case study.

Figure 9 – The Case Study Protocol



Yin´s (2003) protocol framework

Consists in a whole set of tools, procedures and rules that are used in the conduction of the case study as a guide for the researcher. In the present study the protocol (Figure 9) presents a set of tasks, outlined and timed according to the research strategy and defines: what data will be collected, how will it be collected and analyzed and how will it be validated.

Data collection

The procedure for data collection begins, long before the collection itself, and includes some critical procedures to conduct the case study. The process of data collection requires explicit and well-planned field procedures including: access to key organizations or interviewers, sufficient resources while in the field and making a clear schedule of data collection activities that are expected to be completed, within specified periods of time (Yin, 2003). At the same time, it is necessary to meet the conditions to access key organizations and define the sources of data collection. The sources of evidence, necessary to conduct the case study, were communicated in the initial approach, to the potential case participants in order to obtain from each organization an explicit acceptance, of the plan presented for gathering the respective information.

Sources of evidence

Yin (2003) suggested three principles of data collection for case study: The use of multiple sources of data, the creation of a case study data base and the maintenance of a chain of evidence in multi-case analysis. This research is mainly based on semi-structured interviews to top level managers, responsible for the internationalization process. The semi-structured interviews allowed to orient the first propose of the study in terms of understanding the motives of the internationalization. Through interviews, the researcher needs to obtain a deep understanding of the critical elements of the firm and its management actions. In a semi-structured interview, the validity of the study can be enhanced, allowing more conversation – in an interactive format, where both sides feel they have a joint commitment to produce true knowledge (Grindsted, 2005).

This primary source was complemented with a confirmatory questionnaire and supplementary secondary evidence such as, audio-visual material, documents and firm reports allowing data triangulation. This method helped to overcome the problem of “mistaken” memories from the interviewed, as it facilitated the confirmation of some oral statements. The use of different data collection methods verified the consistency of the information (Patton, 2002). The case studies are mainly built on personal interviews but complemented by secondary data such as business magazines, annual reports and internal documents (Andersson, 2004). The need for triangulation arises from the ethical need to confirm the validity of the study (Yin, 2003). Denzin (1984) identified the data source triangulation when the researcher looks for similar conclusion, in different contexts, for further analytical generalization. In analytical generalization, previous developed theory is used as a template against which to compare the empirical results of case study (Yin, 2003).

The semi-structured interviews

Due to the research aim, semi-structured interviews were used to understand, explore and explain the studied dimensions and the relationships between the variables identified from the literature. A semi-structured interview is a method of research used in the social sciences. While a structured interview has formalized, limited set questions, a semi-structured is flexible, allowing new questions to be brought up during the interview, as a result of what the interviewee says. This type of interview provides an opportunity to test topics and to obtain some answers about the issues of research. Interviewers may use words or topics in a certain way to probe meanings adding significance to the data obtained (Saunders, 2008). A semi-structured interview is a non-standard interview which can be defined as a category of interview, on which the interviewer commences with a set of themes but is prepared to vary the order in which questions are asked, and to ask new questions, in the context of the research situation (Sauders, 2008). Despite the generalization about the entire population, it is difficult to obtain, with this kind of evidence, one argument that has been put forward to clarify and modify the approach adapted to the generalization, in quality research. If the results of the research are related with the theoretical arguments, it is possible to demonstrate that the findings will have a large significance, than cases that form the basis of research study (Marshall & Rossman, 1999). In the context of this study, the researcher personally interviewed the managers directly involved in the internationalization operations. The advantage of face-to-face interview was to collect valid, first hand and relevant data allowing probing questions to find more in-depth information. The interviewer, in a semi-structured interview, generally has a framework of themes to be explored. Relevant topics were initially identified and the possible relationships, between these topics, were the best guide for the initial set of questions.

Scheduling

The semi-structured interview, created for the purpose of this research is composed by a set of open-ended questions that asserted the main dimensions of research within its specific variables. The interview was scheduled with the firm manager through a formal invitation. After a personal contact, and a formal acceptance, the firm manager received a letter where it is described, in general terms the objectives of the research and how the interviews are to be carried out, according to the procedures above described. Haeley and Rawlinson (1993) recommended a dual approach: first make a telephone call, ‘fishing’ for a named person who is likely to be appropriate for the interview, then follow this up with an introductory letter. In the letter, it may be appropriate to enclose a short outline of the nature and purpose, of the project and an indication of the findings that might be useful to the respondent. It is important for the investigator to schedule early interviews, as well as obtain acceptance by the business side, to collect documentation and on-site observation. Gaining access to top managers can be extremely difficult, as well as arranging a mutually convenient time in which to conduct the interview, which may last several hours, sometimes even more (Bryman & Bell, 2003).

The interviews were scheduled from October 2011 to 15 November 2011 and had an estimated duration of 50 minutes. Every interview was recorded and note-taking with acknowledge of the participant, and according to the initial agreement, all the names and interview content were treated anonymously. Silverman (2000) recommended tape recording interviews, to make sure that their content is exactly retained.

Interview protocol

The semi-structured interview created for the purpose of this study, was composed by a set of main questions, in a particular order, that addressed the main topics of research, establishing a relation between the variables of study. In the semi-structured interview the researcher has a list on fairly specific topics to be covered, often referred to as interview guide (Bryman & Bell, 2003). It is important to consider what we need to know, in order to answer each of the research questions. Thus, the questioning needs to cover and to be structured in line with the research framework. The adoption of a framework, in a semi-structured interview planning, allowed the researcher to orient the questions, in an appropriate way, pointing directions and answers in terms of study guidance to a narrow, and more rationale, field of research (Silverman, 2000). According to (Bryman & Bell, 2003), there are basic elements for the creation of an interview guide, like the creation of a group of questions, that covers in a certain way, all the research question within the study’s variables. The selection of the information that should be obtained according to the study topics is a starting point for the interview guide. In this particular case, the semi-structured interview had a set of topics, within four types of information:

(1)General information about domestic and international experience

(2)Essentially factual information, about the main drivers, which enabled the internationalization process;

(3)Factual information related internationalization strategies;

(4)View of the facts related to internationalization strategies;

To begin the interview, the interviewer introduced himself and thanked the participant for their cooperation in the study, reminding them the purpose and importance of the research. This “warm up” approach, allows the interviewer and participant to get in the interview mindset. Before beginning the interview, a few background questions were asked such as job title, time with the company, and a reminder to the participant about the type of interview where it is permitted to express their view of the facts, in their own terms. After this informal opening conversation, a set of open-ended questions were develop bearing in mind the relevant topics, as per the interview design. To follow up the topics of interest, probes were introduced allowing the dialogue and more focused in-depth information, to flow. The use of extended questions and discussion with managers, with a free course of responses, generates rich data and unravels the complexity and holistic nature, of management issues and decision making (Gummesson,2006). The first questions were more exploratory, focusing aspects concerning the motivations and stimulus for an initial internationalization engagement, and then was introduced more specific questions, regarding the strategic moves of the company. Given that some issues were transversal and longitudinal, to the whole process of internationalization, it was necessary that the interview focused on topics already covered and yet to be addressed. Never losing the thread, the interviewer felt the need to change the order of questions. This approach was in order to cover all issues of concern raised, that otherwise, might be lost in the interview. It is also important to respect spacing between questions in order to make it easier to transcript, taking some notes and return to a topic not sufficiently explored. Taking into account the protocol of the interview, the following questions were posed to a pre-test validation, in order to set a final interview guide. According to Kvale (1996), the format of the questions will be variable consistent, with the nature and purpose of the study topic. Despite the need for a homogeneous structure across the interviews, to ensure cross-case comparability (Bryman, Haslam and Webb, 1994), some probe questions can emerge during the interview, according to the international experience of the hotel firm. The emergence and the exploration of the depended variables are vital, for the validation of the research model.

Pilot interview guide

The first part of the interview starts by introducing questions about the international activity of the CPs. This factual information, gathered in the previous follow-up questionnaire, was crucial to obtain the characterization of the company and seek to cover the variables related to firm experience, in international and domestic markets. If necessary, the follow-up questions were placed to cover some important information, essential for this descriptive phase of the interview, allowing at the same time data triangulation.

1 - Describe chronologically your company's activity, in domestic and international markets.

The information about the motives, which enabled the internationalization process, will be obtained through a series of questions, which explain the motives of the firm international engagement. Concerning the first research question, “What drives Portuguese hotels to engage in international operations”, this part of the interview is composed by one introducing question and several follow-up queries, probing and specific questions, in order to cover as possible, all variables of the motivation dimension. Keeping in mind what is needed to know, in order to answer the research question, is important to formulate interview questions, in order to explore the research variables, without specifying too much (Bryman & Bell, 2003).

2 – Exploration of the motivations and main drivers, of firm international engagement.

2a) - What drove your company to seek business in foreign markets, what were the main motivations?

3 – Explanation of the importance of the internal and external stimulus for firm international engagement.

3a) - Explain what stimulates internally your company to engage in the international market.

3b) - In your opinion, which external stimuli were important for your company’s engagement in the international market?

The third part of the interview is focused mainly, on the second research question, and concerns how Portuguese hotels firms develop and implement strategies, in international markets. The explanatory nature of this set of questions is important to understand the reasons, for certain strategic choices, and to validate all the information obtained from other secondary sources.

4 –Explanation of the strategies developed by your company, concerning the market and entry mode choice.

4a) – Explain the choice made by your company, regarding where to enter and, what were the reasons supported by that decision

4b) – Explain the choice made by your company regarding how to enter and which factors supported that decision.

The fourth part of the interview is an extension of the first issue, and focuses on the future intentions of the company's engagement, in international and domestic markets.

5a) - What are the company's plans for the domestic and international markets.

The final guideline of the interview was obtained, after a pre-test in order to validate their operability. The pre-test was performed with one of the potential participants (CP5), before the main field work begins.

Secondary sources of evidence

As mentioned before, documents and records are rich sources for case studies. In addition to personal interviews, other secondary sources of data were used to find and complement information related to firm profile and international strategic behavior (Publituris, Turisver, Ambitur, PressTur, Diário Económico, Exame, Jornal de Negócios, Semanário Económico, Expresso). The social researcher can undertake empirical research based on others sources of information, such as, news articles, press releases, internet and other supportive information to bring up to date information (Denscombe, 2003). This kind of information, obtained from a variety of sources is the support for cross-checking or triangulation of data. Thus, documents were used to introduce, check and complete the data gathered from participant's responses. Before and during, the investigation process, some quantitative indicators and qualitative data were requested from the company to facilitate the analysis of the data, avoiding waste of time in interviews. Five short questionnaires (Apenndixes, E,F,G,H,I and J) were sent to CP managers to obtain information, through a set of multiple direct questions, regarding the resources dimensions and main determinants, of internationalization and factors related with internationalization strategies. Many of these indicators are not available in secondary sources and, compiling them may require an effort from various internal sources of the organization. It´s not expected that the interview itself can provide this information therefore, a follow-up questionnaire was sent, allowing the interviewer to receive introductory information of the hotel firm by the time of interview. While the follow-up questionnaire (Appendix E) focuses on the scale of resources and was sent, as soon as the study participant formally accepted his contribution, the confirmatory questionnaires were sent after the interview, and enables to confirms with the respondents and other senior manager staff the importance of the stimuli and determinants factor in the process of the CPs international engagement. The determinants confirmatory questionnaires were an import instrument of triangulation, because it allows the researcher to cross data and avoid misunderstandings enabling if necessary a subsequent consultation to the respective sources. Another advantage found in this type questionnaire is the ability to add other factors that emerge from the interviews which enriches it, with something new to the explanation of the facts. An explicit recommendation was given to firm participants so that, the determinants confirmatory questionnaires were filled also by another CP collaborator without intervention in the previous interview. This fact occurred in five out of seven cases. The history of social research thus shows initial efforts to combine different methods of information collection and analysis in a single research. However, in recent years, different forms of combining methodologies have been put forward, based on notions such as “triangulation”, “mixed methods”, “mixed models” or “multiple methods” (Mayring,2009).

5.5.2 Data analysis process

Several methods were used to valid meanings out from the qualitative data. “Data analysis is the process of making sense out of data; it involves consolidation, reducing, and interpreting what people say, a rich and meaningful analysis of data, will not be possible if analysis is begun after all data are collected (Merrian, 1998). All sources of data need to be organized together, in a case study data base which includes all major information that will be used in the case analysis (Yin, 1994). Data analysis consists of examining, categorizing, tabulating and testing both quantitative and qualitative, evidence to address the initial propositions of a study (Yin, 2003). The propositions help to organize the entire case study, and to define alternative explanations, to be examined. In this study, the analysis of the case will have an orientation similar to the design of the interviews, that is, following the study variables from the perspective of cause and effect. A theoretical proposition about causal relations – answers to “how” and “why” questions – can be extremely useful in guiding case study analysis and focus attentions on certain data (Yin, 2003). On average, 20 pages of transcripts per case study were obtained. Each sentence provided by interviewers, was coded and cross-referenced and grouped to enable a better analysis of factors and along the multi-case study. The method used followed the recommendations of Mayring (2009) to study cases in which the treatment and analysis follows two steps. Initially it will beginning with the summarization of cases, and in a second step with the structuring of cases according to the dimensions and variables of the study. In summarization, is presented the key data in a clear and succinct manner. In the structuring it will attempt to organize the data across key questions in relation to research and theory. For this purpose, a within and a cross cases analysis approach was used, for the process of deduction of facts and behaviors. Interviews were tape recorded, transcribed in Portuguese and translate into English prior to analysis. All the data was summarized by dimension and factor using checklist matrices as suggested in Miles & Hubermann (1994). Some of these elements were sent back to the interviewees for reconfirmation of the facts explored in the interview.

5.5.3 - Within-case analysis

With the purpose of concentrating on understanding the features of each case, the principles of descriptive narrative approach were always used to respect the principle of objectivity and impartiality, in the facts observed and reported. For Eisenhardt (1989), the narrative strategy is part of within-case data analysis in which the researcher prepares detailed write-ups for each or case. Eisenhardt argues that, although, these write-ups are mere descriptions, they are still central to the generation of insight. She also states that these descriptions help researchers to cope with the enormous volume of data, at an early stage of the analysis process. Traditionally, narratives are rich at the level of detail and convey a high degree of authenticity, which is often not economically possible to achieve with larger sample sizes. Therefore, one or few cases are better suited for narrative data analysis. The narrative approach, however, leads to neither simple nor general theory. This method is characterized by organizing the facts, using all sources of data which, in this case, went beyond the descriptive level. Organizing the facts in line, with the behavioral research questions and variables, that contain them as thematic analysis does, this narrative approach also seeks to systematize all the information within guiding and triangulation principles, alternating narrative and description of the facts with testimonies of the participants from categorized information, indirectly obtained from the interview. Sometimes, it was also used some information obtained from secondary sources. According to Yin (2003), such presentations can be an excellent way of demonstrating the existence of a phenomenon, merging the description of the facts systematized and categorized with data obtained in primary and secondary sources. Through within-case analysis the case description helps the researcher to gather in-depth understanding of different critical incidents, day-to-day practices, and life experience of the participants. Interviews and other secondary data do not, just produce narratives, but they help researchers understand the social world (Silverman, 1997). While the participants are sharing their subjective views and stories, the researcher objectively makes sense out of the information and describes the data, with depth and details. In doing so, the researcher represents the research participant's views and portrays the reality by assigning meanings to the useful insights that need attention (Charmaz, 1995). Burner (1986) stated that, narratives can help capture the meanings, essence, lived experiences, lessons, and values of relationships. If the purpose of the researcher is to come up with an explicit theoretical interpretation, relying solely on a narrative analysis may not enough. The danger here, according to Langley (1999), lies in the fact that "one may too easily end up with an idiosyncratic story of marginal interest to those not involved, and rather thin conceptual contribution." To provide an answer to narrative approach, Langley (1999) suggests that this strategy should be applied when the whole process is taken as a unit of analysis. Measures are constructed for describing the behaviors and processes from detailed data. These measures are then used, for comparing different processes, and for identifying regularities and enable relating the holistic process characteristics, to other variables, such as outcomes and/or contexts.

5.5.4 -Cross-case Analysis

This analytical approach enables constructing an explanation, articulating facts, variables, and theories. Eisenhardt (1989), emphasised that 'coupled within-case analysis is a cross case search for patterns. The cross-case analysis was used mainly, as a toll for comparing and finding, contrasts and similarities, between the cases within the research variables. Following the study's variables, towards the propositions of the research, some illustrative narratives and comparisons were made, with the purpose to highlight patterns of behaviour, among the study cases. This, simultaneously when all the possible patterns and differences, were framed on results, already achieved in other empirical studies. In sum, the exploration of connections made across cases augments the existing knowledge and experience, about the case studies, being easier to explain the phenomenon, through the proposed model and further validation of the propositions. According to Khan and VanWynsberghe (2008), the authors who have used this technique of analysis, some common points are found, such as:

1 – Cases which represent, rich holistic examples of experiences;
2 - Cases comparable, in relation to patterns, of similarities and differences;
3 – Comparison among cases, which can construct and yield meaningful linkages
4 –Cross-case analysis as useful way to produce analogies, make inferences, and develop conditional generalizations for the individual.

Eisenhardt (1989) argues that the cross-case analysis should preferably be used for searching patterns. To her, the overall idea is to force the researcher to go beyond the initial impressions, using structured and diverse lenses on the data. As a result, the likelihood of achieving the best results for generates theories and test facts and. Three tactics are suggested:

1) select categories and look for within-group similarities coupled with intergroup differences, 2) select pairs of cases and list the similarities and differences between each pair, and 3) divide the data by data source to exploit “unique insights possible from different types of data collection” (Eisenhardt 1989).

Interpretation and findings

The final step in data analysis, involves the interpretation and meaning of what will be processed analytically. "Asking what the lessons capture, the essence were learned of the idea" (Guba & Licoln, 1985). In conformity with the research questions raised and the methodological approach, the investigator can interpret in various ways, from a personal interpretation perspective, by comparison with previously studied theories or looking for relevant patterns. In this research, the process of inference used tried to cover in some way, themes, dimensions and variables related to the research problem always keeping in mind to test and validate the propositions, within the theories that support them. Credibility of the research findings, also deals with, how well the categories cover the data (Graneheim & Lundman, 2004). To analyze the evidence, the case study chain was designed to track the theoretical propositions, giving priorities to the relevant analytical strategies as cross checking and pattern matching logic, comparing a empirically pattern found, on the cross-case analysis with a predicted one. The first and most preferred strategy to test theories is to follow the theoretical propositions that led the case study (Yin, 2003). For that purpose this study used a set of qualitative display based on the research questions and the research model. A display can be understood, as an organized and compressed, assembly of information that permits conclusions, drawing and action can include matrices, graphs and charts (Miles & Huberman, 1994).

For Q_1, the findings were presented as one major level, within the two competing motivations and behavioral approaches (Entrepreneurial versus Defensive) within secondary levels (Stimuli factors).Therefore, the Internationalization Approach Based Matrix (Figure $_7$) will be used to represent all the hotel companies according to the importance of the categories, in secondary levels of motivation drivers. This display implies looking for cluster objects, within a motivation pattern, and, allowed to verify if the first proposition of the study was verified or not in all case participants.

For $Q_{2,}$ the findings resulted from the cross case patterns, differences concerning the strategic dimensions (when, where and how) within the variables of each dimension. By examining the strategic dimensions, it is possible to derive a substantial overview of the state of internalization strategy of a given company, which could then form the basis of comparison with others (Welch & Luosterinan, 1998). Even more significant than finding a pattern for the type of strategy is to support this behavior within the theoretical framework and test the previously established chain of evidence between proactive stimulus based on the relational and knowledge assets and the location and internalization advantages. For this purpose it will be used the relevance criterion of the observed facts obtained by analyzing all the sources of evidence (Miles & Huberman, 1994).

5.5.5. - Validation and reliability

To achieve the quality of research, in terms of validation, according to Yin (1993), this study aims the validation in three parameters. Construct validity is achieved, first, using multiple sources of evidence and, second, by establishing a chain of evidence supported by a generally strong, theoretical background. Explaining the phenomena of Portuguese hotel groups internationalization, supported by generally accepted Barney´s (1981) resource-based view, within entrepreneurship approach, strengthens the theoretical point of view of the study, showing an understandable sustainable line of evidence. All interviews have the same structure, to ensure, that all construct dimensions and variables, are addressed in each interview. In terms of the internal validity, a comparative analysis will take place, using a pattern matching approach and finding clear patterns between cases. The fact that, the cases are the most significant, and the data will be collected through relatively open interviews, reduces the probability of the phenomena understudy, being explained by variables other than the ones identified and used in the research. The problem of external validity is concerned with providing generalization through case study research. According to Yin (2003), case studies do not provide statistical generalization, and the number of cases studies is not relevant for that. In this research, a maximum variation purposive sample of companies will be analyzed, in the light of tested theories, which can strengthen the external validity. A maximum variation sample if, cautiously drawn can be as representative as a random sample (Dennis, 2004). The most important, is the contextual data from case studies that are used to confirm, or falsify a theory. Reliability is concerned with minimizing errors and biases in the study. Patton (2001) emphasizes four types of triangulation: Triangulation of data source, triangulation among different evaluators, different perspectives of same data and triangulation of methods. The data triangulation is carried out by comparing data gathered, using different techniques of data collection like, interviews, follow-up, confirmatory questionnaires and other documents assembled in a systematic manner, in accordance, with the dimensions of the problem. Theory triangulation was done by analyzing all the findings in the light of existing international management theories, in order to validate the conclusions. Triangulation of methods was achieved by the introduction different types of content analyzing tolls. Following the development of each proposition, the systematic research design, should incorporate a clear definition of the unit of analysis, the careful selection of appropriate cases (Johnston.,et al 1999) and more important, the triangulation of data sources driven by the nature of research questions (Bonoma 1985; Yin,1994). The interview data was compared with data from post confirmatory questionnaires and company documents to improve validity and accuracy of the analysis and discussion, in an effort, towards triangulation. All case participants provided information such as, internal documents, brochures, reports and press cutting. This can minimize, or overcome, the problem of mistaken memories, on the part of interviewees, as it facilitates the confirmation of CP´s statements.

6 - Back-ground of study participants and macro and micro environment analysis

6.1 –Introduction

To better contextualize the analysis and conclusions of the study, the main elements of macro and micro-economic environment were systematized and analyzed. An analysis of the context, where the events took place, is important to understand the phenomena under study (Eisenhartd, 1989).The analysis of micro environment involved different sources of information and followed a rigorous process of verification, since some discrepancy was detected among the available secondary data. Because the information, which was required for this analysis, was scattered by various sources, to minimize possible deviations, the less credible sources were eliminated. Due to the hotel typologies proliferation, within a wide class of properties, from familiar guest houses to hotels, the scope of this analysis only covered the hotel enterprises regulated by the law of Touristic Properties of 2010, which include hotels, tourist apartments, the apartment-hotels and inns. Accordingly, three sources of secondary data were used; DGT (Directorate General Tourism), INE (National Statistics Institute) and the last report of Delloitte for the hotel sector in Portugal relating to the activity of 2011. One problem that is common to many studies is the use of secondary sources of information related to a topic of study and their unit of analysis is that, sometimes, the object of study may not be comparable. Any analysis using statistical data from secondary sources must meet criteria of comparability, which is not always easy to achieve due the dynamism of the process and the data format adopted by several sources. So, by the investigator should be prudent during any analysis involving data triangulation when using this type of sources. For the macro environment analysis, official data from WTO (World Tourism Organization), published papers and media articles were the main sources.

After the analysis of macro and micro environment, a contextual and descriptive background of the study participants, was organized in a data base file, in line with what was proposed in the methodology chapter. This procedure allowed the compilation of the CPs resources profile, at the time of the first internationalization till the present moment.

For this purpose several sources of secondary data were used. From institutional firm web site to firm press releases, media articles and a following up questionnaire (Annex E) .This procedure allowed the researcher to become acquainted with the organizational context of case participants and simultaneously validate information obtained in the interviews.

According to Bryman and Bell (2003), the respondent's validation is a process whereby a researcher provides the people on whom, he, or she, has conducted research, with an account of his or her findings. The validation and triangulation of data are essential procedures to guarantee the reliability and validity of qualitative research (Yin, 2003). The existence of a register, for each company, is essential in the process of analysis and presentation of data. Given the qualitative nature of the dissertation, all data was validated and revised, in a continuous effort, to present the findings and conclusions in a least biased way possible.

6.2 –The macroeconomic environment analysis

The European region accounted for 52.5% of global tourism receipts in 2011 from 50.9% in 1990 and the Asia Pacific region noted an increase in market share of 3.3%. The Americas region lost 7.5% market share from 1990 to 2011 and the Middle East and Africa represent about 3% of total international tourism receipts, plus the growing Middle East region. According to World Tourism Organization, international tourism receipts will reach 2 trillion U.S. dollars, in 2020. On the national scene, tourists grow 2.7% annually since 1990 to 2007, from 8 million to 11.6 million.

In Portugal the EXPO'98 event contributes to increased growth of foreign tourism demand and the similarity of the evolution of tourism world, however it was observed a stagnating in the demand, in the early years of the century XXI. The overnight stays in hotel establishments, have undergone some changes over the past 20 years in Portugal, however, the autonomous region of Madeira showed no structural changes confirming its tourist vocation, to gain for the period 2.4% market share, the main tourist area of the country (Algarve) who lost 1.8% market share, falling from 40.6% in 1990 to 38.8% in 2007 while the Lisbon region has gained 3.8% market share.

The world tourist demand has grown in a sustainable manner, despite the slowdown of recent years. Revenues from tourism have registered a positive performance, recording an historical value of 6.3074 billion € in 2007.The number of hotel rooms, has increased over the years. While in 1990, this number was 43 445, in 2008, was already 121 013 hotel rooms, corresponding to an increase of 185%.

Contrary to what is expected, given the large affluence of foreign tourists in Portugal, the presence of foreign chains in Portugal has a residual weight in the total supply. In 2008, this presence summed up to twelve Melia hotel group, seventeen Best Western hotels through a consortium with a Portuguese company, eight American group Starwood hotels and thirty from French hotel group Accor result of a joint venture with a Portuguese industrial group. This fact can be explained by various reasons, among the most important, are:

- The limited ability to direct investment of these companies mainly seeks international hotels under franchise or management.
- The peculiarities of the Portuguese hotel industry and its marketing systems, focused mainly in tour operators and leisure tourism and the fact that the international chains are targeted at the urban market, where competitive advantage is the presence in world reserves systems. McQueen (1983) considers that foreign participation, at local hotel sector, is higher in countries where the tourism trade is concentrated, in cities, and not in tourist areas.
- Another cause may be the low prices that prevail in Portuguese cities, when compared to other European capitals (Eupopean Hotel Index, 2008)

In 2008/2009, the tourism in Portugal reflects the decline in world tourism, following the economic downturn of its main markets. From the second quarter of 2010, conditions in international financial markets have deteriorated progressively and there was a slowdown in global economic activity, though at a different pace across regions. The year 2009, will remain in history of tourism, characterized by a global financial crisis, which led to rising unemployment and affected consumer confidence. As in previous crises, it was also found that tourism, in many destinations, was supported by domestic tourism, with the difference that the current crisis is also expected to affect the domestic market at the short term.

The Portuguese economy directly reflected these developments, given its strong economic and financial integration, in international markets. Tourism could hardly fail to reflect this situation, now aggravated by the effects of influenza virus A (H1N1) and the global financial crisis, and evolved with the 2010 international tourist arrivals worldwide counterparts registering decreases of 10%, 7 % and 2% in the first three quarters of 2010. Despite of that, the country's tourism competitiveness, in relation to the rest of the world, has improved in recent times. While in 2007, Portugal held the 22nd position in the competitiveness index of the World Economic Forum, in March 2009, it occupied the 15th place. One factor is that the index measures the "Resources Human, cultural and natural "and Portugal in March 2010 was in 11th place, while last year occupied the 30th position (Portugal Digital, 2011).

However, and according to (Alvarenga & Carvalho 2007), although the tourism market in Portugal presents a variety of segments, they do not have critical mass or a level of sophistication, sufficient to alter the dominant segment of the more traditional sun and beach visitors 'traditional' coming from the source markets (geographical and historically in terms of tourist flows) and a relatively low purchasing power. Given these facts, and, the existence of a strong seasonality in most regions of Portugal, the current setting presents risks for the Portuguese Hotel companies. The stagnation of traditional destinations, the rapid changes in the distribution channels with the emergence of technological tools and new economies are a challenge for the sector while pursuing growth strategies.

The so-called “Brics” countries (Brazil, Russia, India, China and South Africa) are talked about a lot by economists, politicians and journalists alike, with most in agreement that these are the big emerging economies of the next century. New destinations like South America, Africa and Asia have been increasingly popular over the past few years, fuelled by a greater number of air routes to new long-haul destinations, and with interest buoyed up by events as the 2010 World Cup in South Africa and Brazil’s hosting of the 2014 tournament. The emerging economies hold a market potential in terms of tourism demand and natural resources and will, undoubtedly, be a great source of opportunities for hospitality firms from more mature touristic destinations (Butler, 2009).

Another important fact is the study of the evolution of Portuguese direct investment abroad. The distribution of outward FDI by industry is somewhat difficult to determine, given that statistical information provided by the Bank of Portugal is based on the industry of the investing firm, rather than from the company itself, and also by the fact that most investment is done through holding companies. Nonetheless, it is possible to observe based on other secondary sources hat there has been a clear tendency of investment concentration in the service sector, namely in real estate and financial activities. According Castro’s(2003) study, from mid 1990s until early 2000s, the investment in real estate increased tremendously, representing the most important sector in outward investment.

Another characteristic of the Portuguese outward FDI is being concentrated in a few countries. From mid-1980s until mid-1990s, as a result of the European integration movement and the significant increase of investment flows, Portugal was very much dependent upon the European Union, particularly Spain and France. Between 1991 and 1995, Spain was by far the top destination for Portuguese investment, accounting for more half of Portuguese FDI. This geographical distribution conforms to the incremental model of internationalization, showing expansion to physical and psychic proximate countries. This proximity seems to have exerted a great influence, in the orientation of the international investment of service firms in Portugal.

From mid-1990s onwards there was a noticeable change in that trend and a reorientation of destinations for FDI, showing a greater geographical diversification. The European Union started losing its importance, dropping from 80 percent in 1995 to 46 percent in 2000. This was mostly caused by the emergence of Brazil and the Palop´s as a major markets for Portuguese investors, which represented already 40 percent of the total Portuguese FDI in 1998 (BPstat online, 2008). The growth of Portuguese FDI in Brazil was triggered by the economic conditions created by the country stabilization program of 1995/96 and the privatization process that started a few years later, in several Brazilian States (Castro, 2000). This explains the concentration of very high flows of Portuguese in the period between 1998 and 2001 mainly in the real estate sector. The psychic proximity and the linguistic identity were also influential, being strong facilitators of business relationships (Crespo, 2002). For direct investment in Palop's, notably in Angola, Mozambique and Cape Verde beyond cultural reasons, are essentially the favorable conditions for investment, due the potential growth and strategic value of these economies.

Since signing the latest peace agreement in early 2002, Angola has experienced 6 years of sustained stability and growth that has been critical to its development and growth. In the past three years, the country has embarked on an ambitions reconstruction program. Luanda, the capital of Angola, has characteristics of a city with a great development potential. The Government of Angola views civil construction, as the country's top priority within this new socio-economic context. Several buildings are being built in various points of the capital. Many of the provinces outside Luanda are also developing through expanding necessary infrastructure to better connect the country. The Kwanza, Angolan's currency, has recently been gaining strength increasing an appetite for goods and services within the country. Political and economic stability has opened new and excellent opportunities for investment. Angola will be the fastest growing economy in 2012, among the countries of sub-Saharan Africa (IMF,2012). According to the report studies of the magazine The Economist (June, 2012), it is expected that the risk of economic growth should be intensified to values around 8% in 2013.This strong performance, although rooted primarily in growth oil production, has also led to strong recovery in other sectors of the economy, where services already represents 20% of GDP. According to the EIU (Economist Intelligence Unit, 2011), foreign direct investment (FDI) plays an increasingly important economic diversification effort. The sectors in the medium term are expected to contribute to this diversity are distributing food, agriculture industry, the light industry and tourism. After all, and according to the latest

World Bank report (2011) the provision of basic infrastructure is still very limited. According to the same source the cost of these inefficiencies costing the country 1 000 millions € per year responding to 5% of GDP and with clear impacts on attracting and diversification of outward direct investment. Despite the apparent attractiveness and favorable conditions for foreign investment still prevail a strong instability at the level of speculation and financial risk and most of the investments are through partnerships with locals and government agencies. Portugal is present in the areas of energy, communications, banking and tourism to the end of 2012 is confirmed the entry of larger Portuguese food distribution chain.

Since the peace accord in 1992, Mozambique has enjoyed macroeconomic stability and growth. There are many investment opportunities in the country within sectors such as mining and forestry, agriculture, energy, infrastructure and tourism. Mozambique is one of the fastest growing economies in the world and one of the future leaders of the world's energy production, including coal and natural gas. (IMF, October 2012). According to the EIU (Economist Intelligence Unit, 2011) is an economy in full acceleration, with huge reserves of international currencies and major investment opportunities in the areas of energy and natural resources, construction and infrastructure, banking and tourism. According to the same source, in recent years, have gained expression capital inflows from abroad destined for other sectors such as transport, communications and hospitality industry. Mozambique still has little relevance as it relates to direct investment in Portugal, but the presence of some multinational Portuguese and strong tax incentives, have contributed to reversing this situation. Weighs the fact that there is peaceful social environment and many investors Portuguese are willing to regain their investments in the country.

6.3 –The microeconomic environmental analysis

In this section, we will consider the typology of the Portuguese hotel firms with international activities within Portuguese hotel sector in terms of key resources and domestic competitive environment. The purpose of this section is to isolate and highlight some facts that might be useful in a first analytical approach. According to Hennart (1985), it is vital to isolate the factors that we want to keep constant, to better explain the varying ones.

6.3.1 - Characterization of the Portuguese hotel sector

One of the features of the Portuguese market according to 2012 Deloitte Atlas of Hospitality is its strong segmentation; with 63.3% of the hotels units in hotel groups (major and minors) and 36.75% belong to independent entrepreneurs. In the current context, with increased competition, pressure on price and margin deterioration, can be expected to watch a tendency of concentration, through acquisitions or leases or management. Moreover, to avoid direct price competition, the path points to the specialization, through innovation in market approach and differentiation of service. In today's economic climate, diversification into complementary activities upstream or downstream is another industry trend. Indeed, there is increasing number of real estate investments with considerable economic, social and even environmental component with a double tourism and real estate, which not only do not conflict with each other as they help each other. This leads many professionals including analysts and tourist activity to consider the existence of a new paradigm in the development of the sector, based on a model by designating tourism and real estate, where the two activities interact, complement each other and have enhanced capacity to attract customers, providing increased earnings and critical size achievement. According to Deloitte’s (2012) study, there were a total 20 major hotel groups (+ 4 hotels units and 1000 rooms) units in Portugal by the end of 2011, representing 17, 4% of total hotels units and 30, 7% of the rooms units. According our sampling parameters in Chapter 5 only 11 from these twenty six hotel groups were legible as International Portuguese Hotel Groups.

6.3.2 – Resource profile of the International Portuguese hotels groups

Firms dimension (Scale Resources)

Taking into account the domestic supply, the hotel firms with an international presence have greater dimension in terms of operational capacity (Table $_7$). This applies not only to the number of rooms and hotels, but also to the average number of employees and turnover**.

At the same time, it is also verified that the international companies represent a very small share of the sector, which on average, is still fragmented. According to the INE (2011) the average hotel capacity in Portugal is 79 rooms with 23 employees. It also indicates the existence of an oligopolistic phenomenon in the hotel sector, where a small number of firms have a great number of resources and, therefore, have more market power.

Table 7 - International Portuguese Hotel Groups in 2011

	Total of Portuguese Hotels	Total of International Portuguese Hotels Firms	% over total
Hotel Firms	1260	11	1 %
Hotel Units*	1508	126	8%
Hotel Rooms*	118 731	16630	14%
Number of Employees*	63900	14575	22%
Turnover (000€) **	1843	846	46%

Source: INE 2011 and report from Delloitte 2011

*Figures regarding national territory

**Domestic and International operation

Those findings are in line with the theoretical premise and more accepted in the literature of international management that emphasizes the size of the company as a relevant variable in international competitiveness (Hymer, 1966; Gomes-Casseres, 1989; Erramili & Rao, 1993). Although the profile of international companies, in terms of size being different from the average of the industry in 2011, the Portuguese hotel firms were already large companies at the time of first internationalization (Table 8). According to Portuguese Legislation, a large company must have a turnover higher than 12 million € and have more than 500 employees. This evidence is consistent with a series of studies that show that size, is a critical variable for the internationalization engagement (Hymer, 1960; Kindlerberger, 1969; Caves, 1982), particularly, within the hospitality industry in the achievement of a more rational management of logistics and financing (Dunning & McQueen, 1981). Though, a smaller size does not hinder the set off the process of internationalization, we must bear in mind, that factors such as economies of scale, bargaining power with third parties and the company's strategic objectives, may vary depending on the size of the firm (Horst, 1972; Caves, 1974; Trepstra & Yu, 1988).

Table 8 -Average portfolio resource international hotels - International Portuguese Hotel Firms

Units (hotels)	*11*
Employees	*675*
Turnover (ML€)	*30*

Own source: Secondary data

Regarding the similarities and differences between international companies there are some, that must be analyzed (Tables 9, 9A). First, the results confirm that there is a clear negative relationship between the number of international companies, and the percentage that represents the volume of foreign revenues, on total revenues, and a small hotel portfolio. This evidence may reflect an incipient international engagement level and the small size of hotel groups, in the domestic market.

Table 9 (Percentage of volume of foreigner revenues by the total of sales in 2011)

More than 75% of turnover is carried out abroad	*1*
Between 50 % and 75% of turnover is carried out abroad	*1*
Between 50 % and 75% of turnover is carried out abroad	*2*
Less than 25% of turnover is carried out abroad	*7*

Own Source: Secondary Data

Table 9 a (Hotel portfolio of firm´s study participants in 2011)

More than 50 hotels	*1*
Between 25 and 50 hotels	*0*
Between 10 and 25 hotels	***4***
Less than 10 hotels	*6*

Own Source: Secondary Data

Experimental Resources

The domestic experience benefits the company when demand in international market is somewhat similar to the foreign market (Porter, 1990). This criterion applies to the Portuguese hotel companies, because somehow, there is a clear specialization of Portuguese hotel companies, in all segments of tourist demand in domestic market. According to Table 10, the great majority of the international hotels firms born in 70´s and 80,s presented a sustained growth in domestic market and international market till 2010. In most of the cases, the international engagement took place on the 90´s and in 2000´s. This fact shows a strong component of domestic experience and a parallel growth in both, domestic and, international, markets.

Table 10 (Domestic and International time of entry of International Portuguese Hotel Groups)

	Inception	%	First Internationalization	%
Before 1970	0	0	0	0
Between 1970 and 1980	3	27	0	0
Between 1980 and 1990	6	54	0	0
Between 1990 and 2000	2	19	5	45
Between 2000 and 2010	0	0	6	55

Own Source: Secondary Data

Despite the incipient experience, in terms of international markets, it reveals a need for an advanced organization and management structure of the Portuguese hotel companies, due to the need of skills, to deal with different competitive environments.

In relation to geographical distribution in Portugal, of international hotel companies, it is highlight the following features:

-The great majority of the international hotel firms has its origin in Madeira and Lisbon and holds their activity in Madeira, Lisbon and Algarve. The touristic tradition of Madeira and Algarve is determinant and it ties with leading European tour operators, and secondly, the emergence of Lisbon on the 80´s as capital city of excellence for business and leisure.

-According to INE (2011), the accommodation capacity in Portugal is represented by Algarve with 34%, Lisbon with 21% and Madeira with 11%. According to the same source, in 2010, these regions had a greater number of beds per hotel.

-More than half of Portuguese international companies manage 4 and 5 star leisure hotels and according INE (2011) not in line with domestic market average. While in Portugal 67% of tourist enterprises are hotels only 7% of all is are five stars 35% are four stars. It is also observed over time a tendency by the Portuguese international hotel leisure firms in its expansion to diversify risks by incursion into other segments of demand in major Portuguese cities.

These two previous facts remind the complexity of management skills in terms of marketing competences and internal organization. The concentration of hotel offer in three main regions can be explained by the strategy of barging power with the distribution players and other stakeholders, and by the characteristics of the internal and external demand for the Portuguese market.

In relation to geographical distribution, outside Portugal, of international Portuguese hotel companies, the following features are brought out:

- The vast majority of hotel firms chose the strategy of concentration, in a single country or region.
- Apart from following a strategy of concentration, it is also verified that in most cases, the market choice is similar.

Within the previous findings, we can strengthen the importance of strong domestic experience in the internationalization process for the most Portuguese hotel companies. As national hotel firms have had their internationalization, within a limited ten years time, also it can be concluded that there was a follow-up strategy in terms of market choice, supporting studies that showed the important role of oligopolistic behavior, in the international expansion (Vernon, 1974, Knickerboker, 1973, Graham, 1978).

Market Resources

Concerning the client orientation, it is clear that the Portuguese international hotel firms have a strong leisure component in their client portfolio. According to Table 11, most of the revenues were from holiday segment. These figures are in line with the INE 2011 statistics, which reveals that 57.20% of the travel motivation in Portugal touristic demand was associated to leisure. However, this reality is more significant in the international hotel firms. This is not a surprise because Lisbon, Algarve and Madeira have the higher ratio between international tourists and national tourists. According INE (2011) in Lisbon 69.70% from overnights are from foreigner countries, in Algarve this indicator increases for 71,80% and in Madeira is 83.80%. To complement this analysis and according to INE (2010), the highest portion of non-leisure travelers, were in the national tourists group.

Table 11Percentage of volume revenues   from leisure by the total of revenues in 2011)

More than 75% of revenues are from leisure clients	*2*
Between 50 % and 75% of revenues are from leisure clients	*6*
Between 25 % and 50% of revenues are from leisure clients	*3*
Less than 25% of revenues are from leisure clients	*0*

Own Source: Secondary Data

Also related to the previous point, and, as a result of a large number of clients whose motivation is the leisure, the great majority of Portuguese international hotel firms developed their sales' operations through traditional distribution channels, which are the travel agents and tour operators. According to Table $_{12,}$ the traditional distribution channels, still has a great influence in the reservation process. However, since their first internationalization, there is an increase of bookings by technologically more advanced means like GDS, corporate website, and other global hotel sites.

Table 12(Weight   of revenues between traditional and non-traditional bookings systems in 2011)

More than 75%	*2*
Between 50 % and 75%	*6*
Between 25 % and 50%	*3*
Less than 25%	*0*

Own Source: Secondary Data

This fact has two consequences that may be important for further analysis. The prestige and image of the tour operator, occupies a crucial competitive advantage in the hotels, as they offer the consumer an additional guarantee of the hotel image or brand. In the 80´s and 90´s a great majority hotel companies in the Portuguese domestic market expanded their operations, as a result of the growth of wholesale operations in the Algarve, Madeira and Lisbon. In the short term, this way to attract clients had advantages to the hotel, passing to the distributor the risk of tourism operation and within few costs in the hotel promotion. However, despite placing most of the costs of promotion in the hands of tour operator that reality has some disadvantages in the medium term to the hotel firms. The first is that, for a long time, the

Portuguese hotels firms neglected the importance of branding and technology as a competitive factor. According to Buckley (1897), the brand promotion of tour operator leads to a growing consumer loyalty to the tour operator, and transfer of fidelity to destinations where it operates. Any brand, identified by the tourist client, is able to guide him in their buying decision (Dunning & Kundu, 1995). Only in the late 90´s, the majority of Portuguese consolidated big hotel firms, undertook internal brand management programs, implemented more advanced and global reservations systems and bet on more technologically advanced ways to disseminate their corporate image. According to the majority of the study's respondents, a major challenge for internationalization was the consolidation of the brand and access to unconventional distribution networks. The brand and reservation systems have become the most valued intangible assets, in the hotel industry (Dunning & McQueen, 1981; Kundu, 1994). According to Dunning & McQueen (1981), in the hotel industry the image and reservation systems are considered the strategic coded assets for which a global hotel company can maintain control of the property. Given the previous considerations, we can state that, despite the Portuguese international hotel firms having extensive business experience in the domestic market, that fact does not reflect a high level of product coding. However, the domestic experience has guided the hospitality firms to deep knowledge of the operation and resources management, as well as an understanding of the needs of customers, both domestic and international. This type of knowledge, known as tacit, is not easy to transmit externally, but is a competitive advantage for firm expansion. Management competence and its dissemination by the company, depends on the competitive advantages that allow the company to earn higher incomes (Winter, 1987). According to data obtained from the participants, the concern about brand appears only at a later stage of corporate life, after the initial growth in the domestic market. According to data collected, the concentration of most Portuguese hotel firms occurred through the purchasing of independent units or rental contracts to other investors. At the beginning, even the hotel firm who built their own units, the corporate image was not a major concern. With the growth in the domestic market and the expansion into other market segments there was a growing need for management skills and sources of funding. As consequence, in Portuguese hotel consolidated firms, major restructuring actions at the shareholder, and management level, took place. Along with these changes, we began to watch from some Portuguese hotel companies, a growing process of search and engagement in international markets. Bell et al. (2001) described a change in ownership and of management as most common “critical incident” leading to a more rapid internationalization.

6.4 - Background and resource profile of study participants

For the descriptive background and resource profile of case participants, a descriptive and narrative approach was employed, within firm manager’s statements, found in other secondary sources. The numbering of the participants in the study is not the same, as the firm initial number according the Table 6, but it follows a preset order, as seen below.

Case Participant 1(CP1)

Firm 2 is a leading hotel group which integrates the national ranking of the 250 world's largest hotel companies. The company, founded in 1988, is dedicated to the operation and management of all hotel units, and also, the implementation of projects and the construction of new tourist infrastructure development. The internationalization of this hotel group occurred in 2001, in Brazil (Table $_{13}$).

Table 13 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 2000

Firm 2 (Resource Profile December of 2000) (CP1)

Size / Scale Resources	Turnover	56 000 000 €
	Capacity	1800 rooms /10 hotels
	Nº Employees	1 200
Market / Specific Resources	Client Orientation (1)	90%/10%
		80% /20%
	Loyalty index	10 %
	Brand	12 years
		4 stars
Experimental Resources	-Time of activity	12 years
	-Domestic Geographic Presence	Algarve

(1)Mix between leisure and business and mix between TTOO and others

The hotel group is currently responsible for managing 23 hotels: 17 in Portugal - Algarve, Beja, Cascais, Ericeira, Estoril, Lisbon, Coimbra, Porto and Madeira - and six in Brazil -

Fortaleza, Salvador, Guarajuba, Pernambuco and Angra dos Reis – with a total of 11 918 beds. The Group also has, today, approximately 2700 employees and much of its success, is the close connection between all of them, forming a cohesive team, with a huge passion for hospitality and tourism nationally. The group's capital is fully national and it was largely in the business of real estate, that the group found that the financial breath to sustain the initial investment. *In Turisver, 1st quarter 2005* the Firm 2´s CEO and founder stated:

"…The first hotel made in Portugal was an operating time-sharing unit, which enabled us to raise some amount of capital that leveraged other business. Indeed, over the years it was developed through a participatory group, some real estate and some office buildings. That area, which is now almost stopped, brought some significant gains which have been fully reinvested in the hotel business. We always saw the hospitality sector, as a successfully sector, with prospects and future in Portugal…"

The hotel group has 4 projects in Portugal for the next three year mainly, small charming units, in Oporto and Lisbon. There is also a plan for a big resort in the *Vicentina* Coast. Concerning our internationalization plans, the group has a portfolio of 2 projects in Brazil and a third one in Mozambique. According to the CEO and founder of Firm 2, in Dinheiro Vivo, on the 26/07/2011 and Expresso on the 14/08/2011:

"… Despite a recession scenario in many national tourist areas, we believe we can still grow in the domestic market and expand our network of hotels across the country and so we can become bigger and gather more experiences of different local realities.....this firm continues to have an advantage, which is to produce projects cheaper than our competitors. We have a structure that makes the project and coordinates the work, which gives us all the advantages since the group is composed of seven companies. The production cost is lower, compared to that of some competitors would. We have a competitive factor... Brazil continues to be the part of excellence and investment, despite of some problems in some areas of the country, we have always believed that there was much more to do, now maybe, the other way and with other partners. With regard to other investment destinations, we refer inevitably to Angola, Mozambique and Cape Verde...."

In December of 2011, this hotel group, majority owned by two Portuguese families, already had a portfolio of 23 hotels and a consolidated position in the Brazilian market, mostly in the leisure, with a high range of products. The administration and management company is in charge, from the beginning, by a person who is also responsible for leading the group abroad. Despite the crisis, that is affecting the domestic tourist market, the group does not want to stop and try to adapt, innovate products to invest in other markets besides Brazil. According to the CEO for marketing and development in March of 2012:

"…The Firm 2 is betting on all-inclusive systems in Portugal and considers investment and expansion into Cape Verde. Face the tourism potential and the growth of demand that has been recording, Cape Verde has space for the emergence of new hotels. For now the Vila Gale has set a target date for achieving the entry into Africa, but will not start any project before 2013 …"

Table 13.1 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 2011

Firm 2 (Resource Profile December 2011) (CP1)

Size / Scale Resources	Turnover	120 000 000 €
	Capacity	4 237 rooms / 23 hotels
	Nº Employees	2 700
Market / Specific Resources	Client Orientation (1)	80%/20%
		65% /35%
	Loyalty index	12 %
	Brand	22 years
		5 and 4 stars
Experimental Resources	-Time of activity	22 years
	-Domestic Geographic Presence	All tourism areas
	-Time of activity in international markets	10 years
	-Degree of Internationalization(2)	20% - 26%
		Single (Brazil)
	Manager international experience	No

(1) Mix between leisure and business and mix between TTOO and others

(2)Rooms overseas / total rooms - Revenues overseas/ Total revenues

Case Participant 2(CP2)

Firm 3 is a Portuguese hotel group, founded in 1978 that began operations with the opening of its first unit in Lisbon. In 1983, the dream continued with the opening of the second unit, also in Lisbon. In November 2005, continuing its momentum of increasing development, added to its portfolio three new units with the acquisition of a minor hotel group with operations in Portugal. The Group's latest acquisition was a four stars hotel in Lisbon. At this time, the universe is twenty within three brands, covering all segments from economy class to the upper, offering services that meet the needs of their customers.

Table 14 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 2004

Firm 3 (Resource Profile December of 2004) (CP2)

Size / Scale Resources	Turnover	17 500 000
	Capacity	1135 rooms / 12 hotels
	Nº Employees	680
Market / Specific Resources	Client Orientation (1)	35 / 65
		40 / 60
	Loyalty index	12%
	Brand	No
		3 / 4 stars
Experimental Resources	-Time of activity	21 years
	-Domestic Geographic Presence	Lisbon

(1)Mix between leisure and business and mix between TTOO and others

Fifteen of the group's hotels, in Portugal, are located in the town of *Lisbon*, three in Mozambique, in the cities of Maputo and Beira and two in Angola, in the town of Luanda. Pursuing his dream, the Group develops two projects in Mozambique and one project in Portugal. In an interview to Ambitur in March of 2008, the GM from Firm 3 stated:

".... Our history as a hotel company was quite without, any major ups and downs, with an average growth of a hotel, five years in the Lisbon area in the middle segment of business. ...Much of group consolidation was mainly due to the development of the corporate sector that grew in the Portuguese capital after the April 25, opening Portugal to the world of international business and tourism as an urban phenomenon. Also do not deny that the process of decolonization and independence of the former Portuguese colonies was not important for the group, but it came a little later with other developments..."

Already with a considerable portfolio of hotels in Portugal in 2004, Table $_{14}$ the hotel group expands its activities to Mozambique. In Exame of August 2006 the GM from Firm 3 argues:

... following a natural evolution in the middle of 2000, the group began to study alternative investment abroad..."

"... natural in the sense of a growth strategy... Or penetrated in the same segment of clients in the same geographic area, or enlargeable our business segment in Lisbon ....what in part was done ... we start with the corporate segment of the three stars to four stars and five stars now... Other option would be go out to other areas of the country, including Porto, Braga and Faro. We decided to go to Mozambique where he had many affinities and interests at, shareholder level, local authorities and customers..."

Table 14.1 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 2011

Firm 3(Resource Profile December of 2011) (CP2)

Size / Scale Resources	Turnover	36 000 000 €
	Capacity	3262 rooms / 20 hotels
	Nº Employees	1300
Market / Specific Resources	Client Orientation(1)	30 / 70
		45 / 55
	Loyalty index	15%
	Brand	12 years
		Grand, Executive, Executive Suite, Inn
Experimental Resources	-Time of activity	34 years
	-Domestic Geographic Presence	Lisbon
	-Time of activity in international markets	7 years
	-Degree of Internationalization (2)	22% - 24%
		Multiple (Mozambique / Angola)
	Manager international experience	No

(1)Mix between leisure and business and mix between TTOO and others

(2)Rooms overseas / total rooms - Revenues overseas/ Total revenues

Case Participant 3(CP3)

The Firm 4 was formally established in 1998, although its origin is located well before that date, beginning notably with the purchase and restoration of an hotel in Mindelo, in 1995, and even before that, when in the early 90's after a holiday trip to the islands of Cape Verde, a group of founding partners acquired a former mining and exploration company of salt of the same name. Since 1998, the group has invested in a strong growth. In Turisver of January 2007, the CEO from Firm 4 stated:

> **"... We've been in Cape Verde and the decision to invest in the tourism industry was born of a vacation, they came with two colleagues. It was love at first sight. We already had the idea of investing in CPLP countries, but Cape Verde was our first love.... this our bet in Cape Verde happened at a time when the country started the second round of tourism development on the island of Sal start-marked, by buying the first TACV Boeing... When we arrived we bought a hotel with 90 rooms in Mindelo and in three years, we had two hotels with more than 300 rooms. ... The group also acquired another hotel of 120 rooms as a result of the privatization process..."**

Currently, with no hotel investment in Portugal, the group has so far a total of 1232 rooms in Cape Verde mostly of Sal and since 2000 started its expansion to the northeast and the interior of Brazil. In Presstur in March of 2008, the CEO from firm 4 said:

> **"... The turnover of the group in Cape Verde is 60 percent of the group, providing the remaining 40 percent of Brazil. Yet, both markets are growing... more investment is planned for Cape Verde... In Brazil we have just inaugurated two major infrastructure projects that aim to complete the beach and sun products we already offer. In this country, our investments are located in Ceará, where we bet, too, in complementarity with Cape Verde...we want to give the tourist and businessman Cape Verde a taste of our Brazilian hotels..."**

While no immediate projects in Portugal, the growth of the group focuses on Portuguese speaking countries and intends to remain so. The shareholder group is 100% Portuguese and, despite the crisis in Portugal, plans to investment more than 20 million € in next triennium. According to the CEO, in Ambitur, of October 2007;

Table 15 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 2011

Firm 4(Resource Profile December of 2011) (CP3)

Size / Scale Resources	Turnover	34 661 000 €
	Capacity	6 hotels / 1232 rooms
	Nº Employees	600
Market / Specific Resources	Client Orientation (1)	70 / 30
		55 / 45
	Loyalty index	n/a
	Brand	10 years
		4 Stars / 5 stars
Experimental Resources	-Time of activity	12 years
	-Time of activity in international markets	12 years
	-Degree of Internationalization (2)	100%
		Cape Verde and Brazil
	Manager international experience	No

(1)Mix between leisure and business and mix between TTOO and others

(2)Rooms overseas / total rooms - Revenues overseas/ Total revenues

"...The group always invests in Portuguese-speaking countries, considering the language an advantage over other competitors, and therefore admits that continental Africa is a future possibility. Right now, the group is building a new unit root on the island of Sal and another in Praia, Cape Verde, and has some projects to start in Brazil.To date the group has invested 35 million Euros, of which 20 million in Cape Verde, and has 25 million investment to complete the course on the island of Sal a five-star hotel and another 12 million investment in another plant in Praia..."

Case participant 4 (CP4)

With 12 hotels in Portugal and two in Brazil, the firm 5 is one of the major hotel chains in Portugal, offering approximately 3,280 rooms in the accommodation category of four and five stars. This group was founded in 1933 with the opening of the one prestigious hotel in Lisbon, the first five stars of the country. Succeeded by investment in new hotels in the center of

Portugal (Sintra and Coimbra) its acquisition by a national group bank saw the firm brand substantially strengthened and its offering in the segment of the congress and diversification of its tourist offer in the areas of Leisure and Golf. In 2001, with a renovated brand the group opens to the public a magnificent 4-star property, located at Nations Park in Lisbon. In 2002, the group arrives on the Island of Madeira and in 2004 it acquired a 5 five hotel in Algarve. The group CEO told the Diário Económico, in July 2011;

"… **We have a good supply in the main areas of the country, in the leisure and business segments. The consolidation of investments by strengthening the brand and new product development is a priority of the group in Portugal… we will focus, in the near future in the consolidation of operations in Portugal. We have no special provisions for investment in Portugal. We want to bring more tourists to our hotels, as a strategy to overcome the crisis that the country crosses…"**

In 2006 (Table 16), the group began a process of internationalization, acquiring its first unit in Salvador, Brazil.

Table 16 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 2005

Firm 5 (Resource Profile December of 2005) (CP4)

Size / Scale Resources	Turnover	n.a.
	Capacity	9 hotels / 1280 rooms
	Nº Employees	980
Market / Specific Resources	Client Orientation (1)	35 - 65
		55- 45
	Loyalty index	16%
	Brand	5 years
		4 and 5 stars
Experimental Resources	-Time of activity	26 years / 5 years
	-Domestic Geographic Presence	Lisbon

(1)Mix between leisure and business and mix between TTOO and others

In February 2009, the group opens its second hotel in Brazil, in São Paulo. According to the CEO of the hotel group;

"…In the last five years the hotel's management group backed the brand repositioning and internationalization for the next year, being the priority to consolidate this strategy, "while remaining alert to all opportunities that arise in domestic and international markets... we are aware of the opportunities. Of course, the Rio de Janeiro pretensions to figure in our priorities straight, but there are also projections to Brasilia and the North, where he would very much like a resort in the Amazon region. But one must consider that we are progressive. Recently, after the investment in São Paulo, we opened a resort built entirely over the chain, with investments of 60 million € in Portugal, which covers an area of 40,000 m2 and has 280 apartments, with 16 presidential suites and a Banyan Tree Spa.

Table 16.1 summarizes the main elements collected in primary, and secondary, sources concerning the main firm resources in December 2011

Firm 5 (Resource Profile December of 2011) (CP4)

Size / Scale Resources	-Turnover	110 000 000 €
	-Capacity	3280 rooms / 14 hotels
	-Nº Employees	2000
Market / Specific Resources	-Client Orientation (1)	55 / 45
		60 / 40
	-Loyalty index	18%
	-Brand	10 years
		Collection / 5 stars / 4 stars
Experimental Resources	-Time of activity	33 years / 10 years
	-Domestic Geographic Presence	Algarve / Lisbon / Coimbra
	-Time of activity in international markets	5 years
	-Degree of Internationalization(2)	17 -30
		Single (Brasil)
	Manager international experience	Yes

(1)Rooms overseas / total rooms - Revenues overseas/ Total revenues

(2)Mix between leisure and business and mix between TTOO and others

Case Participant 5 (CP5)

The hotel Firm 7 is a family group seated on the Island of Madeira, with more than 40 years of experience in the hotel business. Nowadays, this hotel group includes seven hotels in

Madeira and two hotels in Brazil. Already in the company's birth year, in 1969, that another feature of the company emerged: the mission of innovation, making known in Portugal, the typology hotel apartment. In the nineties, the group took over management of the "pousadas" in Madeira and opened his first five stars. In the end of 2003 (Table $_{6.1}$) the group manifests the intent to sell some assets to invest abroad. In 2004, the group expands to the northeast of Brazil with the opening of two units. According to both the GM and CEO from the hotel group, in Turisver of January of 2004:

CP5"…The Brazilian Northeast will be served with two five-star hotels with a total investment of around about 21 million euros and a half. The former Beach Esplanade Hotel will be the new and refurbished group Grand Hotel, with its opening scheduled for July this year, it has 230 rooms all facing the sea and is located near the main entertainment areas and shopping in Fortaleza . The second unit renovated by this Portuguese hotel group is the former Sheraton Recife, now called Recife Monte Hotel, also of five stars. With 198 rooms and direct access to the private beach of Piedade, it is expected that this unit becomes operational as early as February. Both hotels are equipped with several restaurants and bars, pool area, health club, conference rooms and events, and business center. Hotel Firm 7 will bust the Grand Hotels to be the new sub-brand for the Madeira group of five-star. The group operates some two thousand beds, handed out by its seven hotels, five of which are located in Madeira and two in the northeastern Brazil…"

Table 17 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 2003

Firm 7 (Resource Profile December of 2003) (CP5)

Size / Scale Resources	Turnover	12 500 000
	Capacity	750 rooms / 5 hotels
	Nº Employees	380
Market / Specific Resources	Client Orientation (1)	95 / 5
		98 / 2
	Loyalty index	6%
	Brand	No
		3 stars
Experimental Resources	-Time of activity	33 years
	-Domestic Geographic Presence	Madeira

(1)Mix between leisure and business and mix between TTOO and others

In terms of future investments in Brazil, there is the possibility of a partnership, with another hotel group in Fortaleza. But the GM and CEO of the hotel group, head of the chain said in Ambitur in March of 2005:

CP5" …the main objective now is to "consolidate the two five stars investments of, and then proceed with other business." The next goal will go forward with other projects this time in both resorts of Recife and Fortaleza, with a view to offering a complete product to tourists. The entry in the business of managing and operating units in Brazil is also being worked on with a goal of achieving defined by the group in 2015 by the exploitation of 10 hotels in Brazil. The turnover of the hotel chain was around 15 million euros, in 2004, and the outlook for growth this year, taking into account the openings of the units in Brazil.

Table 17.1 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 2011

Firm 7(Resource Profile December of 2011) (CP5)

<table>
<tr><td rowspan="3">Size / Scale Resources</td><td>Turnover</td><td>22 500 000</td></tr>
<tr><td>Capacity</td><td>891 rooms / 6 hotels</td></tr>
<tr><td>Nº Employees</td><td>425</td></tr>
<tr><td rowspan="5">Market / Specific Resources</td><td rowspan="2">Client Orientation (1)</td><td>70 / 30</td></tr>
<tr><td>55 / 45</td></tr>
<tr><td>Loyalty index</td><td>5%</td></tr>
<tr><td rowspan="2">Brand</td><td>8 years</td></tr>
<tr><td>3 and 5 stars</td></tr>
<tr><td rowspan="6">Experimental Resources</td><td>-Time of activity</td><td>42 years</td></tr>
<tr><td>-Domestic Geographic Presence</td><td>Madeira</td></tr>
<tr><td>-Time of activity in international markets</td><td>8 years</td></tr>
<tr><td rowspan="2">-Degree of Internationalization(2)</td><td>25 % - 45%</td></tr>
<tr><td>Brazil</td></tr>
<tr><td>Manager international experience</td><td>No</td></tr>
</table>

(1)Mix between leisure and business and mix between TTOO and others

(2)Rooms overseas / total rooms - Revenues overseas/ Total revenues

Case Participant 6 (CP6)

The Firm 9 had their inception from the idea of a business men group to create a hotel perfectly suited for local market needs in terms of facilities, service and positioning. The first group hotel opened in 1988 with an innovative concept of spacious suites furnished with kitchenettes. The 5 star standard of the group appeared in 1994, also in the city of Funchal, as a result of a careful survey of the needs of the island of Madeira in this segment. In 2000, the city resort group received its first guests.

On the basis of this project was the idea of merging a city hotel for its location right in the center and old town of Funchal, with a resort. In December 2003 the group opened the new concept resort, which integrates three different hotel units (in a common area where the services, amenities and facilities are shared by clients each of the hotel complex.

The group is controlled by two big companies, in Madeira, with a 45% stake, with the remaining 10% distributed by local entrepreneurs. A big German tour operator has a 15% share in the company of "management". The CEO and founder of firm 9 stated in APAVT Magazine of September 2007:

”... The hotel group theoretically begins in 2000, but the projects, since 1988, with an innovative idea of a hotel suite ... my experience in the field made me realize that there was needs according to new segments seeking Madeira ... between 1975 and 1988, the hotel industry has not grown in Madeira so, we would have our chance in the local market...” in APAVT Magazine / September 2007

By 2003, the group grows to the one thousand and seven hundred beds and stands as a hotel company with the best performance (REVPar) in the regional market with the inevitable exit, out of the region.

With a strong corporate image with customers and partners, the group announced plans for the Algarve, Lisbon and Brazil through a series of partnerships. So, from 2007 (Table 18) the group starts the internationalization with a hotel in Rio de Janeiro and a guest house in Búzios.

Table 18 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 2006

Firm 9 (Resource Profile December of 2006) (CP6)

Size / Scale Resources	Turnover	27 000 000 €
	Capacity	800 / 4 hotels
	Nº Employees	280
Market / Specific Resources	Client Orientation (1)	80 / 20
		85 / 15
	Loyalty index	18%
	Brand	7 years
		4 / 5 stars
Experimental Resources	-Time of activity	19 years
	-Domestic Geographic Presence	Madeira

(1)Mix between leisure and business and mix between TTOO and others

In May 2008, as the result of a partnership with another Portuguese business, the group opens a resort in the Algarve and maintains a boutique hotel project for Lisbon. In an interview to Viajar of February 2010 the CEO and founder of firm 2 said:

"... No doubt that the image of excellence of the group and partnership with a German tour operator has accelerated our logic of sustained growth. Although almost all the growth was organic, it was this partnership that has helped us grow so quickly and directed us toward other goals... Because of our small size, the group international expansion has always been underpinned by strong partnerships and customer segments, where we would have some experience. So, we entered the Rio de Janeiro in 2007, and São Paulo in 2009 ... after all, just last year we acquired a parcel of land in Madeira for a future project ... we are aware that having 15% of the regional market, with an occupation average of 90%, is a fact that brings us some questions whether we should grow internally...

Table 18.1 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 2011

Firm 9 (Resource Profile December of 2011) (CP6)

Size / Scale Resources	Turnover	54 000 000 €
	Capacity	1236 rooms / 10 hotels
	Nº Employees	550
Market / Specific Resources	Client Orientation (1)	65 / 35
		68 / 32
	Loyalty index	26%
	Brand	11 years
		5 stars / 4 stars
Experimental Resources	-Time of activity	23 years
	-Domestic Geographic presence	Madeira / Algarve
	-Time of activity in international markets	5 years
	-Degree of Internationalization (2)	17 – 32
		Brazil
	Manager international experience	Yes

(1)Mix between leisure and business and mix between TTOO and others

(2)Rooms overseas / total rooms - Revenues overseas/ Total revenues

Case Participant 7 (CP7)

This firm 10 dates back to 1972 as a family company, who developed its activity mainly in the tourism sector, and has interests in industry and services. The company, mostly local or at regional level, today, is seen as a Portuguese hotel Group, by far the largest in the tourism sector, with 44 units and about 9400 rooms. After having secured a solid foundation in their home market, the Autonomous Region of Madeira, this Group left for a sustained growth in "core business" (hospitality). This growth occurred both in the national territory, in the Algarve and the area of Greater Lisbon and Porto. According the president and co-founder of firm 10 in an interview in Mais Turismo of September 2003 stated:

”... The entrepreneurial spirit of the group had its genesis in two Madeiran businessman who immigrated to South Africa, with roots in Mozambique, which, when returning to Madeira bought an old hotel in Funchal. After demolished, it gave rise to the first hotel of the family… owned by the brothers which in the first years of existence were the only directors. This was the embryo of the group it is today…in the 80‘s, the Group acquired another 5-star hotel in Madeira, designed by the famous Brazilian architect Prof. Oscar Niemeyer… Until the mid-nineties the group grew to 2600 beds in the Madeira, in a component of traditional hotels and time-share business that has been the sustenance of initial growth… It is also important to highlight the growth in other sub-sectors of tourism, such as gambling, golf, real estate, leisure air travel via charter flights and tourism operation abroad as levers for sustained growth in Madeira an in Portugal mainland…the logic of growth in these vectors was a side strategy … creating marketing and distribution channels, where the Group could have a significant influence … reducing the levels of dependence on large conglomerates tourism operation…”

In 1998 (Table $_{19}$), the group was the first arriving in Mozambique, following Cape Verde and Brazil. This growth occurred, particularly, in countries that have affinities with the Portuguese culture, such as Mozambique, Brazil and Cape Verde but also in Portuguese territory.

Table 19 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 1997

Firm 10 (Resource Profile December of 1997) (CP7)

Size / Scale Resources	Turnover	26 000 000 €
	Capacity	1500 rooms / 8 hotels
	Nº Employees	600
Market / Specific Resources	Client Orientation (1)	60 / 40
		55 / 45
	Loyalty index	12%
	Brand	No
		4 / 5 stars
Experimental Resources	-Time of activity	24 years
	-Domestic Geographic Presence	Madeira

(1)Mix between leisure and business and mix between TTOO and others

Proof of this, was the purchase of two new units in the Algarve and the entry in the Cape Verde market, through the acquisition of an existing unit, in Praia. The CEO for international business in “Isto é dinheiro “of April 2009 said:

”... When we arrived at Brazil, our idea was to have only one hotel and see what would happen in ten years. But the surprise and the dynamics found in Brazil forced the group to rethink the strategy and grow among the Brazilian economy. We thought that if we built a hotel every three years, we would have a lot of luck. But growth was far beyond anything we imagined... Today, the hotels in South America already accounts for 15% of our entire business...”

After the “first” boom of the firm’s internationalization, 2010, marking the beginning of the entry in Europe, the Group opened its first unit in London and in Berlin in May 2011. For the period of 2011-2014, the Group has already announced the opening of new investments in: Miami - United States of America will be the next destination, followed by a five-star in Montevideo, Uruguay and in Casablanca, Morocco. Luanda is the first target in Angola, beginning with the construction scheduled for the first quarter of 2012. In Argentina, the Group recently announced its 3rd investment. In Turisver and Expresso in the year of 2010 the cofounder and president of the firm 10 stated:

”... When the Group advanced this second phase of international expansion, we decided to have a hotel in every European capital; London was obviously, the first place. It was difficult to get a hotel there, but this opportunity came from London, we wanted to grow in Europe... I was born in South Africa when it belonged to the Commonwealth, and I remember singing the English anthem...”

The Group is in the Top 300 hotel companies, worldwide. According to 'Corporate 300 Ranking', published by the American magazine "Hotels", this hotel group occupies the 115th position, as the Portuguese network in a better position in the world ranking. In 2010, the group brand was awarded as one of the most valuable in Portugal, Brand Valuation Forum, valued at 104 million Euros, currently leading the tourism sector. According to the 2008 consolidated balance sheet of the fixed assets of the hotel group which represents 860 million, the equity hit the 320 million EUR and the turnover amounts to EUR 470 million. According the cofounder and president of the firm 10, in Expresso of January 2010 said:

”... Our goal is to have 100 hotels in 20 countries in 2015…”

Till 2003, the Pousadas were managed by Enatur (Empresa Nacional de Turismo). From the summer of 2003, its management was privatized and handed over to the Group, integrated in the winning consortium. Currently, there is a network of 41 hostels divided into several categories: Historic, Historic Design, Nature and Charm. This new classification of the hostels is aimed for a better characterization of each establishment, according to its nature, and to respond more adequately to the expectations of each client. In Viajar of April 2009, the GM for domestic operations stated:

"... In the current year, the Group renews the lease of the Pousadas de Portugal with the Portuguese government. The purchase contract for the operation of B & B is in force, since September 2003… To continue to manage the brand, the group pledged to continue the internationalization plan based on the creation of new hotel establishments, in buildings of Portuguese origin of recognized historic or cultural value, or in locations of significant presence in Portugal, or in other places showing the Portuguese cultural heritage…

Table 19.1 summarizes the main elements collected in primary and secondary sources concerning the main firm resources in December 2011

Firm 10 (Resource Profile December of 2011)

Size / Scale Resources	Turnover	470 000 000 €
	Capacity	9470 rooms/ 90 hotels
	Nº Employees	7000
Market / Specific Resources	Client Orientation (1)	50 /50
		35 / 65
	Loyalty index	14%
	Brand	15 years
		4 stars and 5 stars
Experimental Resources	-Time of activity	28 years
	-Domestic Geographic Presence	All tourism areas
	-Time of activity in international markets	12 years
	-Degree of Internationalization(2)	31% / 42%
		Africa, America and Europe
	Manager international experience	Yes

(1) Mix between leisure and business and mix between TTOO and others

(2)Rooms overseas / total rooms - Revenues overseas/ total revenues

7 - Multi-case study data analysis

7.1 -The purpose and considerations of data analysis

The purpose of this chapter is to describe, present and summarize the major themes that emerged from the content analysis of interviews. This part of research adopted a mixed procedure, more consistent with the deductive nature of the research, not following the trend of similar studies. Overall deductive studies appear to use an inductive way to analyze and present the conclusions (Barrat et al., 2011). Each case was treated as a separate identity, for an initial analytical purpose, and then a cross case, complemented the previous analysis for conclusions and findings. The findings for each research question are given below.

As pointed in the methodology chapter, a preliminary interview was made randomly to one case participant to ensure the operability and functionality of the interview, in order to optimize the acquisition of information, in accordance with the parameters of the investigation. Therefore, the first interview was made to the firm's 7 manager, that corresponds to case participant 5 (CP5), according to the script, initially set constant, in the methodology chapter. According to the best practice applied in the case of a semi-structured interview, it should be open, but targeted to an end, without pointing to the interviewee the study's variables, avoiding falling into biased and unsavory practices to an empirical investigation. On top of the original script, it was introduced a couple of extra questions, given some confusion that occurred in the first issue, concerning the international engagement. When the second question was placed, in terms of motivations and stimuli that sustained international engagement, it was difficult for the respondent to separate the different stages of international engagement, leading to some confusion when preliminary analysis of information was made. Within a semi- exploratory approach, two contexts were introduced, one for the initiation of international activity and another for the subsequent(s) stage(s) of international involvement. Although some investigators had alerted to the fact, that there is some confusion about the early stages of initial involvement, being hard to know, where one ends, and another begins, there seems to be an understanding that these are closely linked (Bilkey, 1978). Thus, there are authors who give little evidence of consistency, in these general models. Although stimuli can be found, at any stage of the internationalization process, there is few evidence as to what sparks off the movement of the firm, from one stage to the other, being one major weakness of these generalist approaches for international engagement (Ford, 1982). According to Bilkey (1978), Czinkota and Jonhnston (1981), Jonhnston and Czinkota (1981) and Katsikeas and Piercy (1993) a list of stimuli factors were adapted commonly to both and earlier stages. With the separation of the stages, it was possible to measure the impotance of each of the stimulus within the phases of engagement, and therefore contributing to a better explanation of the facts. According to Bilkey, 1978; Czinkota and Jonhnston, 1981, Jonhnston and Czinkota, 1981 and Katsikeas and Piercy, 1993), both the nature and the impact of each stimulus, will usually differ from one stage to another, being consequence of the dynamic, turbulent and ever-changing nature of international business environment , and its impacts on firms behaviors. Being a cross sectional study, in its essence, this research highlights the stages of international engagement and, in some way, introduced to a mostly dynamic approach and overcome the limitations of this kind of study. Accordingly, some modifications were introduced in questions 2 and 3, giving emphasis to what motivated initial involvement in international scene, and then exploring the stimuli and motivations behind the maintenance and growth in the international market. So, in accordance, the new interview guide and all the interviews were carried out, following the case number participant (CP $_n$) according to the preliminary list of participants, set out in the methodology chapter.

1) - Describe chronologically your company's activity, in domestic and international markets.

2) - What drove your company to seek business in foreign markets? What were the main motivations?

2a) - Are the motivations for international expansion still the same? Explain the reasons behind this change.

3a) - Explain what stimulates internally your company to engage in the international market.

3b) - In your opinion, which external stimuli were important for your company's initial engagement in the international market?

3c) – Taking into account the motivational factors evolution, which stimuli are important for the engagement and consolidation in the international market?

4a) – Explain the choice made by your company, regarding where to enter and what were the reasons that supported that decision.

4b) – Explain the choice made by your company regarding how to enter and the reasons that supported that decision.

5a) - What are the company's plans for the domestic and international markets.

7.2 - Within Case analysis

This data analysis method presents the findings, case by case, regarding the two research questions (RQ1 and RQ2). The approach involves structuring all the text statements, already processed within study variables. Structuring means that each statement is attached to the dimensions and factors of the categorization matrix, within the variables, defined in the methodology chapter (Appendixes CatCP1 to CatCP7). To analyze the evidence, the chain of case study design was used following the theoretical propositions and giving priorities, to the relevant analytical strategies, such as cross checking and pattern matching logic. What matters here is that all potentially relevant information, in the document for the study, is categorized and subjected to analysis. For the process of deductive inference it is important, that the subject can be covered, in some way related to the research problem. The technique used for this part of analysis, is a narrative process switching between, the researcher's description of the facts and each participants citations, where previously structured contents of the interview reinforces the observation and the reading of the facts. According to Graneheim & Lundman, (2004) the credibility of the research's findings, also deals with how well the categories cover the data. The findings for each research question are given below, in accordance to previous value model proposition, that is, from motivations to strategies.

RQ1 – Why do Portuguese hotels firm engage in international operations?
According to the research design, it was assumed that the motives, for either, starting or exploiting international activities, are affected by different kind of stimulus within managerial perceptions, in other words, the firm international engagement is the product of the interaction from internal and external factors (Albaum & Duerr, 1989). Typically, in the literature, these two dichotomized are indistinguishable, and have been described as internal (firm based) and external (environment based) stimulus (Bartlett, 1991; Cznikota, 1982; Leonidou, 1989). The analysis of the structured text statement, regarding the first research question, was undertaken through categorized firm references, to main motives and related stimulus that drive the firm, to international engage decisions.

RQ_2–How do Portuguese hotels firms develop strategies in their internationalization process?
The criteria to analyze the structured text statement, regarding the second research question, is based on the theoretical assumption that strategic choices are affected by firm and environmental drivers, within a number of categorized, internal and external, referenced

stimuli. According to Wiedersheim-Paul, Olsen and Welch (1978), in their international strategic process approach, the stimulus/drivers are among the most dynamic and critical elements of the decision to undertake international operations, with clear impact on strategic choices in the internalization process. According to RBV the resources and competences which may translate into sustainable competitive advantage in international market (Barney, 1986), can explain the internationalization at the firm level. However using the Dunning´s OLI paradigm determinants frame-work and firm manager entrepreneurial orientation it can explain the internationalization of the firm at the strategic level (Cuervo, 2010).

Case Participant 1 (CP_1)

Motives

Essentially, what motivated the CP1 to start international activity, were firm growth and risk diversification. It was also mentioned by the CEO of CP_1 that, the exportation and development of the firm "winning formula", in foreign market, was one of the main reasons for starting business abroad. In addressing the concept of "winning formula", the respondent stated that the good performance achieved in the domestic market, had positive effects on the confidence of shareholders. Thus, and referring to performance, in the international market, the respondent admitted that at medium term, the company wanted to bring value to the firm in terms of profits, product portfolio and related brand awareness in Brazil market.

"**The will to go out, had to do with a lot of things ... but mainly, growing at a faster pace and diversifying our investments...The development of an already, winning formula in the Portuguese market was a factor of confidence to invest aboard... It is clear that the existence of markets and conditions for access to these markets were important in the decision, but essentially the basis of the motivation was the expansion for potentially promising markets...**

Faced if that, supposed, "potentially promising markets" could support, at 100%, a decision like the international expansion. The CEO from CP1 justified the fact on the basis of the prior, and deep, knowledge of the market and business opportunities that in that time emerged.

"...How we were pioneers on hotel internationalization it was difficult to guess, but what is certain is that, we have been preceded by others in other sectors, which were being successful... Indicators such as market size and growth rates were visible on some trips that I made Brazil in that time. As owner and manager of the group, I was optimistic given the opportunities that emerged in that market... If felt that

everyone was pulling in the same direction, business owners, local government, business partners and even customers. Combining these external signs with the available natural resources, so essential to our business segment, and our competences, it seemed attractive to us the idea of expanding into a new market...”

When asked about the reasons that led CP1 for strengthening the commitment in international market, , the respondent replied that after ten years of experience in the Brazilian market, and more than twenty five years in the Portuguese market, the main reason was to take advantage of synergies acquired at a local market level, within a number of informal and formal networks.

“...We have six hotels in Brazil and we are the fifteenth group hotel in Brazil, ahead of Pestana hotels...In five star beach resort hotels, we are the top hotel group in Brazil... When we reach this level that we begin to see results, but of course all this happen if we are efficient. The efficiency in marketing and operations happens with dimension, exploration of partnerships and of course, with good investments…Today, more than two thirds of our clients are Brazilian...we have many clients in our hotels in Portugal, which are a result of our presence in Brazil...The Brazilian outbound market, has been growing a lot with repercussions in overnight stays in Portugal ...”

Stimulus / Drivers

Concerning the stimulus / drivers of international engagement the CP_1’s CEO, explained that, already in 1995, the company was thinking about internationalization but he felt it was a little premature, so, only in 2000 they built the first hotel in Brazil.

“...I think a hotel company should internationalize, if it has a solid financial position and with a significant dimension, in their country of origin... only this way, it makes sense that if you want a sustained growth, with some continuity over time, in a third country... reaching a significant of dimension outside is also important for growth and performance ...”

For the CP_1‘s CEO, the idea of sustainable growth has to do a lot with the ability to leverage the group experience, in the field of hotel projects. The group has an architecture and engineering department that is very valuable for giving support to all the projects. He refers to national and international projects as well as construction, renovation and converting.

"...Our experience in construction and investment, in human capital, on projects development gave us the ability to undertake our projects locally, more efficiently. Our experience in Portugal, while operating in networking, with small specialized firm, gave the ability and barging power to deal with local firms…We know what is best for us, in terms of costs, and what are the customer needs... of course that some stimulus, given by the government of Ceará, helped then, in two ways. Promoting the destination together with Portuguese entrepreneurs, since there was a significant flow of Portuguese tourists to this area of Brazil, and, of course, facilitating all the licensing processes within fiscal incentives…"

Closely linked to the knowledge of potential clients needs, the CP1's CEO put emphasis that, in that time there was also a network of direct relationships with the Portuguese clients, within a high degree of loyalty, and at same time, a close relationship with tour operators, of central and northern Europe, who were responsible for much of the production in the Algarve hotels. At the beginning of the 2000´s, the European tour operators were looking for a repositioning of European tourism to new long-haul destinations, more attractive in natural resources and with great potential, for tourism development. The CP1 group management was already in Brazil since 1995, prospecting for real estate. Taking into account the group knowledge of European tourist source market, they felt it could be an opportunity, given their partnership, as service providers, in Portugal touristic market and the related knowledge of customer needs.

"…For us, it was a stimulus to know that we could support an international operation, with a guarantee of a critical number of clients. We already knew the clients' tastes and we had a privileged relationship with the distributors ... our apprenticeship and knowledge, in the internal market on top level hotel service, was essential for all the process of internationalization…"

According to the CP1's CEO, everything that happened between 1995 and 2000, from the expectations of major tourist flows between Europe and Brazil and, the possibility to invest and manage tourism projects in a more ambitious scale, were key factors for getting involved in internationalization. When asked in what way the ambition of the group was crucial to the international engagement, the CP1's CEO said that, although the strategy of the group passed through internal growth, the exit to a larger market, with a fast growth rate, was essential to leverage the group's investments.

"…There was a lack of quality hotels in those markets with high growth potential, both in supply and demand. There were signs of economic and social stability, where good business opportunities naturally emerged... exchange rates were very favorable, there were also local incentives and, as an

ambitious Portuguese group, we saw a big opportunity...as precursors, we risked in the Brazil market with no regrets, although many of the initial presuppositions did not occur.

It was referred by the CP1's CEO, that the process of international engagement, was not only supported by the competences that already existed, but also contributed to a better organization, in terms of organizational and operational competencies.

"…The operation in Brazil has forced us to be more decentralized ... what we learn outside is always important, bringing new ideas and practices for business…as we engage in the international market, we better use and develop our competences…

It is also important to note that, when speaking in terms of maintenance and development of international operations, the decline in profitability in the domestic operation, was mentioned by the CP1's CEO, as a factor with some weight, with respect to external stimuli.

"…Given the crisis that threatens the internal market, the exploitation of business in a market with higher potential, is a way to monetize some structures of the group and for risk diversification of the investors' capital..."

The group's international growth, owes much to the establishment of a network of contacts and local partnerships that, from one point, were an asset to the group's success in Brazil

"…**Although we like to have our business under our scope, we always saw the importance of partnerships with local and mainly, networking in all areas of the business. We grow internally and so many of our latest opportunities emerged from these business networks. It is also true that often the reality of the business is not the same as it was in the past and, to grow at a faster pace, we cannot be alone anymore…"**

Market Choice Dimension

The country choice decision began during a personal approach to the CEO, and other shareholders of the $CP_{1,}$ during a prospecting investment visit. In a second stage, the decision was supported by external and privileged information, and some perceived evidences that Brazil was a country with good expectations for the near future. When confronted with those perceived evidences, the CP_{1}'s CEO referred to the intention of the European tour operators to invest in a destiny, and the fact that many Portuguese companies, in other sectors had been, successfully, installed in the country, benefiting from a favorable economic environment. The fact that there was a positive pressure from some local government institutions, may have weighed in the market choice, so it was a mixed decision, between Brazil's hosting conditions and the group's confidence to win, within the positive host market determinants, as geographic proximity and tourism potential market.

"...The decision for Brazil and Ceará state has emerged from a sentimental bond and a cultural and linguistic relatedness... a very cheap market with great natural resources available... low competitiveness in our market segment... a world, within a world, with great opportunities...located a few 5 hours flights, from Lisbon…"

Confronting the CP_1's CEO, about the reasons of choosing Brazil, taking into account the fact that there are other markets, with similar specificities, he argued that the choice had much to do with the business and cultural ties, between the two countries. He added that the choice to go to a single destination has to do with the intention of concentrating resources, in one market to gain critical size, and then, get more synergies to further detect and exploit other market opportunities. However, he also said that the entry in a country even culturally close, like Brazil, is very risky and involves a lot of work… was also stated that the Spanish hotel groups were already negotiating positions, with local land owners …

"…**although it seems that Brazil is a market culturally close, and may contain some facilities for Portuguese investors, it is a very different country, with great difficulty, at a bureaucratic level... Brazil has much to offer to Portuguese companies and we felt from the Brazilians some receptivity to the Portuguese... Brazil is self sufficient in almost everything, and speaks our language, but with regard to service standards and practices, they are very different from us..."**

After about 10 years of experience in Brazil, CP_1 intends to consolidate the investment in the country, and already has six large luxury hotels in Ceará state. According to its CEO, this strategic choice of location and, related sustained growth, stems from a deep knowledge of the market, with a higher level of brand awareness in the country.

"...Since we arrived, a lot of things happened and we had to learn everything. The materialization of the business with the European market was not achieved and we had to adapt. Unlike other groups, we arrived in Brazil alone, and despite everything, we grew and knew the system very well. We must

capitalize these 10 years of experience because we have already in Brazil a structure and a network of knowledge and partners... and who knows, after a solid base here, we may leave to other markets..."

Entry mode Dimension

Regarding the entry mode approach, adopted by the company's CEO, he begins by noting that although the capital is a scarce resource and at the beginning, local financing was too expensive, the group opted to build and operate all its hotels with financing obtained in Portugal, mainly with its own funds, venture capital and with minor local investors. Faced with the fact that, the group, was not known in Brazil and that capital was a scarce and expensive resource, it was asked why the group did not opt for a lighter investment modality. The CP1's CEO evoked various reasons, especially the opportunistic character of the investment, made by the group in Brazil.

"...**The fact that we invested almost 100% was due to that good opportunities were mostly appeared in an investment format, you had to take it or leave it... It does not mean that there was no rental or manage options, but the existent format was not completely compatible, with our brand parameters. The fact that, rental contracts have an average duration of five years does not make sense for those who have brand recognition goals. The good management contracts were rare, and with out-standard products... Of course that all of this, is related with the fact, that at the beginning we were unknown and the conditions that investors put in, were not the best... It was better to get financed and we made everything from scratch because it was cheaper, and would meet our expectations... unlike the Spanish groups, very well known by trade, we did not have much bargaining power, towards local banks and international tourism groups…**

Faced with what kind of expectations to which it referred, the CP1's CEO stressed again, the creation of a critical dimension and the parameters of the quality both, in service and, in the project itself. He also emphasized that because of this situation, it was better not to risk and internalize all the value chain.

"…Given the low competitiveness of the Brazilian Northeast region, with a shortage of resources, at human and logistical level, it was risky for us to guarantee, all kind of services. In this specific case, at that moment, it was complicated not to control the whole process. A winning formula can be lost out in wrong hands... However, because we explored already some local partners assets and being unable to obtain financing in hedge funds is a sign we are developing a good job in Brazil… But, we are still a group

that installs, builds and explores its units ... so, we create more roots in the markets and in the regions where we are ... this is all part of the growth process, within our ability to take, and control, all of this…

When asked, if the group would keep this format input mode, the CEO said that from now, things could change, as happened with the waiting period to enter the international market, in the same case, with the adoption of other forms of exploitation.

"... When we think of leaving abroad, we weigh the fact that if, we would be solid enough, to take risks. In this case, it is whether the brand is able to impose on the market in order to capture the confidence of investors... The fact that, the last two of our hotels are owned by a pension fund and reveals that we are doing a good job and that there is a perception by others, that we are on the right way... Given the nature of different existent markets in Brazil, we are considering creating a sub-brand in the economy segment, for the urban market ... we look forward to operate this market, because there is lack of modern business hotels in secondary cities... We are talking about cities, with the size of Porto and Lisbon, but much less competitive, than the Rio and Sao Paulo. In similarity, in Portugal, we established in Porto, Coimbra and Braga... This may be the beginning to create a product, much easier to get investors to give us the exploration, as being able to sell the use of the brand ... we're always thinking of growing both, in Portugal and Brazil...."

CP 1 - Preliminary key findings and main determinants framework

According to the firm's background, resource profile evolution, in site observation and interview, it was concluded that initially, the firm international engagement, was mainly based on growth and risk diversification motivations. The materialization of its motivations, was stimulated by a number of internal competence, related factors and externally, by a favorable environment, within market opportunities and local incentives. Regarding the motives to sustain and develop business, in ten years of international engagement, there were mostly beyond the sustainable growth-oriented within internal and transversal networks with local companies. The brand recognition, the growing use of synergies, arising from a real estate structure, and hotel development projects, already installed and tested in Portugal, and the application to all areas of business of knowledge acquired, were the stimulus to sustain the group international experience.

Taking advantage of some scale economics was an issue, since the beginning of this interview and with importance for the group efficiency. It must not be forgotten that the rate of growth of the group, on the domestic market, was dropping due to low profitability in internal operations. The maintenance of group growth passes through gain, ground in more profitable markets, increasing its internal efficiency. It is not unconnected with the fact that from a certain period after there was an increasingly source of funds with an external nature. To maintain international growth, the CP1 intends to take advantage of the developed resources and skills acquired in Brazil, creating a network of synergies to capitalize and leverage future investments. Although CP1 has adopted a conservative behavior, regarding the internationalization time delay, taking into account the length domestic route and form self-financing sustained funding. The fact that CP1 have been a first mover, with no significant partnerships, and have achieved a good adaption to the market contingencies, reveals an entrepreneurial approach to internationalization, based on a use of competences to meet market opportunities.

The adoption of Brazil, by CP1, more specifically the Ceará state, to invest and develop international activities, is related with two situations with different natures but, somehow linked. The first is the fact that, what triggered CP1's internationalization was the opportunity to invest, in a big market with cultural affinities, with a potential to grow at a faster pace, with low perceived risk. Secondly, was the opportunity materialization and maximization, in this market, that would be achieved by using resources and tacit skills, intrinsic to the company. As a competitive advantage, it had to be used, at the right time and, in the right place. In other words, the market choice was determined by the market opportunity that has arisen, given the firm´s vocation, knowledge and competences in the leisure luxury market.

The CP1's orientation, for only one type of market, within a single geographical and product orientation, in a certain way, was due the tacit level of firm competences and absence of brand awareness, in more competitive markets, like Rio de Janeiro, São Paulo and Salvador. It was easier and riskless to enter in markets where the firm has competitive advantages. So, we can say that for CP1, that opportunistic behavior and the nature of skills influenced the choice of the market, in the first stage of international engagement. Regarding the dominant asset commitment modality, on the CP1's entry mode decision, it is clearly influenced by three distinct factors, also somehow linked. The first is related with two market specificities, the local market (Ceará) level of competitiveness and low geographic and cultural distance. Despite the Ceará touristic market having a lot of potential, at the time of entry, the sophisticated touristic activity client as we know, were incipient. In contrast to the abundant natural resources, human and logistics resources were not abundant, and the sector was composed by small units, unable to meet demand potential standards and the modern tourist.

So the idea of externalizing some activities or even managing other investors properties, were not an option for CP1, because the firm would have higher transaction costs. Despite the perceived small cultural distance, there is a difference concerning business practices and routines, which is another contribution for the firm to have tight control parameters on quality of the provide service. The other factor that reinforces the low cooperation and the need for local control are the competences based on tacit assets and the complexity level of capabilities. The logistical complexity associated with large hotel units, associated with the high standards of quality, is a barrier to local co-operation and requires high levels of control. Also, the nature of competences based on tacit assets makes it difficult to deliver to third parties without losing value. The third factor is the desire, to reach a critical size in this market, which makes it easier to achieve full control of the investment. It confirms a policy of exploiting and coordinate synergies and building an image in the Brazilian market. In summary, the nature of the market and the internal competences, influence the entry mode choice in the first stage of international engagement, always with the idea to use this region of Brazil, as a centre of operations with a critical dimension.

Regarding CP1's strategic choices for the future, it appears possible a shift to other markets and other products. Given a larger critical and brand exposure, in the Brazilian market in the short term, CP1 will launch a lower brand in other markets, exploiting synergies built along 10 years of activity. As soon as the CP1 engages in the international market, new strategic solutions may arise.

Case Participant 2 (CP_2)

Motives

Although it was explicitly asked which primary motives led the group abroad, the arguments presented by the CP2's FM do not fit fully in the previously defined categories. However, we can say that it was the impetus for growth and the desire to return to origins, the main reasons. Based on the content of the interview, it is obvious that external stimuli were crucial to motivate the group in its international expansion.

"…The internationalization until the mid-nineties was not brought up, and we were truly motivated to grow domestically, more specifically in Lisbon... The internationalization was not something worked out, but an awakening of something that was latent and in face of favorable circumstances, made the internationalization scenario possible...we had already in mind that the group had grown as fast as

possible in that time...it is clear that the international vocation of the group, regarding its origins, stimulate us at the same time, increasing the motivation for internationalization...

Confronted later, to explain what circumstances were favorable, the FM stated that, although most of them were external, they could not be dissociated from the internal reality of the group, at that the time of the facts.

"… Apart from the fact, that we already have a network of privileged relationships, with local agents, both public and private, we also witnessed an opening of the Mozambican government to foreign investment, in order to develop the country, which was already recovering from 20 years of war…Mozambique has a great potential for tourism activity, and we had the competences to develop it...The business was going well internally, with a motivated management team and with the agreement and complicity of our CEO which represents the 51% of the shareholders... the decision of international engage in Mozambique, was based on privileged information, firm perceptions and business opportunity resulting from our the clients network…

The justification of a decision that involves some risks to be taken, so quickly was justified in part, by market knowledge and customer preferences. With regard to African incoming tourism business market, in Portugal, CP2 is a preferred partner. As we have contact with Portuguese domestic clients, we become aware of a growing interest for the African economy, and the opportunity to link these two realities. The perceived advantage, while entering a market with potential growth, was essential to take forward the idea of an international involvement.

"... We felt we had something to give to a country like Mozambique. Although, at a first glance, our ambition to grow seemed a risky step, it could become an opportunity ... we knew we were going to be pioneers in the market and could be successful..."

Regarding the primary motivation, in the continued commitment, on the international stage and more specifically in the African market, a bet on a hotel network is clearly a reference to a localized growth, with clear intentions to be a benchmark in the hotel African urban market.

"…**A clear commitment by the Mozambican government, in resource exploitation and construction of communication routes, crossing the country is a facilitator to economic activity .... There is a lack of support of business infrastructures travelers moving in the axis of Maputo, Tete and Nampula.**

The same is seen also in relation to the axis of South Africa, Mozambique and Angola. An exploration of opportunities, in these two axes, may be the growth strategy of the group in Africa..."

Stimulus / Drivers

Although it has been difficult, throughout the first part of the interview, to separate primary motivations and stimulus, it was evident that something has sparked the interest in the foreign market. According to the CP2's FM, it was also clear that the exit tothe foreign market was not a reaction, to a fall in the domestic market, but something which was triggered, by a series of internal factors and external events.

"…**The perception and some reliable information, that Mozambique wanted to go forward, together with the government's willingness to privatize certain activities, giving incentives to investors was a great encouragement for us business group, with historical roots in the country... Of course it helped, at this time, the solicitations from clients, banks, and even investors to open a hotel in Mozambique. All of this combined, with our skills, and some market knowledge, motivated us not to hesitate in front of business opportunities...**

Faced with, what internally was more relevant for the international involvement, the FM of CP2 highlights the marketing and operational skills, in hotel business, and sentimental relationships with the country of entry.

"...Our expertise and experience, of more than 30 years in the business city hotel, in Portugal ... The development of relations with our African customers in the domestic market .... The existence of a business network from Portugal to Mozambique ... the notion that we knew the right product for the right market..."

Throughout the first interview questions, it was found that some initial assumptions concerning motivations, changed, consequence of new stimuli, which have been emerging since the eleven years of international presence. At the present time, the group develops hotel activity in cities across the country and expanded to the capital of Angola and intends to grow steadily in both countries. Given these situations, the GF was confronted to list the stimuli that most contributed to the continued expansion in international markets

"...The growing interest of large, national and international economic groups, in Angola and Mozambique... The return of investors to Mozambique with a capacity of developing projects of some dimension ...An increased flow of business people between the two countries and Portugal, benefiting our hotels occupancy... The adequacy of different segments brand, to market types, covering the capital and the capitals of the provinces are a strength competitive advantage for a hotel group... we have to take into account that some national hotel groups, some of them direct competitors, are already beginning to develop activities in Angola and Mozambique... Our nearest competitor in Portugal, will open later this year, the biggest five stars of the country and are also preparing to go to Maputo. They too, with many entrepreneurial roots in Africa also bet strongly in this market...The expansion to Africa is a normal process, oriented and based on a strong competence, within an attractive potential market...

It was also mentioned that the business environment, in Mozambique, had evolved favorably, contrary to what was happening in the domestic market...

"...The competitiveness in the domestic market is growing and we feel that in Portugal it is increasingly difficult to do business. Although the group is already established in Lisbon, competition is increasing combined with a crisis in demand and prices..."

Market Choice

The choice of country and market in particular, as evidenced by the previous point, is linked to a sentimental attachment to the country, a favorable context and exploitation of a perceived opportunity. During the interview, it was transmitted that the choice of Mozambique, in a first stage was a result of some incidents and the awareness from the management that, if there was a way out of Portugal, it should always go through Mozambique.

"...The path that led us to Mozambique, occurred naturally and not due to any planned strategic guidance... the market prospecting was replaced by the call back to the roots and it is these connections that allowed us to access, and face, opportunities with optimism and determination...It comes down to a public offering of one building in Maputo and an opportunity to recover a building that had been owned by one of our shareholders in the city of Beira..."

Regarding the factors that reinforce confidence in the country choice, two aspects were highlighted to understand the intentions of the group's expectations. Referring to Mozambique as a country of the future, it was asked the GF of CP2, to materialize in practical terms this claim. He referred the potential tourist aspects of the country with the government's effort, and also benefiting from a social and political calm. He also claims that although, the country still lacks of support infrastructures, he felt a synergy between the government, the neighbor South Africa and some Portuguese and foreign multinationals, with intent to leverage the economy.

"...Mozambique is a country with a future but also with many weaknesses in the tourism infrastructures... The country has many natural resources and taking into account the levels of political stability, the economic activity will increase in the country. We were willing to take risks and took advantage of this opportunity. Although the Pestana group is already there since 1996, we have been pioneers in the country in business hotel segment with a Portuguese brand... We think the time of entry was right for two reasons, first, because there were internal factors for us to leave Portugal and then, Mozambique was already in a recovery point that is possible to operate a business with good perspectives..."

Faced with what kind of expectations, the Group has about Mozambique, the FG of C2 said they did not expect to grow and make money quickly but, hoped to reap dividends in the medium term. We insisted and asked, which kind of dividends they intend to obtain. He replied that in Africa, we had to go slower, to get confidence from locals, in order to gain access to local and others peripherals markets.

"...We are aware that Mozambique is still an uncompetitive market. But unlike Angola, it is much less speculative, which sometimes makes it very attractive, in terms of appearance and the future value of opportunities. It's still a cheap market with few barriers to entry but, all this is already changing... The strategy of making Mozambique a base to go to other more competitive markets, with potential of faster growth, like Angola, is also one of the reasons to expand and sustain our growth over in Mozambique. Making our brand a reference to the business market, in the Portuguese speaking African market, is a way to grow faster later...

Entry Mode

It was observed that the group, in its eleven years of international experience, owns and operates all units in Africa with exception of the Luanda hotel. According to the FM of CP2, the option for full ownership has several reasons. Moves by the way opportunities presented, by the absence of competitiveness and the development in the hospitality and real estate sector and, the lack of specialized local firms to support multinational companies.

“...Bearing in mind that, tourism is still very recent, in this country, we went with 100% in capital and exploitation... In Mozambique, the barriers to entry are essentially due to the lack of means... If a company does not mobilize the resources the things do not work ... there is a lot of need of knowledge and one cannot rely on local support for training, assistance and financing... For all our hotel projects outside Portugal, we continuously, have a follow team ... it is imperative to control, since, locally, there is lack of business knowledge ... we have to control and manage, from the project, to exploitation...we must not forget, that our project in Maputo, is a five star hotel and involves a lot of operational complexity...

According to the CP2’s FG, this option is the imposition of a market but may involve the cooperation in the future, as has happened in Portugal. We entered In Luanda, a more speculative market and competitive, through a partnership with a local partner.

“... In Angola, protectionism and inflation is much higher, increasing the risk of business...But we had to be there because, it is a market that gives us great visibility, and we cannot lose ground to our, more direct, competitors, in that market. “

CP 2 - Preliminary key findings

In this case, it is clear in the interview content, that internationalization was not a direct result, from a deliberate strategic move. It was a result, of a series of facts and incidents that led the group to orient, its resources and competences into international market. Since the underlying motivation was the return to the origins and the implicit motivation was growth, what truly leveraged and allowed things to become reality were the appearance of an opportunity and the self-confidence of the new management structure, in the international project. The control unit resulted from a restructuring of the company, was crucial for the group to engage in the Mozambique market. This type of decision was not supported by a threat or an internal market contingency, but by the emergence of a marketing opportunity perceived, by the firm, as potential value added decision, to the group. That positive perception was a strong stimulus, based in internal and external origins. Stimulated by a good performance in domestic market and a confidence in their business skills, the group took into account the long experience in the corporate segment, and its relations with African clients in Portugal and potential Portuguese clients in Mozambican market. Historical ties between, the founders of the group, and the Mozambique commercial trade, created over the time relationships which, in some way, facilitated the establishment of a network of influences and the whole process of internationalization, by accessing more easily to local benefits.

The reinforce of international engagement, evidenced by a sustained growth in Mozambique, is a resulted of various factors, such as, the exploration of synergies within the group and with local authorities, the emergence of new poles of development, result of economic growth, promoted by the government and access to strategic markets, for a sustained growth in that region of Africa. The consolidation of the group brand was also determinant, to face the threat of another Portuguese group, competing in the strategic axis of Angola and Mozambique. In this pioneering phase, and, given the two markets' characteristics it is important for the group to guide its growth, to a strong presence, in order to have a critical market share. The consolidation of the group, in the Portuguese market, was already in a mature phase and, despite some incremental internal growth, there is an assumption of stagnation, and a decline of results, in the internal market. What was seen as a product of circumstance in 2000 becomes in 2011, a vital strategic direction for the Group. The opportunistic behavior and the assumption of risk, based on a self-confidence attitude upon internal expertise at the operational and networks level, makes the group an example of entrepreneurial and proactive character.

Given the evidence, we can say the group, although it took about twenty-five years to go abroad, that this exit should not be seen as a calculated strategy of accumulating resources, in order to minimize any risks, but rather a series of critical incidents and international vision of the new administration.

It is evident that the country choice, at a first glance, is grounded in a sentimental attachment and cultural proximity. But, there were other factors that might help and consolidated this decision. These factors were mainly linked with perceptions and realities, from the market itself. The most important were the conjunction of a favorable environment for business, in a market with potential to grow. The growth potential was initially identified within the country and at a later stage, as the basis for expansion into more competitive markets. As first movers, some opportunities were identified in uncompetitive tourist market. The emergence of industrial and commercial activity in the country, and the lack, of urban lodging structures, make Mozambique a land of opportunities for the hotel group. The African vocation of the Group, in conjunction with the Government's desire to develop and support direct investment in tourist structures, were key pieces for the group, chasing Mozambique in the first stage of international engagement.

Unlike the domestic market, where the group already operates units always in the lowest segment of the brand, owned by others investors in Africa, most of his investments are held and controlled by the group. Underlying this decision is the absence of choices, for other ways of entry mode, and the nature of the opportunity that was the result of a public offering, at an attractive price. Of course, all of this was linked to the low economic competitiveness of the country, although some multinationals have already considered Mozambique a country with a great potential. In this particular case, the decision of Mozambique would only make sense, if the investors started to see its returns, at a medium and long term and be able to monitor all the investments since its inception till the exploitation. Highlighted by one element of the executive board commission present in part of the interview, the cost of financing was very low at that time, which could lead the company to expect the return on investment, in a more wide space of time, not having any sense embark on others forms of entry mode. It was noted, during the interview, that the lack of human resources, and know-how in the local, combined with the type of product that the group has to offer, made the internalization a necessity. Although, at this time, the group is open to other forms of cooperation, the choice of opening large urban units of superior quality, makes the group still very cautious about sharing something, which happened only when strictly necessary, as it was in Angola.

Case Participant 3 (CP3)

Motives

The present case is the only Portuguese hotel group that has its genesis, outside the country. It all begun with a group of investors, led by a businessman linked to tourism activity in Portugal, with venture capital funds and some available equity who invested in some land on the island of Sal. Speaking to the CEO of the CP3, founded in Portugal in 2000, we also inferred by secondary sources that, beyond a sentimental affinity the primary motivation was linked to economic reasons, in a clear opportunistic first mover entry strategy, in a culturally close country, with unexplored natural resources for tourism.

"...There were a number of assumptions that were critical to start our business in Cape Verde. First it was the realization that the island of Sal is a paradise destination, with friendly people who speak our language. Secondly, was the geographic proximity and the government expressed willingness, to develop a structured tourism, within incentives to hotel entrepreneurs. The third reason is that, I have believed and convinced the investors although, the risk that we might have it was a business with future.

Faced with the fact that Cape Verde had tourism for more than 20 years and that, other investors, of other nationalities, were already on the island, we inquired the CP3's CEO of what were the arguments and strategies that he believed, were fundamental, in the growth of a destination, that was not included in the European tour operators' map.

"...Well, at that time, Sal had only small hotel units belonging to foreigners who directly traded with small specialists, distant from the cultural reality of the island. On the other hand, there were also a number of state owned boarding houses and private lodges individuals for adventure tourists who came by their own means. In summary, there was no organized tourism because there was little demand...I understood that the lack of demand were linked to the scarcity and quality of supply ...the lack of supporting infrastructure, air transport and hand skilled labor would only have a solution if there was a concerted effort to bet on the destiny. One thing was true; the government alone was not able to do it .So, we decided to take an active part in this process and we did our share, investing, disclosing the name of Cape Verde in the world and we were almost as ambassadors of the country. We are a Portuguese brand but who knows us, links us to Cape Verde..."

Frontally, was assumed by the CP3's CEO, that it was not easy to get that message across, even though it was logical, taking into account the cycles of tourist destinations. There was a demand for new resort destinations, from the European tour operators, with some geographical proximity. From the moment that the government took seriously the conclusion of the international airport and quality hotel products begun to appear, it was a matter of time for the development and the boom of touristic activities, conclude the CP3's CEO.

"...Being already there, was an advantage, over those who came after... so it was a vision of an opportunity that really came to materialize... We always think in the business potential, but never stop to sustain the fact that, all this potential was based on a strategic resource, for a hotel company, which was the landscape and proximity to issuer's tourist markets…"

In fact, it happened that the Group benefited from the tourist boom, on the island of Sal, derived from its initial strategy. Product innovation, focus on local culture and collaborative networking with local, private, and public partners. Thus, taking into account a competitive advantage, based on local experience and synergies from the group, was a bet on growth which, diversified into other islands and extended their operations to Brazil.

"...The fact that we were pioneers in a destination where everything was scarce, where we had to innovate and develop processes and practices, creating synergies with everything and everyone, resulted in the development of unique skills, within networks, and taking advantage of it, we grew naturally. What, for some, was difficult and took some time, for us was easy..."

Stimulus / Drivers

Motivated by the growth potential of the destination, and its role, in tourism development of the Cape Verdean archipelago, was certainly the vision and international experience of its founder, and current CEO, who was the main stimulus for this project. Initially linked to a multinational rent-a-car, the group used the distribution network and contacts to promote Cape Verde in Portugal, on a scale never seen, within the main national tour operators. Another stimulus was the capital of trust, given by local authorities to the group, showing signs of a of course commitment to the development of infrastructure for the tourism sector. It also contributed the opening of the international airport of Sal and the ability to reach Cape Verde through charter flights. By consequence, the destination became more accessible, to a larger amount of people lowering the price of accessibility.

"...In fact, at a first glance, there were more constraints than stimuli, but we knew how to take advantage of this situation being pioneers in the destiny, and disclosing Cape Verde, not only as a sun and sand resort, but also combining the rich Creole culture site. It was a fair exchange and enriching experience for both sides. On one hand, we learned from local, welcoming people and enjoying the resources, sustainably. On the other hand, we bet on their qualification and add a supply more suited to the modern tourist... The opportunities were there, you only need to combine them and make them available ... we are talking about paradisiacal beaches, summer all year round, marine resources, gastronomy, recreational activities related to the sea and local culture... Of course, all this existed, but was not in the format to consume, so we had to learn to deal with it, innovating, developing practices and partnerships in a difficult environment for the creation of synergies ... Cape Verde is a discontinuous destination, with different realities and problems, at a territory planning level, which forced us to be entrepreneurs in many practices, we learn a lot from it... We trained people, created partnerships with local companies, cooperated with the authorities in planning and development of resources and above all we operated like a bridge to Portugal and Europe in this first phase, of development of the archipelago..."

The growth in Cape Verde, took place naturally, with exponential growth in arrivals of Portuguese tourists in the summer and French, Swiss and Belgian in winter. The specialization clearly oriented, towards leisure tourism, was one of the reasons for the adventure in Brazil. According to the CP3's CEO that investment was the result from an opportunity in a nearby destination and with identical resort characteristics. Fortaleza is a 4 hours flight from Cape Verde, where the group already has two hotels. According to the group's CEO a taste of Cape Verdian culture in Brazil.

"...When you want to gofrom Cape Verde to Brazil does not mean we want to make Cape Verde a paradise for Brazilians, but a reference to the Cape Verdeans who are, and go, to Brazil on business. There is already, a considerable movement, between Cape Verde and Brazil, and we can take advantage of this strip of clientele. But, the key aspect is the diversifications of business, in a country with a large scope for growth. The experience we had was important for implanting in Cape Verde and we want to grow further in the two destinations, always with 4 and 5 star superior hotels, first line on the beach. At this time, in Cape Verde it is inflated and the business opportunities are scarce. Everything is evolving very quickly, and with the presence of large multinational German and English with the concept of all inclusive, we have to adapt ... we are small and operate in a very competitive market, we always have to innovate and be different, otherwise run the risk of disappearing..."

Market Choice

It is clear from the testimony of the CEO, and of some people connected to the administration of the group the choice of Cape Verde, took place for sentimental reasons and also due the type of involvement that would require, taking into account the characteristics of the market.

"...The choice of Portuguese-speaking markets and geographical and cultural proximity was a natural reason, with Brazil being an extension of Cape Verde... In the case of Cape Verde, it implied that a group of investors as we were, with no special skills in hotel business could find one uncompetitive market, with low entry barriers to develop a hotel project. I know that everything seems antagonist, but that's what happened. We were a bit into the discovery and taking some risks, we believed in the destination's potential and in our entrepreneurial profile... Of course, with great dedication, capital and contacts the things resulted, now we are an organization that has grown out of Cape Verde. At first, we entered Brazil with resort hotels and given the potential of Fortaleza, as a business destination, we adapted our offer to the business segment ... our ability to adapt was put to the test, at the right time, we acquired two hotels financed with venture capital ... now, would be more difficult, due to our size and the speculative bubble that will face the Brazilian economy...

Reinforcing the idea of the perfect match, between entrepreneurial spirit and a potentially attractive destination, CP3's CEO acknowledged that the initial complicity, between the group and the local authorities, had their weight on the choice of country.

“...The truth is that since 1992, we had been prospecting and our bet was to choose an emerging economy that spoke Portuguese, at the same in a promising sector... In this case, we had money to invest, the tourism was a promising sector, and it seemed to me that Cape Verde, was the right spot... The proximity to European markets, some signs of stability and economic growth in the country and demand, for other destinations, outside Europe, by agents from tourism distribution still has given more strength to my manager intuition with some experience in tourism sector

Entry Mode Choice

All units operated by the group, are accounted in the company's balance sheet. According to CP3’s CEO in this moment, there are no conditions for other forms of operation mode. Although the destination already has some competition, it is still not enough to emerged mixed forms of capital and exploitation due to, lack of logistical resources. The risk that the country still contains and the emergence of giant German multinationals, that vertically integrate the whole chain of value, leave little space for the competence, is a new reality for the remaining independent hotels and small groups. These multinationals operating with wide body planes, cut the costs of operation, in more than 20%, and use their barging power to negotiate with local companies and the government.

“...For a group like us, who are adapting to the new paradigm of all inclusive products, it is being very difficult to adapt our minds, because we think that all inclusive will distort the image of Cape Verde as a holiday destination and impoverish the local economy. To compete with groups that bring two thousand customers a week, in their own planes, and put them in mega hotels where there is no need to go out, is only possible to operate if we dominate and control the most of our internal operations. If we don’t manage to do it at the short term, we will not able to be more competitive in the price. Although we have a more customized product, with other options for clients who still gave us margin of maneuver, we also need volume to grow and we cannot neglect these new ways of seeing the business. Our next five-star in Sal will already be an all inclusive, with more complex management system that requires, new day do day, practices that we have control...”

From the final part of the interview, we deduce two important points about the current market situation in Cape Verde and its relation to the type of entry mode carried out by CP3. First, the pressure on price, as a competitive factor, and the need to take advantage of the few scale economies, facing a new mass wave of all inclusive tourists, from multinationals giants and the choice from CP2 of a client oriented strategy to a more demanding type of customer, with a different kind of product. According to the CP1's CEO, both situations require a control over resources, the first to avoid the emergence of transaction costs trying to build, internally, an efficient operation and, in second place, to maintain the quality standards of the offer. It is also clearly stated that, although, there were positive developments in the local economy, there is still no support infrastructures and local firms to ensure the quality of some core services, in terms of their outsourcing, although there is a lot of cooperation among secondary services, such as recreational and cultural activities.

CP 3- Preliminary key findings

What makes this case a rich subject of study, is the particularity of being the only case of a Portuguese hotel company that chose to initiate, and develop, their activities outside the country of origin. In other words, they become international from inception, as a result of an entrepreneurial vision of its founders. Normally, associated with technology services companies, this type of phenomena, goes beyond this scope of activity and extends to traditional activities, such as, tourism and hospitality. The reasons pointed by the researchers to explain why the born global are becoming more wide spread, are several. Cleary, between entrepreneurial-visionary approach and cognitive–clinical approach, concerning the initial phase of the process, and learning dynamic approach for later strategic orientations, this case is a typical example of proactive and entrepreneurial approach, of international engagement. The relevant fact about the motivation was the founder's strong believes in the project, and the opportunities that would arise. A positive attitude towards a winning project and believe in the capacity of the company without experience in overcoming the difficulties, in a seemingly hostile environment, was the basis of the internal stimulus. With regard to external stimuli, these were based on the founder's perceptions about the evolution of the European tourism market and information on the Cape Verde government guidance, regarding its strategy for the economy. The fact that the group had entered an early stage of the destination development, without prior experience, in domestic and hotel sector could bring more constraints than opportunities.

However, as a first-mover the group developed an ability to adapt and to position the relations with the authorities, with the locals and a greater ability to manage the adversity. Thus, the group's capacity of developing synergies with stakeholders to build new structured product to give an impulse to the Cape Verdean tourism had positive reflections of the group in its internal growth. By being, an active part in the construction of the destination, the group has strongly contributed to its consolidation in most of the islands, with a quality hotel product, where Creole culture was always part of the package. The creation of a local brand and the development of hospitality skills, slowly allow more clients arrivals, in the first instance, in Portugal, and, in a second phase, from central Europe. Through a network of hotels with very peculiar characteristics, the group bet in the different touristic product, where the strength was the contact with the local culture. Cleary, still an expensive destination, Cape Verde had begun to grow at an average rate of 8%, per year, since 2002. Airport charges, at that time, were still, five times more than in the Canaries Islands. Taking advantage of this growth, the group wanted to use its experience and network of contacts, to expand as much as possible and began to think out of its base of Sal to other islands. However, the problem was always how to get tourists to these islands. Due to the territorial discontinuity, the growth potential to other islands would always be a problem whose solution was not within reach of a small group like CP3. So, the group had to look for growth, in another direction. Growth in Salt was near its sustainability, and there was already some speculation in other islands with excellent tourism resources, like Boavista. What was crucial in the choice of Sal, was the center of the group hotel operations holding first mover advantages, the affinities with the locals, and initial complicity with the government was not a reality in the other new emerging islands. Unlike Sal, Boavista, is almost a desert island with a residual population. In the mid 2000s the island was literally invaded by multinational mega hotels, all-inclusive, benefiting from an agreement with the government to conclude in 2008, the international airport of Boavista. The German multinationals, with vertically integration and an average size of 3500 rooms per hotel, changed the paradigm of Cape Verde tourism. The CP3 group possesses a land with 30 000 square meters in Boavista, but has no plans to build anything, for the next two years. The exit for Brazil, as a new market, was thought as a risk diversification strategy. Initially seen as an opportunity to grow fast, in a geographically and culturally close environment, soon after, it was also an opportunity to diversify in terms of segment of clients, moving from leisure to business, always bearing in mind, the existent synergies, between the Cape Verdean market and Northeast Brazil.

It’s concluded that the dynamism of markets is not compatible, with indecision and missteps, from small hotel groups, much less speaking in international markets which have not yet fully consolidated, with structural constraints, such as client access and market size. CP3 now stands at a crossroad but has to take a direction very quickly. Maintain a strategy of consolidating its customized product in Sal, or enter the market for all inclusive resorts, with other multinationals, are its options. The questions asked are the following; will CP3 have sufficient resources to handle such a war of prices? Will it be prudent for the type of company that has grown steadily in a small, family environment, to have so many business fronts? One thing can be observed, a small business engaged with success, in many business areas, outside their country. Hopefully, once more, we hope that common sense of their entrepreneur leaders prevails to take this company to the right track. The last thing heard from the CEO of CP3 was: “we do not want to be the biggest. Perhaps therein is the solution.”

Case Participant 4 (CP_4)

Motives

Unlike other cases of this study, the CP4 has very clear idea regarding the first order motivational factors that lead the group to think about internationalization. The emphasis placed by the CP4 group´s GM in establishing two moments, in the history of the group, was important to better frame this issue. The first phase of the company, that lasted almost 65 years, was characterized by the hotels investments in the region of Lisbon and its surroundings, all the great icons of luxury and quality in Portugal. All these units, with a semi-professional and familiar management, belonged to a traditional family. In 2000, the company is acquired by the ES Group and, in result of past investments, and recent acquisitions, emerges a larger group with the same name, but with twice the capacity and expression across the country. By 2005, the ES Group understood that the group should go through a complete restructuring, from branding to management. And since 2006, the group was reborn and actually, the brand name and the choice in luxury hotels are the only things maintained from the first phase. Before 2000, the responsible for the group and the shareholders never thought of leaving Portugal. Both the research, carried out in the press and from the interview impressions, the scope on the group's growth encircled the region of Lisbon and its surroundings. According to CP4’s GM, the desire to internationalize is closely linked to the international vocation of the ES Group. This new way of seeing the business in the new administration, sparked the group's expansionist ambitions. According to the GM and also a member of the board, the primary motivation of the group was mainly growing in potentially larger markets, in another economic environment.

“...The main reason was the need for give group´s brand more visibility and grow in our segment… we had to engage in a new market at the same time bigger and with more potential to grow…

The ES group was already installed in some countries that met these requirements; it was a matter of study and choices… The sustained growth in a market with potential has always been the group's strategy of extending more rapidly any brand, exposing it in other markets… The intention to prepare the group to enter a bigger market with great growth potential was to create synergies between markets, in a more competitive and visible environment…We needed to gain dimension and the domestic market, had no conditions for these kind of expectations….

Stimulus / Drivers

According to CP4 group's GM, from the major stimulus that contributes to the firm motivation, in expanding its activities beyond domestic market, were closely related with the fact that, group have been purchased in early 2000's, by a holding bank company, with international experience. The exploiting market knowledge arising from the presence of holding bank group in others markets, within a number of networks, facilitated the group expansion were pointed out by CP4 ´s GM, as a positive stimuli.

"… The ES group has a very strong presence in Brazil and Africa. This would facilitate not only initially, opening some doors, but essentially a better knowledge of the market ... not the tourist market itself, but in local partnerships, investment opportunities, funding and legal and tax matters…Going abroad, a natural process, within the strategic development of group, in the Portuguese-speaking…In 2005, an opportunity to purchase a land in the northeastern Brazil, for a good price and we took it…

According to the CP4's GM, the land purchase was not a commitment of building a hotel. The incentives and the constraints would always have to be considered, but, clearly, the balance weighed to the side of investing in the future.

"…Beyond high operational and marketing skills derived from many years of hotel activity, in Portugal market, at the highest level, my experience as a manager in the international Accor chain, in Brazil, is also an important fact to be taken into account…The group has internal competencies to take successful international opportunities. Brazil, outside its main urban areas, had a shortage of competences in the hotel service so, when we exported our model we were adding value to Brazilian hospitality…Thus, at a favorable internal and external environment and given the strengths and opportunities in the international scene, we decided to invest in Brazil and, later think, in other Portuguese-speaking markets.

Market Choice

According to the CP4’s GM, the choice of Brazil, among other options, was the result of three factors. By fact that the group belongs to a multinational holding already established in the Brazilian market, the first factor was the existence of a network of contacts and deep knowledge of business practices within the country's competitiveness, and local benefits. The second factor was undoubtedly, the confirmation of economic reality of the country, with a space and environment for a group that wants to grow and consolidate a mark of excellence. The third factor was the existence of a cultural and linguistic proximity between the two countries although, it may be obvious in some aspects but, it can be, the difference, between doing business or not.

“...Given the expectations created internally with access to the market knowledge and externally, with market opportunities in tourism sector, a chance to buy a resort in the northeast of Brazil appeared. Thanks to the sale of the land bought a year earlier, we decided to bet on a hotel reference segment of the beach resorts... Not being pioneers in this market, where there were already some Portuguese hotel groups driven by the wave of European tourist fluxes and the emergence of destination in the domestic market, our group invested in a product that was a reference for the internal market, which at that time, was beginning to give first steps...The eco-resort was a well known premium project and met the government expectations concerning territorial planning and environmental issues…The option for the Eco-resort, also occurred because there was a big support, from authorities concerning the developments of this type of hotel. Unlike other Portuguese groups, who arrived earlier, in that time the competition was already great and much of the surrounding areas were from Spanish multinationals hotel groups ... Apart from local incentives, also weighed our capacity for self-financing, for investing, in super the luxury segment…

According to the CP4’s GM, the initial difficulties to enter in this particular market were attenuated by the knowledge of ES group in the country and by the group´s observation of success and failure of their predecessor’s in that destination. Meanwhile, by 2007, some incidents related to domestic monetary policy happened and, an opportunity to explore a reference luxurious hotel in São Paulo, emerged. The group moved forward allowing a rapidly expansion to a more competitive environment with greater marked visibility. By the fact that the group already had a premium eco-resort in Northeast of Brazil, a very well known product in the internal and external market were crucial for that move. According to the CP4’s GM, the affiliation with the ES group helps to overcome the high barriers of such a competitive market. In their first year of operation, the group was already a quality reference in the internal market.

“...Based on our highly qualified staff, high standards service and ambient policies, the strategy of serving two complementary high value-added markets, was a winning bet even, in a country with great growth potential. The potential value of the internal market, for both business and leisure, was complemented with the influx of foreigners who entered the country, especially in the urban market of Sao Paulo and Rio de Janeiro. Adding the increased purchasing power of Brazilians who could, potentially, visit Europe and, of course, use Lisbon as a gateway, the development of complementary products is a value for the brand. The choice of the country has many determinants but it comes down to a set of synergies, which are easier to develop, in a unique country like Brazil... More than half of our clients’ portfolios, in Brazil are Brazilians, and we already have Brazilian clients in our Lisbon hotels, due to a customer loyalty program developed since 2008.

Entry Mode

Regarding the history of the group, in the international market, we can say that all hotels assets operated by the group are also their property. The choice of two luxury icons of the Brazilian hospitality to represent the brand, with a high standard the same as in Portugal, a strategy that relies on a sustained operation, in an extended term of time, so that practices and activities can be assimilated and developed locally, to result in a product of excellence, consistent with the requirements of local customers. Unlike the domestic market where the company holds some hotels with management contracts regime, in the international market that does not happen.

“... Taking this into account, the time needed for the concession’s exploration is not compatible with the market’s concessions. On the other hand, ceding to a third party a concept, imminently based on our marketing skills, within a complex product, would be a risky move for us, in a deregulated market, such as the Northeast Brazil. In the resort market, despite the last developments, increasing the competitiveness in the leisure market, we believe that we should have control over operations...In the urban market, this could be possible but we haven´t enjoyed yet the notoriety for it… we must first be known, to then take the opportunities that may arise, worthwhile to enter another kind of exploitation business...

According to the CEO, it is clear that the intention of the Group is to be able to separate the operation from the investment as it already happens in Portugal, but this product will have to be further developed, by coordinating resources and competences to prepare the brand, to be well known, internationally. The plans for the group are entering Angola and Cape Verde in partnership, and consolidating Brazil, in Rio de Janeiro and Salvador. In Portugal, we are studying some management contracts.

CP 4- Preliminary key findings

With regard to the motivations of an international engagement the CP4, was guided by the international orientation of the ES holding, with clear intentions to grow in a bigger market, diversifying the risk and giving greater visibility to the brand. It was also obvious, that the timing of internationalization was related to the shareholder and organizational restructuring of the group, between 2001 and 2003. The strong commitment of a team leader, with international experience and a network of relationships, already built by the ES holding, were the main stimulus for the hotel group departure to Brazil, on two complementary fronts. Combining the strong expertise and the tradition of quality hotel service, with a potential demand in the Brazilian domestic market, the group easily managed to explore a niche market that, until now, was not fully developed in the Northeast of Brazilian. As mentioned above, the timing of internationalization of CP4 was substantially different, from the first Portuguese hotel companies that invested in the Northeastern market of Brazil. The market entry was due to a business opportunity that materialized and with the purchase of an existing unit when the competition and speculation was already a reality, in the northwest of Brazil. It is also true that, due to a strong focus on luxury segment was a distinctive component in relation to the Spanish competition. That risky step led to a close cooperation, with the local authorities, through facilitation measures and incentives, at the level of fees and taxes. The strong environmental component of the Eco-resort was a factor in innovation, in the unexplored segment of the luxury five star hotels, but it was also a necessity, given the emergence of an upper middle class that emerged in Brazilian society. Two years later, in the more competitive city of South America, the group got through its network of contacts and influence managed to operate a luxury five star city hotel in Sao Paulo. Therefore, and within 2 years, the group manages two important hotel references at urban and resort level in Brazil market. The strong sense of opportunity, facing the internal market, with the promotion of synergies, is one of the aspects of proactive involvement of the group, in Brazil. Unlike other cases, where the closeness culture was the main basis for the choice of the country, in this case, is the holding presence in the country who weights on the group's market choice strategy. In this particular case, the choice of the country, although is consequence of the nature of the international proactive involvement of the group, also it was thought as an integrated strategy, for development of the entire holding. That is, Brazil became the platform of all synergies which affect the holding operations. All this, was accomplished with a logical direction for a quality product, coupled with a premium brand with tradition in Portugal. The development of a brand linked to a luxury segment, passed by a high investment and operation, of all hotels abroad in order to maintain and control the specific type of service. The search for more cooperative, and less costly capital formats, has not been considered by the group, given the low maturity brand, in the international market, and the type of service that it contains.

Case Participant 5 (CP5)

<u>Motives</u>

Essentially, what motivated the CP5 to start international activity were the firm growth and diversification of the risk, in an anticipation of domestic recession scenario. It was mentioned by the CP5´s CEO that, there was a widespread perception, by the the company administrators that the group, could hardly grow in the regional market, facing the poor perspectives for the local market. So, the possibility to diversify the business into other markets was an extra motivation, given the poor performance achieved in domestic market.

"…The option of not investing in a market, which we believe was not the most attractive, led us to consider leaving the domestic market ... we wanted to grow, in the most desirable markets, diversifying in terms of geographical and others economic context…Our initial bet, to capitalize our resources, for a large hotel in the luxury segment, in the local market, was not profitable and that led us to consider leaving to other markets in a short period of time…What for many was a risky step, for us back in 2001, was almost a certainty...All began with first comments about Brazil as an excellence tourist destination, and we risked. We sold our "crown jewel" for quite some money and went for the Brazilian market with great ambitions…

When the question was placed about the reasons that lead the CP5, to strengthen the commitment in international market, given some statements on local and specialized press, at the time, was noticed a desire to grow rapidly and consolidate a position in foreign markets. The CP5's CEO during the interview, highlighted the successful start-up with prospects of good results for the group, supported by the advantage of being almost pioneers in the Brazil market.

"…The foreign market has given us a perspective of consolidation of our growth, with positive signs as already seen at the start of the operation...facing an internal economic depression, the market diversification activity was a need for the group survival... we seek to capitalize on the experience that we have gained in this market where clearly we were pioneered... there was clearly an environment conducive to growth ... although, the initial outlook had changed and more than 80% of the charters from Europe transactions changed to other destinations, the emergence of a single market with 200 million consumers, is one reason that motivated us to try to grow quickly as possible…"

Stimulus / Drivers

Concerning the stimulus of international engagement, the CP5´s CEO emphasized the internal competences at the level of business knowledge both, operational and marketing. According to the CEO, the existence of available financial resources derived from the disinvestment, in domestic market, which was also stimuli, to go abroad.

"…The operational skills in a destination of excellence as Madeira, gave a valuable stimulus, as well as a network of knowledge, on the distribution sector in the tourism operation which, at the time, were looking for new destinations outside Europe and putting us as privilege partners, in the business ... the opportunity to make money on the sale of our five-star hotel, in the regional market, were also a stimulus to move and invest in other markets…

With regard to external stimuli, and according to the CP5's CEO, there were many positive signs at the time that contributed to our exit to foreign interests. According to him, the main tour operators were betting strong in overseas markets, with low entry barriers and high attractiveness for the tourist activity, within a package of local incentives.

"…our stimuli resulted from the observation of facts, quite evident at the time. Our major business "partners" in the regional market, were the first to give us the support to go out to emerging markets. We also noted that other Portuguese companies were successfully in these emerging economies, with the particularity of having an environment of cultural proximity... So, for one side, there would be a guarantee of customers by operator's tourism and, by other, a favorable business environment face a good reception and support by the local authorities… The presence of Portuguese multinationals in these countries and the positive information, generated by that presence was a strong stimulus for us to move forward…

It is also important to note that, when speaking in terms of maintenance and development of international operations, the decline in profitability in the domestic operation was mentioned by the CEO of the CP5, as a factor with some weight, with respect to external stimuli. The major plans of increasing the hotel portfolio were mainly based in a great expectation of Europeans clients and the boom of Brazil, as touristic destiny for the Portuguese market. As a small group CP5 bet in the allocation of some four and five star proprieties in urban areas within a leisure vocation. The group moved in a short period of time with three units under operating contracts, for five years. However, there was always an investment for adequate supply, which was still substantial. Asked about the appropriateness of this policy, in view of the short duration of the exploration contract at that time and the intended group strategy of market penetration, the company's CEO noted that plans were in 2010 to reach the seven hotels, which in fact did not happen, by various reasons related to a break with the European outbound market expectations…

"…Due to our relatively small size, and, without partnerships, we have entered the foreign market with an excessive focus on European source market, which was prejudicial to our growth expectations, given the break that led to these markets. However, the short duration of contracts and our flexibility as a small organization allowed the group to restructure itself and orient its operations… in five years, we went from five to two units, with a more urban vocation and oriented for Brazil internal market.

Market Choice

Among the factors highlighted as determinant for a delocalization of part of the business of the tourist market in Northeast Brazil, are the combination of market attractiveness in terms of touristic resources and potential demand, and the perception that in Brazil, would be easier to develop a business, given the proximity and cultural bonds.

"…**Our guidance to the Brazilian market, particularly in Recife and Porto Galinhas was due primarily by the great attractiveness, in terms of resources, where we can develop our business in a market segment very attached to leisure…at the time, all charter operations in the European market were being redesigned for the Brazilian market and given the low competitiveness of that market, in terms of supply we felt that the timing was to invest abroad ... it was also visible the great attention given by Portuguese companies towards the Brazilian market…the investment opportunities and strong market confidence in a culturally, close market, were the lever for the market choice…there was a favorable investment environment, and the perception that the Portuguese investors, were welcomed by local authorities, reinforcing the idea and the opinion that there was a proximity between the two countries in terms of business environment…"**

It was also supported by the CP5's CEO there would be a generalized trust, inside and outside the company, facing the evidences given by the macro environment…

"... Our vocation as proximity to potential customers, can be an asset in an unexplored and emerging market... the environment for investing, given the favorable exchange rates and growth potential of the market, was still in a phase of low maturity, crucial to invest capital in the northeast of Brazil ... we entered in two market segments already known by the group... Taking advantage of a new cycle of tourism in Brazil, as an emerging economy, was crucial to consolidated the hotel operation ... our goal was to consolidate an operation with our European tour operators, having known and taking in account the dimension of a market that was showing signs of great internal growth ... then there was an exponential growth in flights for Brazil, especially to the Northeast of Brazil by the portuguese airline company…

Entry Mode

The CP5 entered the Brazilian market with a full purchase of an existing hotel and subsequently investment, in order to adapt and convert the unit to the standards of the European market. According to the CEO, it was difficult to get in another way, given the group size, the lack of international experience and absence of attractive formats of exploration of the hotel business.

…Given our small size, and lack of international experience, it would be hard to enter with less onerous equity forms…the committing to a market, in our view, would also be a way to get to know locally our brand and acquire, more quickly, market knowledge…

Within two years of activity, the group has expanded its operations to five units using rental contracts with an average term of five years... although according to the CP5's CEO, it was desirable an extended term contract, since the operation cycle of the hotel business needed at least eight years to be profitable, but the favorable conditions of the Brazilian economy and the growth of tourist flows, were sufficient to move and risk.

"…**Our initial guidance on sustainable tourism operation, very European in a way, was a lever and a trap. Due to our small size, and the fact that we are alone in the market, resulted in not being able to hold on all our rental contracts when the support base market charter ran out, and had to give up three contracts. If we had dimension and financial resources, we had gone forward with a purchase option ... we are being pressured by, unfavorable domestic market, which prevents us from growing in Brazil ... the**

option to purchase the unit in Porto Galinhas would hardly be carried out without a partnership that never happened…"

Asked why, it was not possible to manage a more efficient investment policy, based on risk, sharing through cooperation with local business owners, the CP5's CEO admitted that the desire to recover the investment made in the leased hotels, led the group to not equating at time, any kind of partnership.

…Given the changes operated in the market and our limited financial resources, we found ourselves in complicated and unattractive situation. Three of our contracts were less than half of the term, and given the modernization investments we performed to renounce them, was counterproductive…the weak bargaining power and low attractiveness of our business, meant that it was difficult to find some partnership and local financing ... We left the business one by one and now, we only have our own hotel and another one, through a rental contract…

CP 5 - Preliminary key findings

Through organic growth and sustained 3-stars hotels market, in a favorable economic environment clearly until the late nineties, the CP5 encountered in the early 2000s an unexpected challenge. The group invested in the 90's in the five-star market, anticipating the growth of destination Madeira, given the remodel and opening of the international airport. But, by the same logic, other local groups reverse investments in four stars to five stars, creating a scenario of oversupply in the short term, with anticipated price erosion and negative impacts on occupancy. With the opening of the hotel and in full operation, despite a good start, the group decided to disinvest anticipating difficulties and put the hotel up for sale, at a time, when competition was beginning to be felt. The decision to diversify the risk and go for more profitable markets was the main idea and reason, to engage in international market. As a result of available capital, the idea was to leverage the funds freed in the most promising and profitable markets. So, after deciding to leave to other markets, where they could enhance their competences, the group began to look at the natural choice of Lusophone countries to invest. Taking into account, factors, such as risk, the favorable exchange rate, the relocation of European tour operators and the presence of some national groups in the market, the Brazilian Northeast was the choice to invest. Having decided for the northeast Brazilian, the group thought initially about acquiring a unit already deployed and then, adapted it to the standards that would be consistent, with this new cycle of clients, according to the company's experience.

The experience of the opening, of a five star in Madeira, was very helpful for CP5, to adapt management practices in Brazil, although they speak the same language, according to CP5, almost everything in Brazil is different and requires great adaptability and a great effort to level of staff training. Given the small size, and limited brand awareness in the foreigner market, led the group initially needs, to control the operation locally. Unlike other groups, concerning the entrance in large capitals, it was much more difficult for the CP5 due to the high investment cost, and the competition, that required a standard network connection, in the Brazilian market. So, the CP5, tried to create a critical dimension in the market in northeastern Brazil, with resources that the group possessed, by opting for development operations through rental contracts. The competences that the group brought, from the domestic market, were important, but, the contingencies of a country like Brazil were adverse on the aspirations of the group. The difficulty to grow at a hotel per year, as their initial goal, was due to changes in the international market, such as the appreciation of the real, the slowdown in European outbound market and a new model paradigm offer. The intention of serving the leisure sector, the group now had to adapt and serve the domestic corporate sector which, somehow, led to a major strategic reformulation, compared to initial expectations and an initial approach formatted in one option. At this moment, and facing the development of competences, the corporate challenge for the group is to enter a bigger and more structured market, such as São Paulo and Rio de Janeiro, even though it is expected a great competition and a more hostile economic environment.. Unlike the proactive spirit, revealed with the anticipation of the crisis and exit to the foreign market, CP5 did not have the same posture in anticipation of later stages of international involvement. The excessive focus on a pre-established format, without a development of a network of cooperation, with local actors, was almost fatal to a group with poor resources. Important, was the flexibility and ability to adapt them to enable their survival in foreign markets, always resaving a decrease, in terms of international presence, that, according to those responsible for CP5, will still be possible to reverse.

Case Participant 6 (CP6)

Motives

According to CP6's CEO, the hotel group had very clear ideas about its growth strategies always based in a balance management of stakeholder's interests. The holding that represents the CP6, is composed of two companies, in a clear separation between capital and management. According to the CP6's CEO, the company's presence in the regional market with innovative products, personalized and premium service was the key to local growth and for the satisfaction increase, among all stakeholders, resulting in excellent overall performance. For a company that achieves all the purposed objectives, in a small market like Madeira, is normal that a growth motivation emerge in a clear purpose to export a concept of management that was clearly winning in one particular market. With a good return at a shareholder level, the existence of clients with high rates of retention, the hotel group is a market reference in terms of price, margin and occupation. At the same time, the group was well known in the European market, due to the many international awards, in the touristic trade, as well having top products well ranked in independents advisors.

"…taking into account, our performance in the regional market, we couldn't think more about growing in the internal market. Our policy on a sustained presence, in a small market such as Madeira, does not allow us to have great growing alternatives. From 2000, and enjoying the partnership that we undertook with a giant of the tourism distribution, we thought in extending this cooperation to other markets. So, having growth as a primary motivation, we began prospecting for other destinations with potential clients available, where at the same time we could expand our brand concept…"

It was saked to CP6 CEO if the motivations of growing were based only on the success of the partnership, in internal market, concerning the high rates of client feeding, or, if something else was important. He highlighted the fact that the tour operator was also the shareholder of two companies of the group and had been part of the company's success. However, he also points his own international vocation, with past experience in multinational companies and because our main stakeholders, without exception, believed that the Group should go beyond the island.

"…After an internal effort to pass the renewed group corporate image, our growth orientation was based on our winning formula contained in three areas: our business experience and economic performance, the use of synergies of international markets enhancers demand, and the confidence and support of all our stakeholders…The exit from the operation in the domestic market, has become a crucial issue, for the growth objectives of the internationalization of the group and forced us to be more disciplined, enhancing implementation of a matrix organizational structure, based on the separation between investment and exploration...The creation of partnerships and synergies is our goal, despite all of these actions were rational they resulted always in market opportunities... And the bigger are the synergies, the greater the probability to find them and to be able to grab them. We believe that the purpose of being international will allow us to learn and bring lessons into our organization…"

Stimulus / Drivers

Cocerning internal stimuli which led to internationalization, the CP6's CEO said that the international engagement decision was based on a widely held collective, confidence, in the project and strategy of the group, through the development of marketing skills, within the strong relationship with their intermediate and final customers. Other point raised in the interview, was a convergence of interests between shareholders and management. Towards the company's good internal profitability everyone believed that growth was the best way. Trust and strong complicity, between the strategic decisions made by management, and the shareholders, was propitious to stimulate the international engagement. As noted in other hotel groups, the strategic decisions of CP6 are centralized in the figure of an administrator which is also manager. According to CP6´s CEO, his own international experience, within the network of contacts in international markets, was crucial to trigger the process of internationalization.

"...In view of my experience with international players and knowing the risk of an exit to new markets, I have full confidence in our winning formula. Best of all this is that I could pass this message and motivation to everyone in the company, from shareholders to employees…We are an insular group and for us, leaving Madeira will always be faced as internationalization. In fact, when we plan to go overseas, we also went out to the Portuguese mainland…We notice positive signs, given by our partners and even by Portuguese hotel groups, already abroad… I also watched the development of joint operations, between operators and small group hotels on medium and long haul destinations with success..."

For a lot of confidence that a company had in itself, it always can be limited by their ambition and size, even for new company with a strong international business environment and with a

CEO with international experience. However, the entrepreneurial skills of these companies, through their manager's profile, can find ways to bypass the difficulties inherent of a process of internationalization. Regarding this matter, the CP6's CEO, gave the example of small hotel groups in Mallorca, which also innovated in their products and undertook a number of alliances to meet its own initial limitations.

"…**We had both sides of our business, supply and demand. On the supply side we had our accumulated experience and a close knowledge of the needs of a certain type of clientele. On the demand side, we had our partner who would be able to bring to us that demand. The next step was to find a market where the combination of both sides could be optimized... After a favorable internal environment to become international, afterwards the question was on the side of the opportunities that arose on international markets and the path that would follow the group... I wanted to get out of the line followed by other Portuguese groups…even so the path was still troubled...**

Market Choice

As a unique case in the history of Portuguese hotel expansion, the initial choice of CP6 was the Riviera Maya in Mexico, an area, more culturally distant, from the usual parameters of Portuguese international hotels. Although the CP6's CEO was confronted about the reason for this choice, at least risky, and without strong justification.

"…**Two years after the consolidation of our partnership and consolidation of the image of the group in Madeira, we pointed towards the Riviera Maya in Mexico, a place where there was a boom of demand from both European and North American market. Around 2002/2003 we started to develop a joint project, where the strategy would be to offer a product that is appealing to the relevant markets, which were the Spanish, European and North American. So it was decided to hand over the project, in this phase of planning and product development, to a Spanish project manager with local expertise and with connections with our partner**…"

However, two and a half years passed and the project was only a draft and the group began staying behind, in their internationalization process. According to local and national press at the time of the facts, and as far as the CEO confirmed in the interview, some problems of bureaucratic nature had arisen, and the project manager left and took the project to the competition, a Spanish group linked to a European tour operator. Without wanting to deepen this issue, since it found that it was difficult for CP6, it was asked about the turnaround that the Group had, concerning the choice of Brazil. This way, the issue was explored in a purely optical explanation of the facts, without speculation, on issues that will arise over ahead, in a way of reflection.

"…**After failing in Mexico, we tried not to lose time and although we had lost a lot of money and opportunities, we looked into Brazil with other perspectives and decided to enter this market. At the same time that we developed the idea to go abroad, in 2005 we were already thinking about leaving space for the Portuguese mainland and, through a personal knowledge, we decided to create a joint venture with a Portuguese industrial group (Invesvia) to open a hotel in Lisbon and another in the Algarve. Given the strength of exporting and direct investment in Brazil, from our partner, we saw an opportunity to enter a market that, although culturally close, had already some international presence, including Portuguese hotel groups**…"

Therefore Invesvia was created, a partnership between two innovative companies, which would be the embryo of all the Group's investments, in mainland Portugal and Brazil.

"...At once we created a durable link, with the objective to take advantage of the synergies of the partner's experience, in Portuguese and Brazilian market, providing an opportunity to our partner to diversify their investments in the tourism sector..."

In order to assure, the concrete reasons of the desire, to leave to Brazil and its achievement in particular, the subject of the presence of the Portuguese hotel groups who were already in that market, was introduced in order to make clear what kind of strategy the group intended to follow or, if it was a reaction against the failure in Mexico. Unexpectedly, the CP6's CEO refused any idea of imitation, or competition, pressure, and even, listed advantages for having arrived in Brazil, after the first Portuguese groups.

"…**We knew that before 2003, three Portuguese hotel groups had already entered in Brazil, tempted, and pushed by tour operators, who saw in the destination a new Eldorado for European tourists, taking advantage of favorable exchange rates and technological innovations, in terms of air transport which made it a more accessible spot. As Brazil needed quality hotels in the resort areas, the Portuguese groups saw an opportunity in this market segment. ..We went through this experience and we knew that, for the tour operators the exit barriers, in a touristic destination are low, always leaving hotels behind. It had already been seen in other destinations and we did not want to fall in past errors. So, we decided to try more competitive markets, less dependent on tourist operations. Through our network of contacts, along with our partner, we decided to try the urban market of Rio de Janeiro and Sao Paulo, leaving**

behind the resort market. Unlike Mexico, we wanted to start in an opposite way regarding our Portuguese competetitors, investing in brand awareness in the most competitive market in South America... Knowing it was a risk we decided to go ahead... We knew the potential of Brazil with a market of 200 million consumers. Unlike in Mexico, we exported our skills and controlled our product development... Given this scenario of new partnerships, in 2007, we invested first in Rio de Janeiro and then in the Algarve, followed by Sao Paulo and Lisbon..."

Entry Mode

The inventory of assets of the group is very extensive, and up to the present moment, with exception of the hotel in Algarve, all hotels explored by the group belong to their investment company.

"...By separating the investment, the holding group could, simultaneously discipline all its strategic options and seek an equitable answer to all stakeholders. Thus, clarifying the way, the group was free to advance, in several capital intensive projects because of the existent trust, between shareholders and management. As the opportunities that have appeared were for buying and until now, there were always available funds, there was no twice thinking. This occurred in markets that are very competitive but with a lower risk, with regard to its residual value. The cooperation with Invesvia, is in a pure investment sense, with its share of 50% stake in Brazil and 25% in Portugal, thus, avoiding opportunistic behavior..."

According to the CP6's CEO, the decision to launch, an unknown brand, in the competitive market, with the clear aim of positioning itself in a distinct segment, involves an initial effort, at all levels. First, is the existence of the high entry barriers that without a network and local support within our partnership was very difficult to pass by, especially for a small and peripheral group such as ours. A second aspect has to do with the conditions imposed upon us, when softer forms of investment appeared, such as management contract and property rental. These are completely inappropriate for our business strategy. This inadequacy is related to the duration and annual cost of the contract. There is always an inverse relationship, between brand awareness, and cost expended to operate the business.

"...**The adequacy in terms of brand and market forced us to invest in profound renovations in our hotels, taking into account what we believe to be within the parameters of the product and target customer. We do not believe in pre-cooked formulas and being one hundred per cent in a project, is essential, for this stage of exchanging experiences. We believe that internationalization is a two-way process, with regard to the synergies obtained... Given this way of seeing the business and initial**

investment which were needed to carry out, the option of investing 100% is the ideal one. Principally, since it facilitates the operation control, which is an obligation when you want to make sure that each client has an appropriate solution in terms of product and service...

Given that the Group nowadays had some experience in some Brazilian city, with a mixed clientele of business and leisure, was asked the CP6's CEO if it was the group's intention to maintain a full commitment and less cooperative mode of entry, in future investments, in Portugal and abroad.

"...We understand that to grow in international markets at a faster pace, in increasingly competitive destinations, our path of entry will have to go through partnerships which facilitate the entry. After maturation and knowledge, we may be able to develop medium-term arrangements for cooperating joint capital, less demanding for our shareholders. When our product become more mature and if an opportunity arises in the future, in mixed and resort environments, our option would always attempt to get a management contract and even, who knows, "sell" some of our skills to others to exploit our brand. We already have a pilot experience that has resulted in Madeira, which is called Associate Members. It consists of giving our institutional image to small, independent units, in exchange for a fee...

CP 6- Preliminary key findings

The group´s initial strategic orientation based on innovative, sustainable and complementary hotel products in a small island was one of the many facts that contributed to the internationalization itself. A solution for the group growth would have to pass through the exit from the island. The success of the group, in terms of market performance, had also weighed heavily on their willingness to seek other markets. The key to success of this group was achieved through a strategy based on the balance between the group's needs and the stakeholder's satisfactions, through innovative products, to satisfy intermediate and final customers in a sustainable market. From the moment that some of these factors come into imbalance, the formula of success will not work. So, the question here was; against a limited and fragile market the best solution for the group was to look for other markets in order to maintain and increase the overall performance levels and balance between, the satisfaction of all stakeholders and, the needs of the organization. So, one can argue that in this case, the basic motivation to leave was the willing to keep a winning formula, while accessing other markets. Of course, all this, stimulated by internal competencies in terms of operation, marketing, networks, international orientation of the CEO and a clear unanimity by all stakeholders in an international engagement decision.

At the same time, the CEO of the group had witnessed a series of consolidations and partnerships by hotel groups and tour operators allowing large growth rates and fast profits in emerging markets, given a favorable economic environment, in the touristic scenario. Therefore, and following the past growth strategy in the domestic market the group, in 2002, though with the intention of exploitation synergies with its partner in the tourist operation, the group decided to undertake a project in the Riviera Maya, following the strategy of the Spanish hotels groups and European tour operators, that has delocalized sales forces to Mexico and the Caribbean. Apparently, with few risks the project would fail and, although, each part has its version of the truth, the collecting all the parts of the facts and after looking at several sources, it is obvious, to understand what was the real cause was clearly, a gap of interests between the hotel group and the tour operator, in a culturally hostile and competitive environment. Although the tour operator was partner of the hotel group, this link was negligible as compared to the amount of interest that the tour operator also held in other partnerships, with other Spanish hotel groups. The question here, was an overconfidence, on the part of the group in a previously winner setting. Because of some contingencies and conflicts of interests, this project was discarded by the operator without major damage and when it was taken over by the hotel group it was too late to do something. It was not the timing of the project the cause of failure, but the lack of control, in loco, by the hotel group. A lesson for the hotel group, with a "few" costs in money and time. However, as its CEO confided, sometimes we have to change the formula, when we change the scenario. According to the literature on situations where the group does not find the necessary local support network, given its international inexperience, there can be some failures, along the project development.

Despite, losing two years and several hundred thousand Euros, the company had the ability to get around the situation and learning with the mistake, it turned around to another market, with a completely different perspective, towards risk and adopting a new and more consistent strategy. By levering a new partnership, resulting from a joint project in Lisbon, the CP6 saw an opportunity arise, in the Brazilian market, in 2005, and together, with that partner group with no interests in the tourist trade, which already had a network of local contacts in Brazil. Thus, and unlike Mexico, where they were a group with a hotel among many others, the group decided to invest in a more consolidated market, with its own concept. Despite the high entry barriers that represented opening a hotel in Sao Paulo and Rio de Janeiro, a market less attractive in terms of payback time, by the other side, it contained fewer systemic risk with a

greater brand exposure. It was worth the gain of a partnership, with a Portuguese group of the interests that complement each other . Today, this partnership developed in several fronts, already has three units in Brazil and two in Portugal mainland, and ended the year 2011 with positive earnings. Here, it was decisive, the logic of the development of networks and complementary products, that makes the internationalization a process, with two directions.
Although, with little experience of foreign markets, the willingness of the CEO to create a brand with highly customized reference products, has a positive impact on the future exploitation of the group's image.

Case Participant 7 (CP7)

Motives

According to the CEO of this insular hotel group, the development of the CP7, there were three decisive moments in the history of CP7, Africa, and South America and European capitals. In another view of the facts, according to the same source, the international development of the group went through the involvement in Portuguese speaking markets as a bridge to other markets. However, it was also clearly understood that the mainland Portuguese market entry, was the decisive step, to trigger all this process.

"...Thinking through what means the exit of an island with 3,600 kilometers from Portugal, I can say that our exit to the mainland was our first serious internationalization experience. Let us say we went from, being a local group to a national group... The group has forty years of history and even twenty years ago, was still a regional group. Later, entered the Algarve and then moved to major cities, with a vertical integration strategy and with the commitment of our stakeholders, we become the largest Portuguese group..."

Asked whether the strategy of vertical diversification that has occurred since 1993, was decisive for the internal growth, far surpassing all domestic competition, the chairman of the Group in a second interview, said the group's strategy of investing in a variety of support business to complement the hotel activity allowed and provided more choice of services to our clients, and at the same time, become the group less dependent of traditional distribution agents. Our intention, has not only sustained growth, by leveraging in the domestic market, but also in the international market as explained further ahead. The development of transversal competences to the entire tourism industry was the catalyst of the group's success abroad.

“...The strategy of the group in the travel sector, has been creating a vertical integration in a wide range of travel-related business, such as airlines, tour operators, travel agencies, and car rental... we also bet in other sub-sectors of tourism, such as gambling, golf, real estate. The logic of this vector was growing with a strong upstream side bet, creating marketing and distribution channels that dominate where the Group could have a significant influence, in order to reduce the levels of dependence on large clusters of tour operation, and furthermore bet on the downstream areas of tourism activities to increase the attractiveness of our hotel product...The group was pioneered in Europe, the concept of mix-use hotel and ownership proprieties...by including the professional management skills and a full range of facilities, associated with hotel proprieties and holidays ownership. Customers were given the guarantees and credibility needed to make a long term commitment, with our group. In 1985, we begun in Madeira with the Madeira Beach Club and in 2001, we launched this concept in Brazil as Holiday Club. Since then, 30 000 families use our concept allowing members to use their rights in a variety of destinations, at any time of the year...

Faced with some criticism, due to some incompatibilities with the tourism operation, the chairman of the group was clear in saying that, in addition to an advantageous form of self-financing, this side activity, gave the group the possibility to grow and benefit from the synergies arising from it, and it was one step fundamental to the success of vertical integration strategy of the group.

“...the integration of the time-share with premier hotel service has two purposes. Brand awareness, with a visible effect on the displacement of our customers, through a network of units and at the same time minimizes the risk of the operation. Of course, all this resulted in an accumulation of financial resources and internal competencies on planning, activities coordination, marketing and operational skills, business relationships and support networks...

According to the CP7’s CEO, the boom of the group’s internal growth, in the late 80´s, boosted, by a series of vertical and horizontal integrations, led the group to think seriously about a firm commitment to internationalization. With domestic growth, and a residual investment in Mozambique, due to a purely emotional choice without expression to the ambitions within the company, the group has faced some dilemmas. The first was, where and how far the group could go. The second dilemma, was, how to better prepare the group for that, both at organizational and corporate image levels.

“...The reasons for an international involvement at the time, were obviously, related to the willingness of the group's growth and diversification of investments which will, in time already surpassed

the 120 million Euros. We knew that a group with our structure would not launch in the international market for whimsical reasons. Thus, and by 2001, the company standardized the brand in all the hotels of our organization, guiding them clearly for specific products and reorganized the group in terms of the shareholder capital. We wanted the brand also to grow, in terms of notoriety, always in a direction to the Lusophonia ... a Portuguese hotel brand in Portuguese-speaking countries"

Still exploring the theme of Lusophonia, it was asked what would be its weight, on the rationality of the group strategy. By exploring the true reasons for leading the group abroad, one would better understand their connection to the drivers that supported the internationalization.

"...**Returning to the beginning, Mozambique was a first step in our internationalization because the beginning of everything goes up with the exit to South Africa for the purchase of a small hotel property in Mozambique, in the meantime, lost with the war of independence. Wishing to recover that property and exploiting to touristic purposes, we gave the first step towards internationalization. The motivation essentially related to emotional factors, along with an opening of the Mozambique authorities has made this intention a reality in 1997... But, although it was clearly an important milestone for the company ,at the time, the economic reality of the country was under lagged from the growth rate of the group ... so it was important to find a space where the group could combine ambition and ability to grow... When we entered 2001, with the group restructuring, this finding, was even more obvious in the face of growth ambitions in larger markets, in order to make the image a reference in Portuguese-speaking countries ... and one day, maybe in the world..."**

Stimulus / Drivers

As to these stimuli, it has been varying over time, within the motivations of the group. But, essentially, they arise from an international orientation of shareholders and managers of the group. The fact that, the company has at its disposal, resources and expertise due, the strategy of vertical and horizontal integration, was a stimuli, and confidence for international involvement. The development of technology platforms in business development and exploitation of synergies arising from the size and the networks created, are also facilitating factors that emerge, as the group engages internationally.

"...**The existence and reinforcement of a team, with experience in implementation and development projects, along with a stable shareholder structure, allows us to face the market opportunities, with discernment and clarity, drawing from it, better efficiency and effectiveness.**

Concerning our operational expertise, we think we are capable of adapting them to all the contingencies that arise in the international market..."

As to external stimuli, the CP7's CEO, emphasized the idea of how important was their choice for Portuguese-speaking countries. Of course, it is obvious the fact that the size of companies, and network of contacts, gives existing market power that allowed us to both, have access to the best opportunities to explore them too. As, can be seen later, CP7 is on the front line, in the detection of opportunities due the development of a multidisciplinary team in the company, and the existence of a network investment and related development poles in many countries.

"...We are all alert to what is happening, in terms of markets and where are we are always very welcome ... we are a group that often takes roots, we generate jobs and direct investment, and this generates opportunities... Our strategy of internationalization, in different countries, and even beyond Lusophony, is a factor of notoriety of the group, opening doors and encouraging the group to go further...

Market Choice

Returning to the ambitions of the group and its initial expansion to Africa, according to the CP7´s CEO this fase of international expansion, was accompanied by a strong investment in Portugal, resulting in a consolidation of resources and expertise useful for the company's expansionist ambitions. To get an idea of the vision and sense of opportunity, in 1997, a land was bought in Portugal, in the Setubal peninsula, a project that was only materialized in 2011. According to the CP7's CEO, Brazil arose naturally in the group's plans in two distinct purposes. Emerged as an idea in 1997, as an extension of our Lusophone culture expansion, and then in 1999, as a response to the fast growing ambitions of the group.

"...When we decided to buy the hotel in Rio de Janeiro, we already had the belief that for a country with that dimension, we had to also give an answer, to the extent of our ambitions and capabilities ... we started off with three hotels, in three years, and then was what we saw ... we opened business hotels, beach hotels in the first line and second line cities and found that Brazil, for was the ideal market to gain dimension serving as a bridge to other markets... We were the first Portuguese group of who arrived in Brazil and still, we did not have idea which awaited us ... when we go to a country, with the size of Europe, within different internal markets, with enormous opportunities, but also, with many constraints, was a big challenge for the group...Our strategy to grow into realities and different segments, in a country like Brazil, has been for us a learning opportunity adjusting strategies and operations as the market demands.

While Brazil, may seem a country culturally, very close to us, actually contains certain differences in the forming part which enriched the learning process. Enjoying a climate of opportunity at first, we also went through phases of great speculation and some risk; however the balance is positive mainly in some aspects. As first movers, we benefit from a climate of weak competitiveness in the tourism sector, within an economic cycle not so optimistic. We were very welcomed, and somehow, we managed to gain relations across the country, within a national presence...We do not follow anyone and ended up winning a domestic market that would be a leverage toll for other investments..."

Before proceeding to the next phase of the Group, in terms of markets choice, there was a need to clarify a sentence already quoted in chapter 4, where the Chairman said that the Group's expansion is done through Portuguese speaking countries to the world. According to the CP7's CEO, what began as intent to bring a Portuguese brand to Portuguese speaking countries, turned in the advantage of the size and diversity of the Portuguese market speaking countries, ending in its expansion to other non Portuguese speaking countries.

… Let's see, Brazil has been a launching pad for South America, in particular in Buenos Aires. We combine capabilities for business already established in Brazil, with an opportunity in Argentina. Brazil was already out of the crisis, and the business flow, between the two countries has increased exponentially... the same way that the operations in Brazil were getting better, with a very active market, while investing and diversified throughout Brazil, the group also expanded to Uruguay and Caracas... It is clear that we must not forget that there were other potential markets and interesting growth rates in Africa, Portugal and to Madeira..."

Given this scenario, of unrestrained investment on several fronts, in this phase of the interview, a key issue emerged in research. What leads the group, to engage in so many, apparently, diverse markets?

"... The maintenance and expansion into several markets at the same time, is a strategic line of diversification, in a sustained growth, based on synergies from the rotation of the customers on our network of hotels, taking advantage of economies of scope and scale. By now, we can afford to think that to risk on one side we have to search to another ... it is a matter of having a balanced portfolio, in terms of risk and profitability...

According to the CEO, the first criteria for market choice strategy, was always based on Lusophone orientation, and then, derived to countries with relations with those markets. The path is now entering the European capitals to see each consolidate the group portfolio of investments, in markets with greater visibility, in order to provide greater stability CP7 portfolio of assets.

"…Currently, the markets choice is undertaken in network logic. Notice, what makes Brazilians have to sleep in our hotel in Berlin and Lisbon? In addition to the traditional distribution network business, we've managed to capture customers directly from the markets where we are deployed via brand loyalty... Investment in Miami is much more, than an entry in the U.S. market. It is a bet on a market of over 300 million consumers, in Latin America. To get an idea, right now, Miami is the gateway, to the main holiday destination of Brazilians going abroad..."

Entry Mode

Regarding to the entry mode format, the CP7's CEO, emphasized that there is a consistency between the group's strategy and how the group operates and manages its assets. All assets of the group are recorded in the balance of the group that has amounted to 1 billion Euros. The exception is that although the ENATUR is operated 100% by the Group, the capital is owned 51% by the state.

"...Although we already have a name, and the ability to achieve and compete with some major chains operating in contracts management, for example this will happen in Casablanca and Santiago, we understand that we still must grow organically, as a matter of group mission consistency, and, to meet some contingencies that the market places for a group of our size... We understand that we have to create roots, by creating jobs and generating business with local, so until now, and in most cases, the solution of purchasing the business seemed to us, the best solution. Often, we were compelled to do so, in view of the market contingencies, but there were also cases that we can also choose. For example, in Sao Paulo, what started with a management contract was later, actualized into a purchase. It often happens that, we spend so much time exploring the market reality, that we consider absurd, not to have the ability to take advantage of it. Of course, we do not have the pace of growth of large chains, due to the fact that we are not listed on the stock exchange and are not subject to shareholder's pressure. Unlike small groups, we have no anxiety to seek more light and other forms of investment cooperation. It is clear that in the first phase of the group, there was a natural inclination for controlling operations in the face of uncertainty that was placed on the market in result of incipient networks of connections with the locals... but, at a later stage of consolidation and brand pretension of reaching a critical size on the market, we wanted to strengthen our image, obtaining the goodwill of the government, workers, suppliers and Brazilian society in general. These arguments weighed and contribute for full ownership as our best option, bearing in mind that to achieve more rapidly a critical capacity at our resources level, there will have to be good coordination between the local units and the parent company...

Given these arguments, in some way consistent, with all that is known about the group, other factors have emerged, leading to reverse its position in the market choice decision, and, on the equity policy. The CEO was asked what the group thought about the future, since; part of the actual strategy is also to consolidate the brand in highly competitive environments.

"…**We believe that the current market conditions, just right on the edge, is that we can opt for contracts of exploration...our goal, to be a truly international company, has always aggregated the image of Portugal, both in brand and in product..., a financial effort is large and supports some risk during an acquisition, in markets not yet fully developed, however, the group can take advantage of all synergies and expertise, to develop any project, with a good level of efficiency and can control some variables that are important in environments of uncertainty... With regard to the European markets and North America, we cannot forget that while investment in absolute terms may be higher, and may take more years to recover, the residual value, is much larger, and incorporates a lower amount of risk, given the lower uncertainty of the markets...**

According to the CP7's CEO group, at present, has two areas of development that is diversification in South America in Chile and Colombia and the area of European capitals. The group carries the dream of being international and even global, so it has to be stated in the major European urban centers, where, on one hand, is very hard to get, on the other provides greater exposure to the brand.

"...Not having the dimension of American and French multinationals, we have to overcome some difficulties, and, will grow as the opportunities appear. Despite the high entry barriers, the environment is somewhat, less speculative, in these markets, that we look to Europe as a priority. In relative terms, in Berlin, we had an investment cheapest than now in Brazil and until, in Portugal. We bought the land and combining our skills with German efficiency we managed to invest with a very competitive price..."

According to the CP7's CEO, although things are going well for the group, despite the crisis in the world, it must consider the question which is, growing in more competitive markets they will need to find ways to leverage this growth. Finding another "Brazil" or finding ways to exploit dividends, from developing the brand, and other coded assets. Concerning the order, and the world economy, it is more obvious to think of the second hypothesis, but with large and inevitable changes in the organization and philosophy of the group.

… after this path of consolidation and growth, we will have to rethink our organization, in terms of design and study, the kind of relationships between the parent company and its subsidiaries..."

CP 7- Preliminary key findings

Entrepreneurship, initiative and willingness to grow, were the main attributes of this hotel group since its foundation. With an initial growth in Madeira Island and then in the Portuguese mainland, the group expanded its portfolio of business activities to support the core business leveraging, financially, those investments with parallel holiday ownership business. So, in less than 10 years, the Group was the Portugal market leader in terms of hotel capacity and owned assets across the value chain of all tourism activities. Taking into account, its size, it has created a portfolio of companies to sustain and give value to the hotel core business, and at the same time, becoming less dependent of distribution. Of course, with a structure of this dimension, the group began to think how to take advantage of this reality, since it had a platform of resources and skills acquired during those period already developed in business to business platform. The involvement in other markets was already a reality in Mozambique and Cape Verde, but the group needed a market with potential to grow in order to really take advantage of the synergies previously acquired with its portfolio of business, and, for these purpose nothing better than Brazil. A country close culturally, who speaks Portuguese with a growing economy and with still little competitiveness in the tourism sector. A clear commitment to exploring Brazil as a platform to gain dimension, has dominated the early years of the group's internationalization. The position of pioneer and early starter was essential to the rapid success of the group who, gradually with the help of their resources and skills, already acquired in the domestic market, began to understand the diversity of the different markets and soon expanded to the whole country, thus achieving a network more consolidated and diversified in terms of product. Unlike other groups who came before, the CP7 in a second phase of the internationalization, in the country, has diversified its presence in many sub-markets, taking advantage of synergies by coordinating all so very efficiently by channeling all learning, new opportunities. From a sprinkler strategy, within Brazil's markets, in six years the group used its presence in whole Brazil as a platform in a waterfall strategy, entering step by step, in each South America city capitals. Here, the company made an effort to coordinate the interdependencies between country markets due the emerging growth of the economies and related business environment. The management of the opportunities, concerning the lower cost of resources and investments were, achieved getting advantage of market life cycles effect in those economies. Although we can argue that South America is a very particular reality, and can be seen, as a major market, we can demolish the theory that the group did not have a strategy to diversify markets but concentrated its field of action in the Brazilian market and opportunistically, managed the ups and downs of the satellite markets. But, that argument falls apart when we find that, in the same temporal space, the group is investing in the European market and even still is active, in their domestic market. In this advanced case of international engagement, the extension and penetration processes will require the need for coordination, between the different markets involving the company's strategic position. With a growth rate, lower than American, French and Spanish multinationals, but much higher than their counterparts in Portugal, the group managed a portfolio of business on three continents, with a curious and characteristic entry mode, that differs from many international hotel groups, keeping and controlling almost all of its assets. This behavior is explained by the way the group grew in those markets, and by the strategy, of geographical diversification, of investments.

This case is valid, as it regards the choice and type of market entry, but at the same valid for the entry mode, where, from the beginning, the group's strategy was based in full commitment with assets and operation. As explained by the interviewees, the use of the synergies, generated by the resources and expertise of the group, is a strong reason for a pattern of entry mode based on direct investment. Another reason, was finding the character of opportunistic investments in many markets, by taking advantage of the resources available. Of course all this, is related with the fact that the group wanted to keep a Lusophone identity, implying somehow a high degree of coordination and control, between the parent company, the head offices of the strategic development centers and the operating units.

7 .3 Cross-Case Analysis

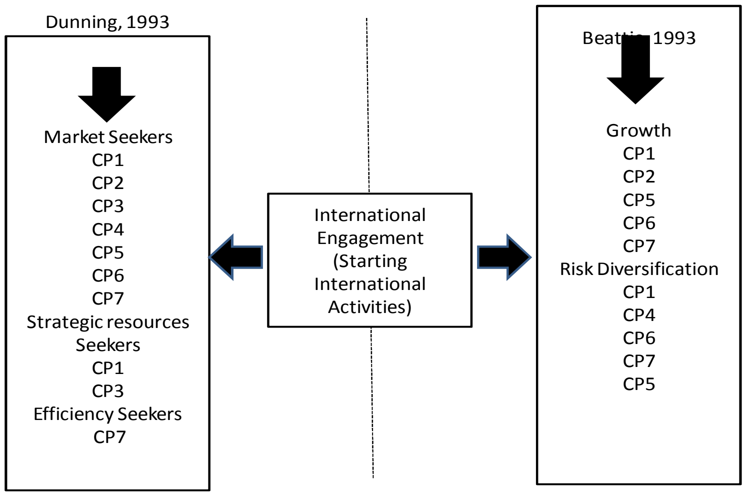
The central issue of interest, in this research, is to test the presented value proposition model with the purpose to verify if a pattern can be generalized from the cross-case analysis to the whole population, and therefore, build an explanation to the phenomena. Thus according the Miles and Hubermann (1994) case-oriented technique was adopted, where the out-come of case selected, are, in fact, enough alike to test a model taking into account the type of sample used in the study. As more diversified the cases are, there is more ability to extend the lessons learned to uncover similar processes, in unexpected contexts, and, more generalizations can be made. In the next sub-section, it is compare and contrast findings between the cases resulted from within-case analyses and other sources of evidence, by using several graphics and charts, according to Miles and Hubermann's (1994) recommendations. To strengthen external validity and, whenever possible, the findings were compared with other empirical studies.

7.3.1 - General Motivations to international engagement

Following Beattie (1993) and Dunning's (1993) motivational classification framework, the Portuguese hotel groups, in general, have similar motives in their internationalization decision. According to the parameters of this investigation, within the redesigned interview guide, the general motivations regarding internationalization were analyzed in two comprehensive steps, according redesign interview, which addresses the international engagement as a dynamic process, in line with Welch and Luosterinen's (1988) recommendations. The first part of analysis, concerns with what motivates the exit, from the domestic market, to initiate the international activities and, in a second part, what motivates a continued presence in international market, in others words, the initial engagement, and the subsequent commitment in international markets. Regarding the first stage, it was observed that most of the participants have similar motivations. Figure $_{10}$ shows a cross-case comparison, with respect to the first-order motivations, where a predominance of the growth intention and market seekers motivations is notorious. In fact, according to Dunning (2000), market and resources seeking, have been the two most recognized categories of motivations.

According to Czincota (1992), access to greater sales and profits potential is a major gathering motivating factor, although, some studies show that, in the case of companies that are starting their international activities, the return can be reduced, being the market expansion the base of the decision. The findings clearly indicate a similarity between what motivates the Portuguese hotel firms to start their international activities, being mostly of them proactive, that is, the advance to the internationalization was because they wanted to, and not because it was an imperative of survival. In summary, the motivation to start the international engagement was very obvious in all CPs, that is, the expansion into other markets in order to grow and to diversify the risk. The only exception is the case of CP7 that initially, besides, looking for new markets also sought to become more efficient. As noted by Dunning (1993), the advantages and the purpose of efficiency seekers is resource rationalization, within benefits from economies of scale and scope. This, was clearly the case of CP7, that before internationalization already had a structure of resources and competences, in result of a vertical integration of its tourism activities in the domestic market.

Figure 10 – Case Participants first-order motivations



After the decision to expand towards internationalization, it is subjacent the interaction of a number of stimulus, between the company and its environment, however, there were identified some differences between the participants, regarding the necessity to grow outside domestic market. Along with the attitudes of managers towards internationalization, other sets of factors internal to the company, ranging from the size of resources and competences, the shareholders agreement and previous international managerial experience, all them decisive for the company that actually go from motivations to actions (Schwens & Kabst, 2009). The initial phase of the internationalization process proves to be very critical, since there was very little knowledge about international markets and their risks.According to (Figure 11) the reason for risk diversification had different origins but, all of them, related to intrinsic factors to the company activities and always based on the manager's perception of geographical diversification as a way to reduce firm risk (Caves, 1996).

There is evidence that investors and managers recognize the value of diversification of markets (Caves 1996). In this particular study, despite five CPs evoked the diversification of risk, as a reason to expand abroad, only CP7 really engaged its internationalization across different markets, with different economic contexts, within a clear geographic diversification strategy. According to Dunning (1993), in the purpose of rationalizing structures of established investments, apart from synergies, there are also risk diversification benefits.

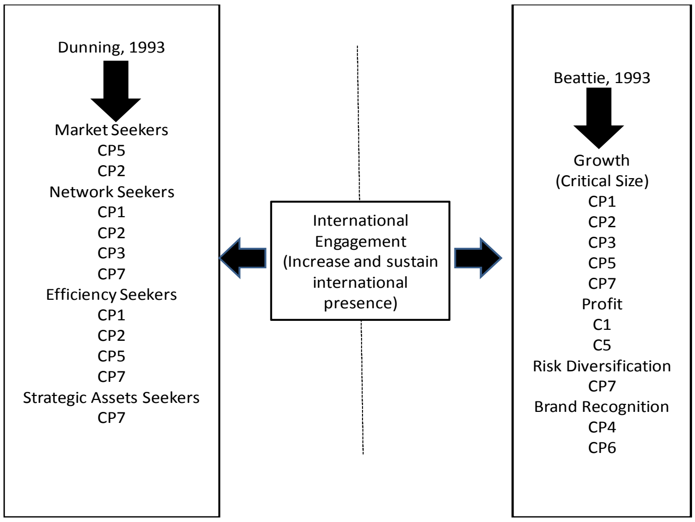
Figure 11 – Case Participants risk diversification arguments

CP1
High concentration of similar products in the same geographic area.
Low product diversification in domestic market.
Activity and firm value subject to high levels of internal and external competitiveness with negative effects on group profitability.
Emergence of a potential market with better potential profits.
Division in the shareholding structure as the business expansion in the domestic market
CP4
Diversification of the group through hotel business activity
CP5
Great dependency of local market
CP6
Diversification of the risks it's the result of the strategic model of micro products in different markets.
All of our net assets are in a local and peripheral market.
CP7
Geographical and product diversification as a response to intensive and asset commitment.
Balance between low and high risk assets in hotel portfolio.
Benefits from scale and scope economics obtained from the rationalization of resources and competencies.

The remaining groups concentrate their operation in one single market, most of the times, related to the touristic domestic activity. Although the CEO of CP1 argued that the exit to Brazil would relieve the pressure of crisis that investments already felt in Portugal, and in Europe, the investments of CP1 were concentrated in a specific market segment, with a high dependence on customers coming from Europe and Portugal. By the contrary, CP6 and CP4 emphasized the complementarily of their products in different sub-markets in the same country, as risk minimization effort. Indeed, the geographical distribution of the hotel portfolio of the Portuguese operating multinationals was very concentrated, in one or two countries, with high correlated market connections with Portugal and Europe, in terms of clients and distribution channels, contrary to Buckley´s (1988) the risk diversification assumptions. In view of these facts, the motivations for the majority of case participants to go abroad, was truly based on the desire to grow through seeking new markets.

Concerning the question related with the motives, for a sustained an increase presence in international markets (Figure 12), there were some differences in overall participants, regarding the initial motivations. In first place, for most of the participants, the achievement of critical size and related local market brand recognition seems to be the support for growth and for international expansion. This finding is consistent with two assumptions, already present in several research works, the dynamic character of the motivations due an international engagement and the environment evolution. As firms gain international experience and engage in the international market, other organizational motivational factors emerge, due to changes in the environment (Calof & Beamish, 1995).

Figure 12 – Case participants firs-order motivations - Increase and sustain international presence



Given that the internationalization of hotel groups in Portugal is a recent phenomenon, the reasons and motivations highlighted by the hotel groups, were based on the necessity to grow steadily expanding operations to other markets, with a clear purpose to create roots and gain a critical dimension. As a consequence, the strengthening of market knowledge and internal efficiency, through local networks, were also pointed out, as important motivational factors.

Networking has been described as a dimension of international entrepreneurial culture (Dimitrios & Plakoyiannaki, 2003). Networks, relations and collaborations with partners outside the organization, can be very important for the companies. By accessing or exploring a network, the companies intend to nurse, develop and expand their existing network. Lavie (2006) explains how creating a competitive advantage, using the network, requires the development of external links. These joint resources can accomplish a synergy, which means a total that is worth more than the parts individually. According to Seringhaus and Rosson (1990), the most important obstacle to firm´s international involvement is the lack of knowledge and resources.

According to the first research question, which aims to analyze and explain the motivations in accessing markets and resources outside the domestic scope, is also important to identify, the real stimulus responsible for this willingness of Portuguese hotel groups to engage operations.

According to Yuong et al. (1989), about eighty per cent of companies that were included in the population of the internationalization studies, presented as the origin of its first export, the response to an external request without prior planning. However, the process is not necessarily the same as the case of hotels with their specific exit and entry barriers and related local operationalization. Unlike other businesses, a hotel business contains in its essence, an intangible component and a intensive tangible, capital, resulting most of the times in a direct investment, in a third country. According to Hymer (1960;1968), the investment abroad is not just a capital movement but a transfer of tangible, and non-tangible, knowledge, founded on strategic orientations, but result of internal and external stimulus with positive effects in the confidence and the willingness of firms managers. The intensity and nature of motivational stimuli is essential to characterize the type of firm attitude towards market engagement, with implications on related entry strategies (Leonidou, 1995).

7.3.2 -The Internal and external Stimulus Factor (Starting the International Activity)

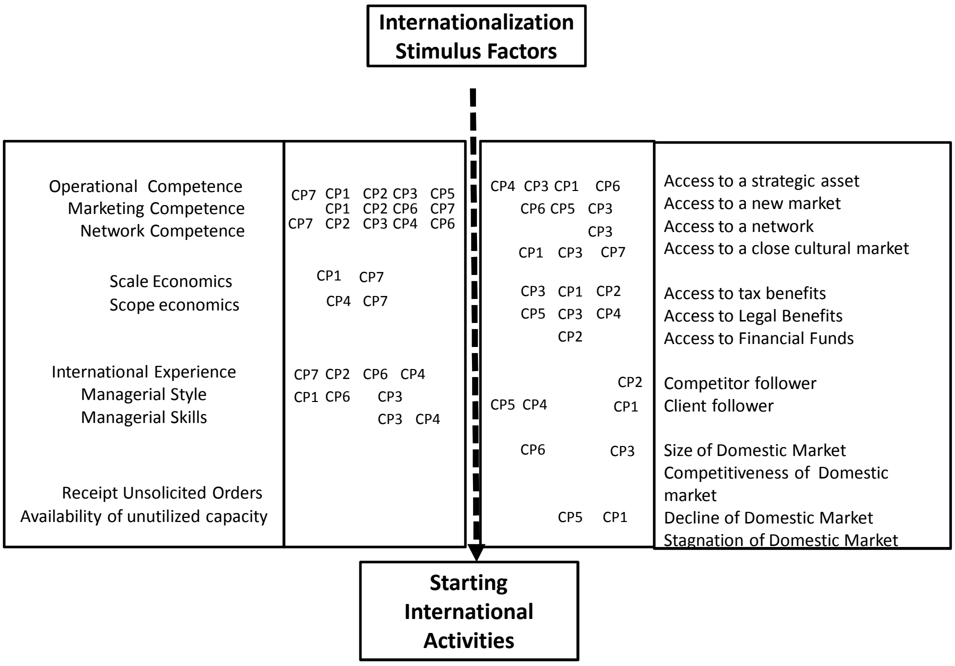
In a broad sense, the stimuli have been seen as “pushes” and “pulls” forces to engage in international market (Barllet, 1991), and can have, a “proactive and reactive” nature (Czinkota, 1982) and an organizational and environmental origin (Albaum, 1989). Typically in the literature, the two first dichotomies have been described as the most important drivers to internationalize the firm, where proactive stimuli denote the firm interest in exploiting internal strengths and opportunities, while reactive stimuli exemplify a response to organizational or environmental pressures (Johnston & Czinkota 1982); (Leonidou, 1889). When analyzing the factors that play a importantrole in stimulating firm´s intention to engage in international markets, this cross-case analysis identified the predominance of proactive stimulus, in the initial involvement and subsequent commitment, in international markets, featuring a proactive and entrepreneurial attitude. From semi-structured interviews, observation and other secondary sources, several stimuli factors were identified and considered by the case participants, as the most important for the decision of starting the international activities. The figure 14_a, 14_b and $14_{c,}$ clearly exemplifies a cross-case way of analysis, comparing and grouping the data, emphasizing a pattern of the most relevant stimulus in international engagement, on the first stage of internationalization. To give more credibility to the analysis, we will intersect this analysis with data obtained by the confirmatory questionnaire, sent to the case participants after the interviews. For analytical and methodological purposes, the first part of cross analysis includes three step display presentation, according to Albaum et al. (1989), Johnston and Czincota (1982) pre-coded stimuli level, origin and related proactively nature.

Looking in depth, using the factors enumerated by Barlet (1991) and Albaum et al. (1989) this cross analysis identified that, most participants gives emphasis to operational and marketing competences, as a positive stimulus, to start their operations abroad (Figure 13). This confirms the predominance of the firm's knowledge base assets, essentially tacit competences, such as operational routines, customer relations and marketing competences. However, the emergence of a market opportunity to access a new market within a close cultural distance is an important factor to pull the hotel groups to foreign market.

The hotel groups that participated in the study attended to a predominance of "pull" factors regarding what drove them to internationalization. These findings, supported by other studies, suggested a proactive response to the opportunities under the competitive advantages, already achieved in the domestic market (Lockwood & Alexander, 1996). It is also observed a balance between, environmental and organizational "pull" factors, which can indicate some risk weighting, taking into account, the type of involvement in direct investment that normally occurs in the hotel sector. The idea of leveraging unique internal competences, in the first stage of internationalization, when accessing new markets is, without doubt, the greatest stimulus to the internationalization of Portuguese hotel groups, who participated in the study. According to Cavusgil and Naor (1994), in a cross sectional study, it was hypothesized that the perceived access to markets and strategic assets and unique firm advantages, are related to international activity.

As observed in Figure 13, there is also a great weight on the manager's profile, as a catalyst, for the decision to leave the external market. The emphasis on entrepreneurial and visionary manager was appointed as the base for CPs international market entry decision. According to Perks and Hughes (2008), the responsible for the strategic actions are the managers. This fact is on line with Jackson & Dutton's (1988) arguments where, the opportunity to access to markets and strategic assets, are more likely to be viewed positively, with significant likelihood, for gaining the appropriate managerial response, in terms of international engagement. Summarizing the research on entrepreneurship, in a perspective of internationalization, Oviatt and McDougall (1994) presented entrepreneurship as a combination of innovation, proactivity and risk propensity where, the entrepreneur is the critical piece. According to Dunning (1994), in a first stage of internationalization, the opportunity in accessing strategic assets, not available at home market may be critical to exploit an ownership advantage of the firm. According McDougall and Oviatt (2000), the manager perception of business an opportunity lever the firm to allocating resources and competences to meet market opportunities.

Figure 13 – Case Participants Stimuli determintants factors (Starting International Activities)



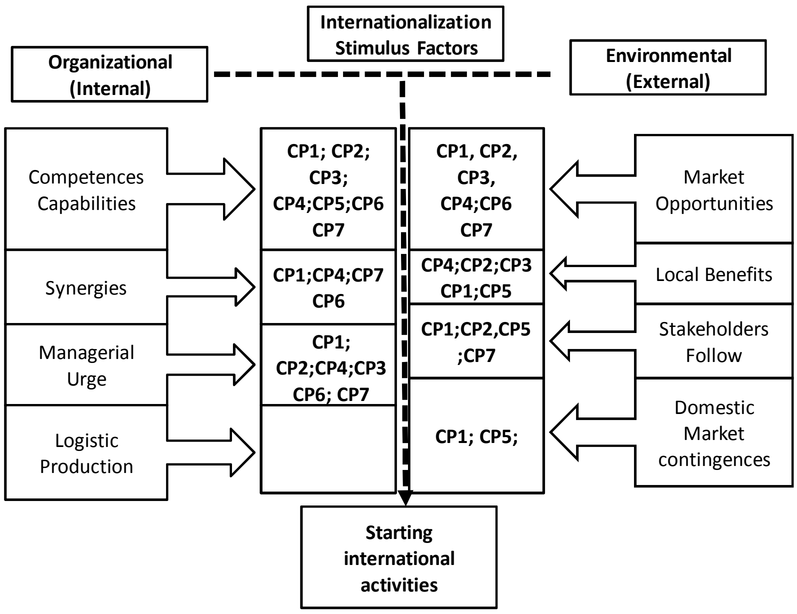
Although, it was observed a risk weighting attitude, due to the importance of the access to close cultural markets within local benefits, it was also found that the hotel groups (CPs) go internationally, with an expansionist, and even, proactive strategy supported by a manager with an entrepreneurial mindset.

The client following stimuli factor was a result, of an expectation created, from distribution to take advantage of a new wave, of existing customers to new markets in first phase of internationalization of CPs. This situation was considered by the CPs a great advantage over the local companies, taking into account the prior knowledge of European client's tastes and the privileged relationship with the tour operators acquired in the domestic markets.

Concerning the reactive stimuli issues related to the decline of the domestic market, which were cited by only two companies as relevant. It concerns the size, the competitiveness and the low profitability of the domestic market. However, as mentioned in Chapter 6, with the exception of CP5, till the present moment the case participants are still growing in the domestic market.

A consolidated and situational dimension of the factors added to previous analysis and represented in Figure 13.1 show that majority of study participants perceived its internal capabilities and related managerial urge, as important stimuli for starting international activities. According to Johnston and Czincota (1982), the conjunction of these two stimuli factors, combining with the access of a market opportunity, drives the enthusiasm of firm management, towards international activities.

Figure 13.1 - Case Participants Stimuli factors (Starting International Activities)



Concerning external stimulus, the market opportunities were identified as the most import, demonstrating once again that, the behavior of hotel groups in this initial phase of internationalization, were mainly opportunistic, in terms of market access, always based in informal contacts and privileged information. The term, "export of a winning formula”, was mentioned by most companies, implying that there was a general confidence, on the company's competitive advantages built in the domestic market.

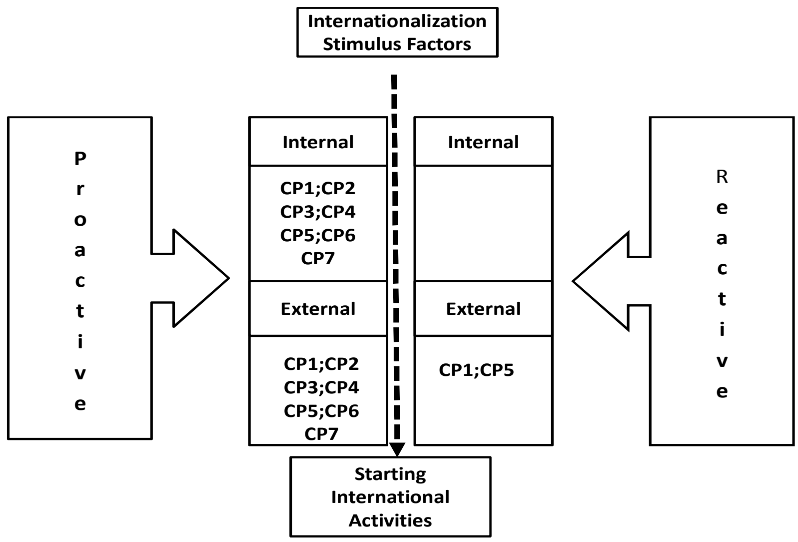
As Kogut and Zander (1993) noted, the primary explanation for firm’s investment outside, is the possession of superior capabilities or competences, towards a market imperfection scenario. At this stage and somehow related with market opportunities, it is also found that the local governmental benefits were important for, CP1, CP2, CP3, CP4 and CP5. The CP1, CP4, CP6 e CP7 also have considered the use of synergies, along minor local partnerships and cross activities at institutional level important stimuli for easier entry and less risky operation. This finding also emphasizes the importance of external stimuli factors, as an important complement of internal stimuli factors despite the low levels of collaboration between national firms abroad. According to Dunning, (1994), the existence of scale assets, present at home, do not imply the entire exploitation of ownership advantage of the firm, in the external market.

In the case of CP4 and CP6, the existence of “partnerships” with other multinationals can be viewed by the participants as potential source of competitive advantage and a stimulus for less risk entrance, in the international market. In addition to stimuli factors, previously classified, according to the literature review, some emerged during the interview, which is equally important, in explaining the internationalization of Portuguese hotel groups. First, are the emotional reasons evoked by CP1, CP2, CP4 and CP7, and in second place, are the balance forces between the shareholder structure and top management cited by CP1, CP6 and CP7. The first factor is linked to familiar and foreigner cultural bonds with the founders/managers that somehow, can lead to international market orientations. Regarding the existence of a strong position of firm´s mangers within the shareholder structure, a dominant position held by manager facing the shareholders, can be a positive stimulus for the firm to engage more rapidly in international markets. Facing the market peculiarities and turbulent environment of international business opportunities, there is a need for a rapid response from the firm managers (Zhou, 2007). Despite there is no coherent literature covering the impact of ownership structure in context of market diversification (Bhaumik et al, 2010), it may even be even possible that ownership sructure is an anrecedent factor to international diversification (Oesterle et al, 2013).

Isolating the proactive and reactive nature of stimuli factors, it is observed that the stimuli that lead the Portuguese hotel to international markets groups were mostly proactive (Figure 13.2). The exception goes to CP5 and CP1 that pointed some relevance, in the stagnation and decline in the domestic market, in the reasons to expand its activities through internationalization.According to Zahra and George (2002), and Zou and Stan (1998), the resources and competences are a primary stimuli factor, influencing international entrepreneurship. In the majority of CPs, who has excelled in the international market, it was confirmed that good performance, in the domestic market and the related winning culture, were an initial important stimuli factor to trigger the internationalization decision, with the exception of CP5 that had decreased the levels of domestic activity.

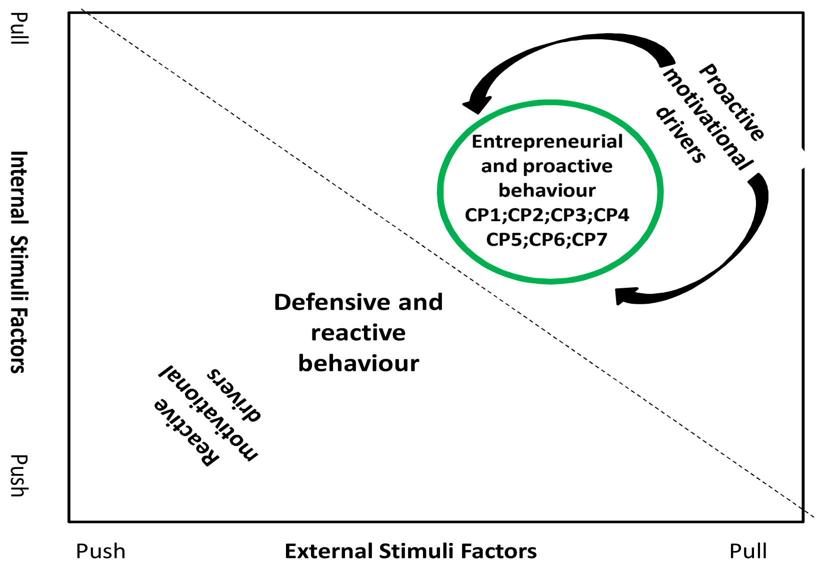
Figure 13.2 - Case Participants Stimuli factors (Starting International Activities)

(Proactive versus Reactive)



According to the methodology chapter, a confirmatory questionnaire was used to strengthen the previous cross analysis. The Appendix (L) identifies the main internationalization drivers, according to a five-point itemized rating scale, ranging from not relevant (1) to very relevant (5), sent to the case participants after the interview been made and analyzed. It was observed an agreement with previous analysis about the initial involvement in foreign markets, where marketing and operational skills, acquired in the domestic market, and the opportunities that arise in the international market, are the main stimuli. There is a positive perception about the cultural proximity of these markets, with potential growth, emphasizes the idea of a primary motivation for growth, as well as for risk minimization. International business has focused the complexity aspect of external environment such as location familiarity as a perceived risk reducer (Andresen & Buvik, 2002). Another factor to stress is the manager's role, as a key element, in the company's decision to leave domestic environment, either in some cases for its previous international experience, either by the management profile. It was observed, that all CPs have strong and charismatic leaders, with a wide range of special relations with the international players and strong shareholder status. Corporate entrepreneurship is more efficient when the manager has vested interest, therefore the shareholder status of the executives, may contribute, to taking an entrepreneurial approach (Zahara et al, 2000). A number of studies suggested that, inside managerial ownership can generate potential conflicts of interests, but there is a widespread idea that there is a strong positive link between the concentration of inside managerial ownership and firm performance (Wruck, 1988). The manager profile did not figure predominantly as a stimulus on starting internationalization in a first approach analysis, but, in the confirmatory questionnaire, these factors were highlighted. This may be due to the fact that parts of these questionnaires were filled by CPs marketing and development directors which have an exempted vision of the facts. Note that, 80% of interviews were given by the firm’s CEOs. For the internationalization process, the use of a managerial vision is a strong argument to enhance the stakeholder’s opinions, as well as to know what the firm needs and has to achieve (Garcia, 1988). The stimuli factors only became operative, to the extent they are brought to the attention of the manager, who is responsible for the strategic decision (Leonidu, 1995; Miesenbock, 1988). Besides the importance of the managerial urge, it is also stressed the fact that markets opportunities are better perceived in cultural proximity markets, leaving aside the geographical proximity factor. There is an implicit assumption that psychically, close countries, are more similar and that similarity is easier for the firms to manage the market differences. On the other hand, Lee (1998) suggested that, the business distance, or psychic distance, is not only the geographical distance, between home market, and foreigner market, but also the cultural and business differences. Despite the small share of investment overseas by the hotel sector, from the 90´s till mid 2000´s representing only 0.56% in 2007 (Bank of Portugal, 2011), the majority of these foreigner direct investment were made in distant geographical countries but, with cultural and language affinities. By contrast, in the same period the majority of Portuguese companies with overseas interests relied on business opportunities in countries geographically much closer. These two facts might be attributed to several reasons. The late entry of Portuguese hotel companies, at the time when others sectors were already booming and, the high level competitiveness in the hotel sector, on those geographic close markets. It should not be forgotten that, in that countries, the internationalization and the related hotel brand consolidation had begun in 80´s, with ACCOR Group in France, and, Melia Group in Spain. In the scenario of the internationalization of the Portuguese economy, the concentration of foreign investment, in the countries of the European community's beginnings in 2000, was 81%. According to Castro (2003), Spain followed by France and the UK in the last decade of the nineties and early 21st century were the majority of Portuguese investment destinations abroad. Between 1991 and 2005, Spain has absorbed the largest share of investment, with 40% of the total direct investment (Bank of Portugal, 2011). However, already at the mid-nineties there has also been an interest in the Portuguese economy of approaching PALOPs and Brazil, in terms of investment. From the late 90s, there was a shift to other Portuguese speaking countries, mainly triggered, by new economic and political conditions. This geographical distribution, as well as the evolution, from the soft bank activities, to real estate to commerce and tourism, conforms the incremental modal of internationalization, showing the expansion to geographical and cultural proximity as an orientation of Portuguese international investment. Crossing all the data sources, along the semi-structured interviews and confirmatory questionnaire, we can observe and conclude that there is a predominance of organizational and environmental, proactive drivers, that pull the Portuguese hotel groups towards international activities and, therefore, are the major cause for an initial international, engagement (Figure $_{14}$).

Figure 14 - Internationalization Approach of CPs Based on Stimuli Factors (Adapted from Czinkota 1982 and Barllet, 1991)



From a quick and objective analysis, we can identify that, within the CPs, a proactive and entrepreneurial behavior. Apart from the born international CP3 with its proactiveness more related a clear market opportunity and the entrepreneurial vision of its founder, is also clear a positive relation between the level of resources, the nature of competences and the market opportunities. The larger, more diverse and rare is the quality and size of resources, more risk companies are willing to take. The resource advantage theory assumes that, some firms have size and scope advantages, over others, and can be a sign, of the capacity of exploitation of comparative skills, and capabilities with clear impacts, in their internationalization approach (Wernerfelt, 1984). The firm´s accumulated, tangible and intangible, resources stocks, and the extent to which these are valuable, indicate the firm will be an advantage, or disadvantage, when making a decision to enter international markets (Leiblein & Reuer, 2004).

7.3.4 -The Case Participants International Engagement Level

The international engagement level can be measured by various ways. What is important is that the indicator can measure the degree of firm involvement, in the international market, by other words, the intensity of international market engagement. As agreed by Welch and Luosterinen (1988), the degree of internationalization, should not be confused with international engagement. An index of measures was adopted, ranging from degree of internationalization, used by Ramon Rodriguez (2002), to the pace of internationalization, used by Tuppura et al. (2008).

As seen in Table 20, it’s notorious the positive evolution of international engagement given the size of the Portuguese domestic market and the recent nature of the phenomenon of internalization in the hotel sector. Despite the phenomenon of internationalization being recent, it also stands out from Table 20, that in all case participants, over 20% of investment in hotel rooms are made abroad. Another fact is that, the profitability of sales abroad, is higher comparing each unit´s proportional values of production.

This can mean, in one hand, a deterioration of prices, in the domestic market, due to the price degradation in domestic market and the existence of more profitable business activity in the international market. Regarding the evolution of the sustained growth of hotel rooms abroad, is favorable, in most cases, where CP7 stands up with the growth (PACEINT1) of 1.6 per year corresponding in hotel 210 rooms per year (PACEINT2). Taking into account the contingencies mentioned above, there is a clear engagement of case participants in the internationalization process. According to Shapiro and Talyor (1990) the size and growth of the domestic market, can influence the local firm´s prospects and potential growth. Firms located in domestic markets that are growing lower than global markets, are motivated to operate and grow abroad (Elango, 1998).

Despite the average positive international engagement, two exceptions were found regarding the CP5 and CP7. In the first case, there is a clear disinvestment in the international market, with reflections in the light indicators of international engagement. The second exception is the CP7, with a strategy country diversification, with reflections, on its high level of international engagement.

Table 20 –CPs level of International Engagement

	YRSINT	PACEINT1	PACEINT2	DGINT1	DGINT2	DGINT3
CP1	12	0,5	**99**	0,26	**0,20**	**0,26**
CP2	7	0,5	**49**	0,20	**0,22**	**0,22**
CP3	12	0,6	**90**	*	*	*
CP4	7	0,3	**75**	0,22	**0,41**	**0,30**
CP5	9	0,2	**18**	0,25	**0,21**	**0,25**
CP6	6	0,5	**61**	0,38	**0,28**	**0,32**
CP7	14	1,6	**210**	0,32	**0,31**	**0,42**

YRSINT - years of internationalization
PACEINT1 - numbers of hotels abroad divided per years of internationalization
PACEINT2 - numbers of rooms divided per years of internationalization
DGINT 1-numbers of hotels abroad proportionate to group´s total of hotels

DGINT 2 -numbers of rooms abroad proportionate to group´s total of rooms
DGINT 3 – Revenues abroad proportionate to group´s total revenues

In accordance with information obtained in chapter 6, it was observed that CP5 is practically stagnated, concerning its domestic activity since first internationalization, in contrast with CP7, that maintains high levels of growth in the domestic market. This situation goes contrary to some author theorizations, who argue that the domestic expansion, somehow, limits the international engagement. For firms, that undergo domestic expansion, their ability to devote resources, to international venture, are lower, than those who don´t pursue domestic expansion (Chen & Martin, 2001).

This situation can be explained, by the level of resources and competencies of the two groups, at the time of internationalization. As can be observed in chapter 6, the CP5 was clearly the poorest group, in amount of resources when internationalizing. In contrast, the CP7 was the group that possessed more resources, of the sample, at the time of internationalization. This observation is in line with Barney´s (1991), resources based theory, of where the speed and direction of firm growth, is determined by the firm's existing stock of resources and competences.

7.3.5 -The Internal and external Stimulus Factors (Development and Sustain of International activities)

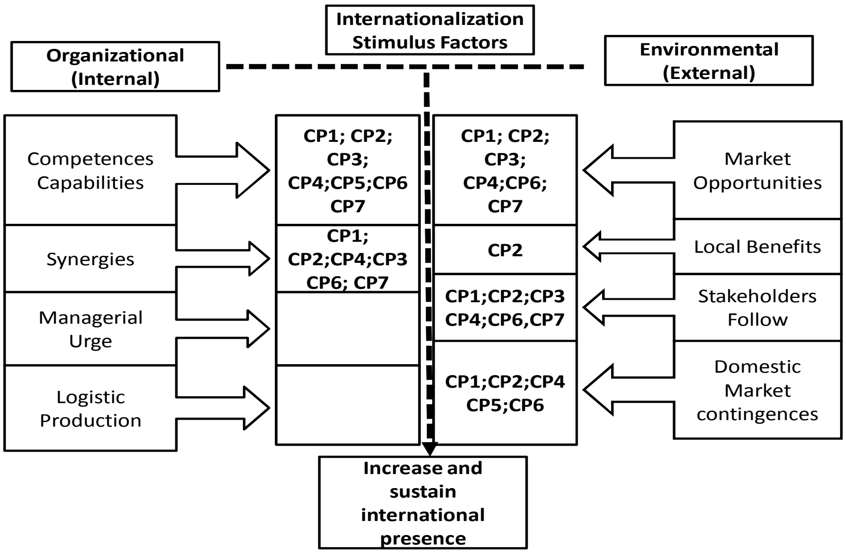
The second part of the analysis is essential for the comprehension of the stimuli factors evolution. In others words, to understand what stimulates the hotel groups to develop and increase the operations in the international market.

Using the same previous, pre-coded stimuli factors, some differences emerge which are important to analyze (see Figure 15). What can be seen from the stimuli factors' evolution is a clear guidance for synergies advantages, within the development of local networks and scale and scope economics achievement. Another observable fact is a clear focus, on the international market, as a result of contingencies in the domestic market. The appearance of reactive factors, related to some difficulties, in the domestic market contributes for a deeper commitment in the international market.

All CPs increased the level of international engagement, increasing the utilization of synergies between the hotel network and local partners, highlighted the importance, of the achievement a critical size in the international market. The increasing the levels of market knowledge and local cooperation were observed as a condition for the international growth.

This fact is consistent with the motivations to grow, with more efficiency, at a faster pace, according to Figure 15. The propensity for learning and network orientation, are a particular setting that, can holistically explain the entrepreneurial activities on internationalized firms (Oviatt & McDougall, 2005).

Figure 15 – Case participants motivational stimuli factors - Increase and sustain international presence

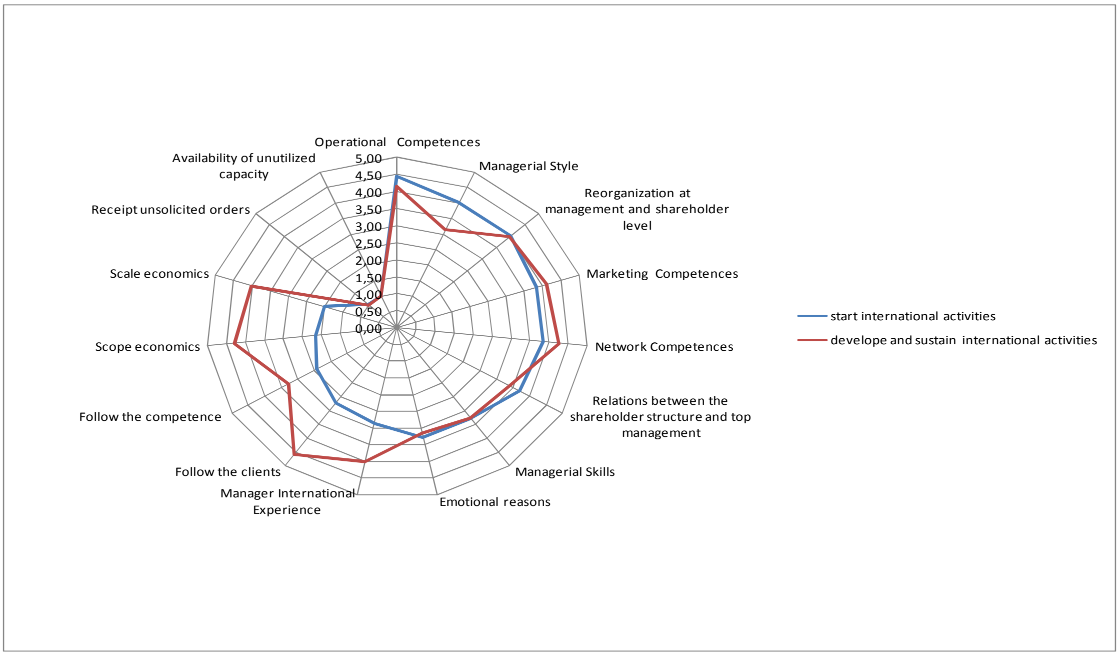


It is also remarkable the emphasis given to market orientation, and customer loyalty within a geographical expansion of hotels network. Concerning the stakeholder's follower as a key stimuli factor in later stages of international involvement, According to CPs, this fact is related with the importance of client's loyalty as important marketing resource, taking advantage of the expansion and geographic diversity to attract and retain customers. This conclusion supports the emphasis in later stages of international engagement on brand recognition motivation through growing in so called strategic markets (Figure 15). Brand recognition results from benefits of marketing efficiency and enhanced performance, associated with customer loyalty, resulting in the potential to expand in a variety of markets (Rao et al., 2004).

As seen before, with the initial engagement, a comparative analysis, between the interview and confirmatory questionnaire, in appendix(M) showed a great deal of common points was found. The first is undoubtedly, the importance of strategic assets and reliance on market diversification, even, within the same country. The presences in markets that give visibility to the brand and a critical dimension, in the foreign country, are also important points. According to Whiltla, Walters and Davies (2007), the hotel groups need to integrate marketing resources to sell worldwide. According to the same authors, an adequate geographic coverage is often viewed as a competitive advantage. The combination of competencies and network orientation, are now the stimuli factors that reinforces the idea of brand recognition as a result of the resources consolidation of in geographical area of influence. The shift towards giving more importance, to the so-called coded skills, which include the brand equity, network products and loyalty programs, are signals of a major turning point, in terms of product coding in later stages of international engagement as a imperative of survival.

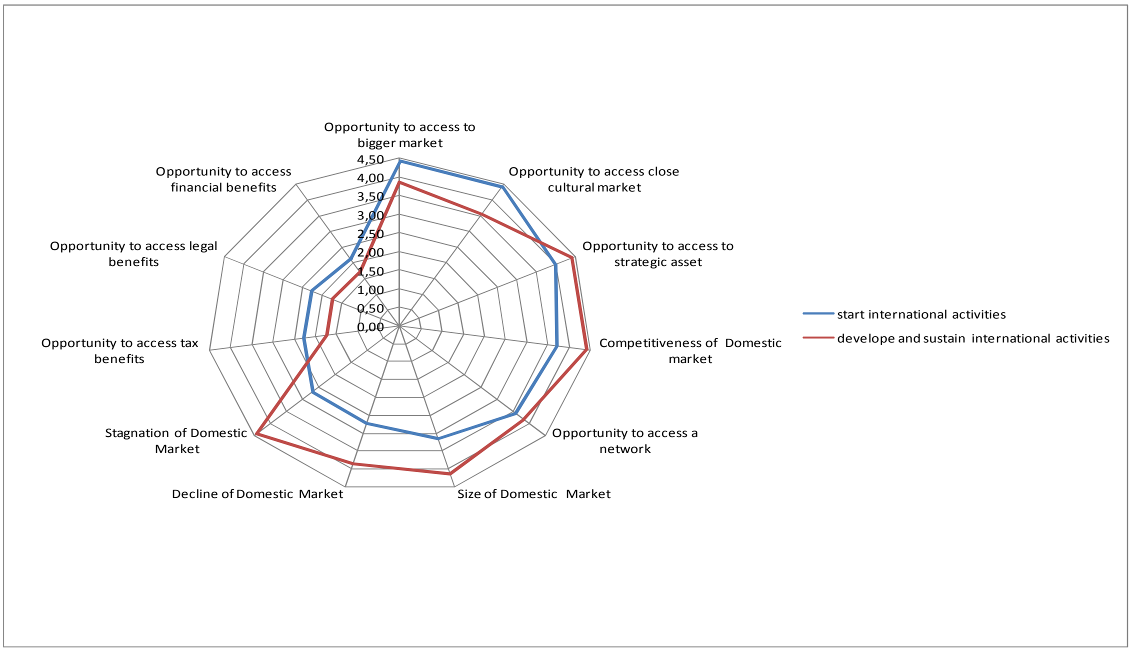
The other two complementing findings that had already emerged in the interviews was a synergy-based advantage. Regarding the mention of synergies as stimulus, all case participants, mentioned the importance of the learning effect arose from networking and market knowledge. According to CPs, some of this knowledge is useful to be transferred and incorporated in the others units, in the international market. It was also said that these learning effects, were already felt in the domestic market. In the particular cases, of CP6 and CP4, the development of a network of business partnership, had the effect of recombination skills with positive impacts, on the development of new products. In the CP7, the knowledge transference and competence reconfiguration allows the group, to grow from country to country. According to Kogut and Zander (1993), in later stages of internationalization growth, the learning effects from foreigner markets is transferred across markets and influences the combination, and recombination, of knowledge, through network of subsidiaries, including the home market. An example of this practice was the importation of the all-inclusive concept into the Portuguese market CP1, CP4 and CP7. In a posterior analysis within data source triangulation (Figures $_{16\ e\ 16.1}$), it is also clear the evolution of the stimuli factors, reinforcing the idea of internationalization as dynamic process at firm-level. It is perceived an emergence of the networking and related synergies, within scope and scale economics. As seen before, it is also visible the emergence of brand awareness through an effort to know, and follow, the consumer's tastes regarding the availability, of different hotel products, in different geographical areas.

Figure 16 – Organizational / Internal determinant stimulus



These analyses also emphasize the increasing presence of case participants, in international markets, as a result of stagnation in the domestic market and the growth opportunities, in considered strategic markets. It is also clear, that this diminishes the importance of cultural distance, in detriment of its presence in markets, considered strategic, for the hotel groups.

Figure 16.1 – Environmental / External determinant stimulus



7.3.6 -The determinant factors of international strategies

International strategy is the direction over a certain time, which achieves advantage, for the organization, through its configuration of resources, within an international challenging environment, to meet the needs of markets and to fulfill stakeholder expectations. According to Dunning (1993.2003), the explanation of international operations can be obtained through the way the company optimally combines the advantages of ownership, with the location and internalization.

The determinant factors are the variables that influence the decision making, whether from the internal and external environment or, by the nature of transaction. In this sub-chapter, the cross analysis will focus on the determinant factors, from the three specific dimensions, of firm international strategy. They are the time delay of entry, the market choice and the entry mode. It is important to understand, not only the explanation of stimulus that drives the firm to engage in international operations, but also, its impacts, in the firm international behavior.

These impacts, also defined in the model as a positive influence, are explained through the factors or variables that were determinant in firm strategic behavior. In the initial research model, it is argued that the nature of stimulus that led the firm to international market, are strongly linked with international firm strategies and, hence, they should be examined together, to be able to understand the overall process. Following the same analytical methodology, a crossing of factors between cases was made, using first the semi-structured interview content and the confirmatory questionnaire, sent later to the case participants. It is important to highlight the character of the confirmatory questionnaire, used to the same extent in the previous RQ1, which has a limited statistical validity but, reinforces the validity of the statements from the interview, avoiding on one hand, the bias reading and analysis of data and, on the other hand, minimizes the problem of mistaken memories, by the interview respondents.

7.3.6.1 -Time of entry (When)

As seen in the methodology chapter, the time dimension is one of the three strategic steps, presented in the research model. Firms can internationalize from inception / short after, or, in the opposite way, long after inception, according to Svensson’s (2006) time scale. Tuppura et al. (2008), adopted from others authors, the time dimension, as a field of study, and classified the time path followed by firms, in their internationalization by, born global, born again global and traditionally internationalizing firms. According to the same authors, the timing for the market entry may have far-reaching consequences, in terms of future performance, and in terms of international strategies. In the research model, three determinant factors were adopted, already known and tested in previous studies (Cohen & Winn, 2007; Tuppura et al. 2008; Schwens & Kabst, 2009).The achievement of a critical size, within resources and competences, grounded in the Johanson and Vahlne (1977) theoretical approach, where the accumulation of direct experience, and the combination of new experiences, enabled firms to develop a solid resource and related competence base, easing the initial move, from an established domestic market, into an international one.

In a subsequent research, Oviatt and McDougall (1994) introduced the figure of the entrepreneur manager, with international vision, as a catalyst in the process of internationalization. According to Oviatt and McDougall (1994), international entrepreneurship is seen as a combination of innovation, proactiveness and risk propensity. Here, the entrepreneur is the critical piece, because it is not enough to have the resources and opportunities if the internationalization was not desired, and performed by the managers, with vision, international experience, and entrepreneurial behavior. According to O´Grady and Lane (1996), it is indispensable to understand the factors that influence the decision process of international visionary, such as the network of contacts, international experience, family background and even languages spoken. Besides the accumulating experience, within an acquired competence, resulted of a period of domestic resource consolidation and the role of the proactive visionary manager, the existence of a critical incident, can also be a determinant factor, to trigger the process of internalization. Bell et al. (2001) described a change in ownership and/or management, as the most common critical incident, leading to more rapid internationalization.

Although the phenomenon of hotel internationalization in Portugal is relatively recent, apart from the CP3 that was born international all case participants have a long domestic activity, which on average is higher, than the years of internationalization itself (Table 21). This fact confirms the achievement of a critical level of resources and competences, before the first internationalization. As seen before, in chapter 7, all the CP´s were medium/large firms, in the initial stage of international engagement, which indicates that the growth and the learning process in the domestic market, is somehow linked to the timing of internationalization. This fact, along with a manager´s entrepreneurial profile, is determinant for the timing of internationalization. According to Vaneti and Johnson (2005), the greater the experience, in the domestic market, more confident, is the behavior of managers, with regard to involvement in other market.

Table 21 - CPs activity in domestic and International Market (Time)

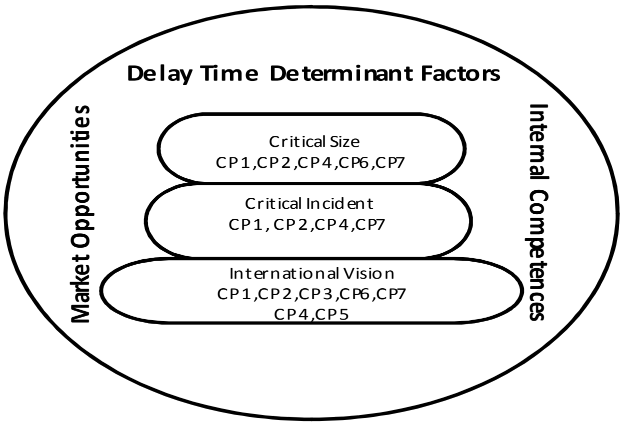
	Time of Activity	Time of activity till first internationalization	Scope of Activity at time of first internationalization (business / leisure)	Scope of Activity at time of first internationalization (geographic)
CP1	24	12	90 / 10	Algarve, Coimbra e Madeira
CP2	29	22	35/65	Lisbon
CP3	[redacted]			
CP4	26	21	35/65	Lisbon and Algarve
CP5	33	22	95/5	Madeira
CP6	19	14	70 /30	Madeira and Algarve
CP7	24	12	60 / 40	All tourism areas
AVG	28	17		

With exception of CP3 and CP5, all case participants pointed as a determinant factor for the time delay, the critical dimension, in terms of resources and the accumulated knowledge, which is the same to say, that in general, an exit to a foreigner market, implies the accumulation of, resources and internal competences. The CP3, who had its inception in the international market, pointed out the timing of international activity, as a result of the international vision, and experience of its CEO and founder. Regarding the CP5, the timing of internationalization and the related time delay had to do with the management group vision, anticipating difficulties in the domestic markets. According to the data obtained, and mentioned in chapter 7, the domestic resource consolidating of CP5, occurred long before the internationalization of the group.

Regarding the critical incident, it appears that in some way, it is linked to the natural process of growing, in the domestic market. It occurred, with almost all case participants (CP1, CP2, CP4 and CP7) that supported an intense domestic growth. Within a critical dimension and achievement in domestic market, an internal organizational change, is more the result of an internal growth, than a prerequisite for internationalization (Bell et al., 2001).

So, and resulted from the cross analysis, it was found that the resources achievement (critical size), manager and/or owner international vision were determinant, concerning the time delay till internationalization. According to Figure 22, and taking into consideration the previous analysis, there is a balance between the determinant factors that contribute for the time delay, in the process of internationalization. It is visible, the importance of the existence of solid resources to address a market opportunity, leveraging its advantages, in terms of internal competences. It is also found to be very important, the figure of the manager, with a vision to materialize this opportunity, according to Oviatt and McDougall (1994), in their international entrepreneurial approach. Regarding the timing of internationalization, the combination of two factors was found determinant: the acquisition of critical resources and the international vision of the manager.

Figure 22 - Determinant factors that contribute for the time delay



Although, an exact measuring of the importance of determinants factors, were not objective of a qualitative study, a confirmatory of the questionnaire, was sent to participants to triangulate the preliminary results of the interview analysis. The appendix (N), identifies the determinant factors, according to a five-point itemized rating scale, ranging from not relevant (1) to very relevant (5), sent to the case group participants, after the interview was made, and then analyzed. According to that, and within the determinants factors adopted in the theoretical model, it is reconfirmed that, the existence of a delay time, was primarily the possession of internal competences, within a solid resource level. At the same time, were also unanimous about the manager´s international profile and his entrepreneurial skills as factors that influenced the timing of first internationalization.

To finalize this analysis, it is important to mention that the market opportunities cannot be dissociated from the time dimension considerations. As highlighted, by all case participant respondents, although the emergence of a market opportunity was not decisive for time delay, it is not less true that, without a favorable external environment, the Portuguese companies hardly engaged in the international market. This leads to the conclusion, that there is a close relationship between the stimuli factors, and the internationalization time delay. If on one hand, the accumulation of resources and skills, presuppose the learning effect in a certain period of time, moreover, the appearance and existence of an entrepreneurial management may accelerate the internationalization process, by taking advantage of the emergence of market opportunities (Zahra & Garvis, 2000).

7.3.6.1 -Country choice (Where)

This sub-chapter focuses on determinants factors, regarding the market selection, in which, the case participants start and develop, their internationalization activities. The cross case analysis of these determinants factors, will allow to find a market pattern orientation, taking into account the determinant factors of the value proposition model.

Concerning the previous research model, two aspects of market choice dimension were considered in market dimension; the level of geographic concentration of international expansion and the related host country determinants.

According to Ayal and Zif (1979), in the geographical concentration, the firm will focus on achievement market share in a very limited number of markets, or even, in a single market. In geographical diversification, the firm will serve a large number of markets, at the same time. Concerning the host country determinants, this research will focus the characteristics of these markets itself. The market attractiveness within the location familiarity, market growth and risk perception, are strong determinants factors for market choice (Buvik, 2000). These two, complementary analyses, are needed to frame the pattern the CPs market selection.

Concerning the strategic orientation of the geographic diversity of countries (Table 22), the majority of the case participants have opted for a geographical concentration strategy in countries with similar specificities, in terms of product and demand. Only CP7 is aligned with a clear strategy, of geographical diversification, in markets with different specificities. However, in the starting point of international engagement, CP7 was similar to most of the other cases, entering first, in countries with markets with growth potential, low competitiveness at tourism product level, with a similar culture within a specific known hotel product. However, and due to the strong and rapid international engagement the CP7 clearly found in diversification, its international growth pattern.

It was also observed, in the majority of the case participants, that the market size and market growth, were important factors for market choice selection. Unanimously, the case participants emphasized the low cultural distance, as a determinant factor in country strategy. Other relevant and determinant factor, found throughout the interview, was the similarity between the domestic and international market, regarding the type of product and marketing specificities, showing again a clear emphasis on domestic market prior learning and firm tacit competences. With exception of CP6 and CP4, all the Portuguese groups, in the beginning of internationalization, found determinant the exploitation of domestic competences, in similar culturally close markets, in less competitive environments, within the same scope of product.

Although CP6 and CP4, went out to low psychic distance countries, unlike the others case participants, they began their hotel operations abroad in highly competitive markets. It was stressed by CP4 and CP6, that the developments in the global tourism market, the entry model of Portuguese hotel group's predecessors were no longer appropriate for those hotel firms' goals. According to the previous analysis, it also weighed the conditioning factor, of the existence of formal partnerships, with other firms already present in those markets. The CP6, with a partnership with an industrial Portuguese group, with great implementation and success in South America, and in the CP4 with an equity relationship with a financial group, with forty years of activity in Brazil. This fact facilitated their entry, into highly competitive urban markets.

Table 22 – Data Analysis(Confirmatory Questionnaire)

	Nº of countries	**Nº of markets**	**Market Size**	**Market Growth /Potential**	**Country Risk**	**Market Competitiveness**	**Geographic Distance**	**Cultural distance**
CP1	1	1	Very Relevant	Very Relevant	Fairly Relevant	Relevant	Fairly Relevant	Very Relevant
CP2	2	2	Relevant	Relevant	Not Relevant	Fairly Relevant	Not relevant	Very Relevant
CP3	2	2	Relevant	Very Relevant	Fairly Relevant	No Relevant	Relevant	Relevant
CP4	1	2	Relevant	Relevant	Not relevant	Very Relevant	Not Relevant	Fairly Relevant
CP5	1	1	Relevant	Relevant	Not Relevant	Fairly Relevant	Not Relevant	Relevant
CP6	1	1	Relevant	Relevant	Not Relevant	Very Relevant	Not relevant	Relevant
CP7	9	11	Very Relevant	Relevant	Not relevant	Relevant	Not Relevant	Not Relevant

Although Bradley (2002), states that the company should adopt a logical and systematic procedure to select markets, it was found that for the majority of case participants, the market approach was opportunistic, often a result of information and accidental discoveries, market information from third parties, participation in trade shows and managers knowledge of international market players. According to Govindarajen and Gupta (2001), to identify the strategic importance of a market, companies should always consider as determining in a first phase, the size and potential of the market and then, learn opportunities and increased competitive standards of the company. According to Dunning (1988) e Peng (2006), the market choice is made, according to the demand for local specific advantages in line with the firms' motivations and strategic objectives, within the firm ownership advantages. Table 23, presents in a categorized way, what was mentioned by the respondents, in relation to perceived local advantages, as instrumental reflection, in the country choice, by case participants.

Table 23 – CPs perceived location advantages

Case Participant	Motivations	Location Advantages	Citations
CP1	Market Access	Size and Growth Rate	"... The Brazilian market has been growing, both in external demand, but also as an internal, huge, potential market..."
	Strategic Assets Access	Natural Resources	"... The tourist potential of the Northeast Brazilian, in terms of beaches and natural beauty to explore, less than six hours by plane from Europe, was a decisive factor to bet in this area of country…"
	Efficiency Access	Factors of production at lower costs	"... Although the cultural proximity seems apparent, the language is the same, it has very cheap labour cost which enabled us to leverage our operating profitability.."
	Market Access	Government Incentives	"...As pioneer investors were given us good conditions and incentives that influenced our decision in developing activities, in that specific spot..."
	Market Leadership	Low competitiveness	"…the Northeast of Brazil was very little competitive in our business area…we were first movers…"
CP2	Market Access	Government Incentives	"... the government's willingness to stimulate the economy, which created various incentives, on the outward for foreign companies.."
	Network Access	Strong Multinational Presence	"…integrating networks of influence, and knowledge, to develop and build hotels in strategic areas for the development of Mozambique ..."
	Market Leadership	Low competitiveness	"…Taking advantage of the lack of logistical support to the standard accommodation, for businessmen, moving

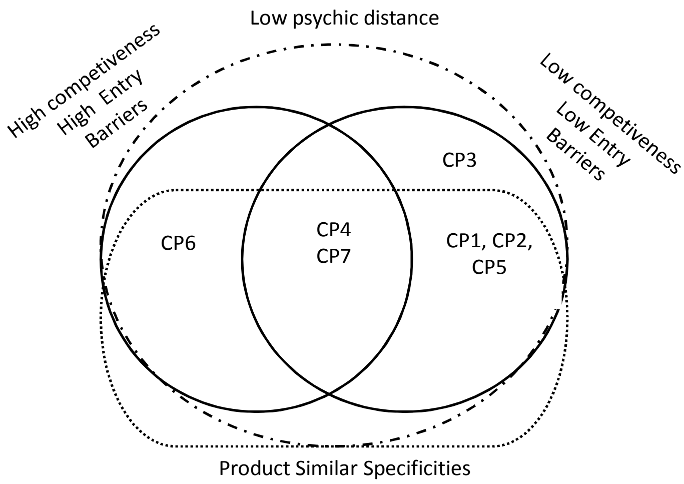
			the shaft to Tete-Maputo-Nampula, an increasingly larger and more profitable ...”
CP3	Strategic Resources Access	Natural and Cultural Resources	“…A country, with almost undiscovered beaches and attractive for tourism, with a unique culture and friendly people who speak our language, is situated less than five hours by plane, from the centre of Europe and three from Portugal…”
	Market Access	Government Incentives	“...Occurred since the beginning of our project... a government complicity, in joining a group of entities to develop a sustained touristic activity…”
CP4	Market Access	Country Size and Growth rate of economy	"... The Brazilian market had been growing as a Portuguese and European touristic destination …”
	Market Access	Brand Visibility and global competitiveness	…In a city like São Paulo, brand exposure is very large, in the business market, with consequences for our luxury resort, in the Northeast and to our hotels in Portugal…
	Efficiency Access	To exploit local synergies	… directly operating in a country, within a strong financial group, that is already installed a long time in the country, giving us a much faster access, to a network of contacts and business opportunities
CP5	Market Access	Size and Growth rate	…Our disinvestment in the domestic market was very re-directed, to a market with higher growth potential…
	Growth	Low competitiveness	… In some ways, being a precursor in a destiny, with a new cycle of growth, with the necessary requirements, using our abilities we can grow more easily, in a poorly prepared and uncompetitive market, for this new wave of European tourists…”
CP6	Market Access	Brand Visibility and global competitiveness	"...To give visibility to our brands, nothing is better than a market of 200 million consumers…
	Efficiency Access	Location And competitiveness	…Unlike other Portuguese hotel groups, in highly competitive markets bets, on the axis Rio de Janeiro and Sao Paulo, with higher barriers of entry, but with the highest return on investment, in terms of image and learning...
	Network access	To exploit synergies	…the synergies that arose with the creation of a partnership in the Brazilian market, are essential to go on taking advantage of a network of businesses, where the opportunities emerge, we are closely following Salvador ...
CP7	Market Access	Size and Growth rate	…Going to a great country for the initial

			ambitions, to win dimension. Brazil appears, as a response to our ambition and ability to grow, and decided to open hotels in all business segments, throughout the country...
	Efficiency Access	To exploit economies of scale and scope	…our strategy of product diversification and our portfolio of other activities allowed the achievement of scale and scope economics, possible only in a country like Brazil, within its dimension…
	Network access	To exploit synergies	...Although the South American capitals are different business realities, between them there is a large flow of business increasing our network of knowledge, within positive effects on firm business opportunities and firm performance.

According to Cuervo (2010), there are three main models that explain the selection of the country, in which internationalization starts. From an incremental internationalization, to non-sequential internationalization model, the author gives emphasis to factors such as, the kind of knowledge and the competences that the company develops, in the domestic market. Given the analysis performed, in this subchapter, and taking into consideration the evidence sources, mentioned above, it can be argued that in the case of Portuguese hotel groups, the determinant factors for the choice of external markets, are indeed closely linked to, the type of competencies that the company has acquired in the domestic market, and the some previous knowledge about the international market. Although, it is unanimous that the opportunistic, and unsystematic approach to markets, is a reality in the first phase of international engagement, we must also conclude, that there is also some rationality and systematization in the choice of country and market, in the later stages of international involvement. According to Govindarajan and Gupta (2001), to identify a strategic opportunity, the firms must first assess their attractiveness in terms of present and future, and in some cases the resultant in terms of learning and appreciation for the own company. Another issue to consider is the actual capacity, in terms of exploring the market. We are talking about barriers of entry, not only institutional but also geographical, cultural and linguistic. In this case, and according to Figure 18, the Portuguese hotel groups have a pattern concerning the determinant factors, when in their first approach, in the market choice.

Despite some differences, the cross analysis highlights the following situations. In the first phase of exploration of the country choice, it is a result of an opportunistic identification of the market, where it is, essentially, a discovery about its potential.

Figure 18 –Determinants of Market choice (own source)



After that, the Portuguese hotel groups evaluate the strategic importance of the market and assess its ability to explore it, in the best way. Thus, taking into account the recent internationalization process of the Portuguese hotel groups and the profile of its managers, a group of CPs (CP1,CP2,CP5) choose to enter in markets of Portuguese expression, with cultural affinities, in a favorable competitive environment within local incentives, with similar products, making their competencies and knowledge acquired, well worth. The exceptions made to this incrementally and less risky market choice, were the CPs (CP4 and CP6), that were integrated into formal networks, allowing them to enter in most competitive environments. Another exception was CP3, a born international firm, resulted from the manager´s entrepreneurial vision and benefiting from local government incentives.

According to AICEP (2010) more than a half (58%) of IDE of Portuguese hotel business is in Brazil and 25% in PALOP´s, showing a higher preference for countries with high dimension, with strong cultural links with Portugal, and with great market potential. Another fact is, the north-eastern of Brazil concentrates 62% of the Portuguese owned hotel establishments. The relative smaller geographical distance, and its great tourism potential in the sun and sea resort, top products, created a favorable environment, conductive to Portuguese hotel Groups, to begin their international engagement. The other important feature of Portuguese hotel expansion, in former colonies are in Africa, particularly Cape Verde, Mozambique and Angola. All these markets satisfy different realities, whose genesis lies in its recent history of conflicts, disputes and especially, economic opening up their economies to the exterior. Cape Verde is an archipelago with some tourism potential but, whose weak point, is the deficit of air transport and the still weak public infrastructure despite, a remarkable effort by the government. The resort component is strongly dependent on the tour operation dominated by German and Italian multinational, vertically integrating all tourism operation with all-inclusive packages. According to the CP3, still one of the pioneers in the Sal major investors, there is an atmosphere of suffocation on price and other services not contributing to the sustainable development of the islands. Mozambique, although, not being considered a strategic market for the majority of the Portuguese hotel groups, has a great advantage over their African neighbors which is, a social peace that has lasted more than two decades. Still, its high degree of poverty and underdevelopment has consequences for economic growth. For about ten years it is out of the stagnation, and already aroused interest, of many multinational and beyond. Not having the resources of Angola, Mozambique is beginning to awaken to three distinct areas, mining, energy and tourism and of course the low level of existing infrastructure, is an opportunity for hotel groups giving the cultural and sentimental affinity with that country, in this particular case, the CP2 in business and in CP7, in the area of resorts. Even considering the great difficulties, such as geographical distance and proximity to the economic giant South Africa, there are several affinities which are crucial, for many Portuguese companies, installed in the country, which has lately been the case.

About Angola, however investment had stopped many years according to recent data, there is now a different picture, given the huge interests of all world multinational companies, due to the abundance of natural resources like diamonds and oil. However, like all emerging economies with high growth potential, Angola presents many challenges such as the bureaucracy, forms of organization and regulation rather inconsistent and low transparency in business (Simões, 2011).This turbulent environment can generally benefit companies that already have a great knowledge of the specific country; experience and cultural affinity are two assets that cannot be ignored by Portuguese companies, including the hotels groups. According to ECD sources of late 2011, the economy of the Portuguese-speaking African countries will continue to record robust growth, although the crisis in the euro area threatens the future performance of these countries. According to forecasts published by the African Development Bank (ADB) in 2011, and developed jointly with the OECD, though all PALOP expected to increase in 2012 above 5%, resting up in Angola and Mozambique 8.2 % and 7.5%, respectively. Sometimes, the big problem of the companies that choose to enter these markets is how managing the accumulated experience and competences, in the exploitation of those poorly organized economies, within different competitive realities (Simões, 2011).

7.3.6.3 -Entry mode choice

Along the decision of where to go, the companies face another important decision, most of the times, conditioned by the market choice strategy. The entry mode is a critical decision because it can determine the firm´s performance throughout the international operation (llhéu, 2009). In most of literature review, the entry mode decision is chosen on the basis of the return and risks involved. According to Ramawami and Agarwal (1992), it is expected that the modal choice type, is driven by the return of a risk-based behavior.

A study conducted by Contractor and Kundu (1998), targeting all firms with foreigner hotel operations listed in the International Group Directory, reveals that, 37% of hotels were under management contracts, making the most common entry mode in international business followed by, fully or partially owned, with 35%, the remaining were franchising contracts. It has also been found that, the relative proportions of entry mode chosen, varied with the type of markets and the companies analyzed. After this pioneering study, others followed, (Taylor, 2000, Ramon Rodriguez, 2000; Purcel & Nicholas, 2001; Erramil & Agarwal, 2002; Dimou, Archer and Chen, 2003; Chen and Dimou, 2005; Want, Claver and Andreu, 2007; Darder, Garcia and Barber, 2010) emphasized the importance of external, and internal factors, on entry mode choice. The external factors, identified by those studies, were related to conditions of host country environment, while internal factors focus in the firm´s specific nature of firm competences and product complexity. According to the previous dimensions and factors, identified in the literature, as determinant on entry choice mode, the environmental factors, as host market determinants (Darder et al.2010), the complexity of the product and the tacit level of competences (Erramili & Argall, 2002; Peinado, 2007), were adopted for this cross-analysis. Due to the semi-exploratory nature of this research, other determinant factors, related with firm global strategy, were found and added for this cross analysis. According to Peng, 2001, there are strategic global factors that influence the entry mode choice. According to Hill et al., (1990), Kim and Hwang (1992), the interdependence of markets, the coordination and sharing of resources and competencies are variables, that influence the mode of entry, because they can condition the internal efficiency and the overall objectives of the company.

As already quoted, in the previous within-case analysis, it was found that a high degree of control over hotel operation within and asset commitment was clearly the entry mode strategy adopted in the majority of the case participants. According to Table 24, and following primary

and secondary sources, it was observed, in all case participants, a clear relationship, between economic conditions and competitiveness of the host country, and entry mode strategy.
Since the strategy of full control was adopted by the majority of CPs, the cross analysis was made market by market, in order to understand, the relationship between the determinants factors of each market and the CPs entry mode strategy.

Table 24 – Entry mode determinant factors

Case Participant	Type of International growth Markets	Level of control*	Level of commitment**	Determinant Factors***	Citations
CP1	Concentration (Northeast Brazil)	High	60%	HMD TLC CLP SGF	"…Create a critical dimension level of assets .... service control and a high quality service ... Brazilian market has little experience in the hotel service, in luxury segment ... a winning formula in the wrong hands, looses value… it's crucial to have a critical dimension to gain access to local and global synergies to achieve the maximizing efficiency and a future base of operations for further expansion into other markets and other products…"
CP2	Diversification (Mozambique and Angola)				
	MKT1 (Mozambique)	High	100%	HMD TLC	"…Tourist activity is very recent and very uncompetitive, in terms of tourist services ... shortage of skilled labour and reliable suppliers for the daily hotel operation ... the obligation to monitor the project and control over the operation, including customer base, databases and daily routines...."
	MKT2 (Angola)	Medium	50%	HMD C L P	"…The choice of MKT2 was made as a matter of following the competition and positions ourselves in a strategic market, in that region of Africa. As a speculative market and extremely bureaucratic, it was imperative to go into partnership, with a local company, that has opened the door to real estate and tourism. However, we continue to control the operation hotel from the bottom to the top…"

CP3	Concentration (Cape Verde)	High	50% (Hedge funds)	HMD	"…All hotels are operated by us ... we do not close the door to exploring other investments with our brand ... but there are still no conditions for this to happen ... the destination is poorly served, in logistic terms, and is not yet mature and dependent on imports for everything ... only now, specialized hotel staff are leaving from technical schools and is unthinkable apart from the music and animation outsource anything...
CP4	Diversification (Salvador and São Paulo)				
	MKT1 (Salvador)	High	100%	HMD T L C C L P	"…The property acquired in Salvador state was already a reference in the luxury market in the leisure area, we remodeled the hotel and decided to start alone, taking into account, the existing poor standards in the luxury market in Salvador. We understand that to export a brand, we have to gain dimension and be known, which takes some time…"
	MKT2 (São Paulo)	High	100%	SGF CLP	"…in 2008, we entered the market in Sao Paulo, through a competition for rental property, and ended up buying the property. Because, being part of a financial group, based in the country which attenuates the high barriers to entry in this highly competitive market ... there is cooperation with the group, in terms of funding and some synergies in relation to trade and investment opportunities ...
CP5	Concentration (Recife)	High	50%	HMD T L C	"... Although we had already all five hotels, in the area of Recife due to our highly focused direction for the European market for leisure, we dispensed three rental contracts during the decline, due to the sudden crisis in Europe, and the appreciation of the real… Due to our small size, and being an unknown brand, it did not allow us to extend the lease term and the

					conditions ... At the time, the poor market conditions led us to assume full transaction...At the present, we have a fully owned hotel and another one through leasing system...On the other hand, our performance in the domestic market does not help us leveraging our operation here in Brazil and we have some problems to hold the rent, not because it is not a profitable hotel operation but, because of the kind of contract, that does not allow us to return to investment in terms of marketing and advertising in such a short space of time ... do not forget that we had to adapt the hotels to different kind of clients and that means, investment that we have to capitalize in five years ...”
CP6	Concentration (São Paulo, Rio de Janeiro e Búzios)	High	100%	HMD CLP SGF	“… There is shareholders trust and funds available that when the opportunities appear, we can move forward in capital-intensive...which is what happened in the main capitals of Brazil with the two purchases, disputed with other international hotel groups... our partnership with a Portuguese multinational well quoted in Brazil was decisive,.... Due to our immaturity, in the international market, we still cannot think of pre-cooked formulas, we just want to consolidate our knowledge here to take back to the whole group ... our format in branding, is still very incipient....In relation to the network of collaborators, it extends it to our partner, drawing from it synergies in terms of soliciting clients and detection of opportunities...
CP7	Diversification (Brazil, South Americas Capitals, Miami, Europe Capitals) MKT1	High	100%	HMD SGF	“…Brazil was our growth platform and it was like an Eldorado, since

(Brazil) MKT2 South America Capitals	High	50% to 100%	SGF	we had capital we decided to capital commitment… we were precursors in many markets where conditions were conducive to investment. We invested in all the country to achieve a rationale and critical dimension and being noticed as a group who wanted to create lasting ties with the country and local communities ... Of course, at this stage, the verticalization of our portfolio of businesses, had led to a effect of complement between the hotels in full ownership and other companies of the group, is the only way that could take advantage of synergies between those structures… "…Although from these markets, which have already a request for operating contracts, we understand that, despite the financial stress and risk in countries with emerging economies , the company can get a great level of synergies from what was the genesis of this investment… opportunities in markets, geographically close to Brazil, with a great potential flow of business between countries ... even more, the company can control all the variables of a business in this environment of uncertainty ... Our strategy to get to 100% of capital south America has to do with the creation of a particular size, in a specific area, with specific synergies ... In our point of view, direct investment creates favorable conditions of information flows and knowledge and accelerates the international learning curve ... we are not listed on stock exchanges and we can grow based on knowledge networks that take time to consolidate ... we do not have to submit results or news to anyone ... As we already have to coordinate operations outside the domestic market, in this case in South America, which is a very big market

				… we understand that control over our assets would ease the task of coordination, increasingly complex, both in terms of product and logistics…”
MKT3 Miami	High	100%	SGF	… Resulted from an opportunity of subprime crisis, we move forward with the acquisition ... it is a very complicated market and always has to be managed and controlled by us. For us, it is an extension of the South American market, a gate for 300 million consumers and the main destination of Brazilian and Argentine…”
MKT4 European Capitals			SGF	“…Despite the restrictions and lack of opportunities, this environment, of less speculative market, causes us to look at Europe as an opportunity. Do not forget that even though, investment may take more years to recover, the residual value will be greater with a much lower degree of risk. The opportunities are so scarce in these markets, that if we did not buy we could lose the opportunity ...we have to balance our assets in term of risks and returns…”

***Host Market Determinants - HMD

Tacit level of competences – TLC

Complexity level of product - CLP

Strategic Global Factors – SGF

* Level of Control = Revenues from full mangemnet hotels / Total revenues

*** Level of asset commitment = Full owned hotels / Total of group hotels

Despite that, in the Northeast of Brazil, at the time of the events (late 90´s) there was a low level of economic infrastructures, to support a touristic investment with European quality standards while the expectation of the tourist market growth, was high. Initially, there was the expectation of the entrance of the main European tour operators and, in a second stage, the emergence of the internal market facing a positive evolution of GDP per capita in the country. Although, trade barriers and low levels of economic development, tend to support the goods and services, become more expensive and may discourage the choice of the internalization, favoring softer forms of entry, it was observed and highlighted in interviews (CP1, CP4, CP5 and CP7) that, among other factors, the expected growth in the tourism market and market size, was sufficient to risk a high degree of asset commitment. According to Agarwal & Ramaswami (1992), a company may want to take more risks and choose less cooperative arrangements and direct investment (FDI), when the expectation of market growth in big market in the medium and long term, is high. According to a study of Pla-Braber and Darder (2002), there is a positive association between markets, with great potential and the choice of modalities with high levels of control and investment. However, in relation to market size, this relationship is no longer as often directly (Quer et al. 2007).

Regarding the Mozambique (CP2), and the Cape Verde (CP3) markets, although the economic environment and the infrastructure for supporting the hotel business were even more discouraging than in Brazil, the trade barriers were very low with large investment incentives from local governments. In conjunction with the touristic growth potential and given the strategic value of the macro product of Cape Verde, CP3 decided to ignore the risks and invest directly in the destination. In Mozambique, the conditions given by local authorities and the potential demand of the country by other multinational encouraged CP2. The competitive conditions that the Portuguese hotel groups found in these countries and the potential economic growth were an important factor in the choice of entry mode. Another determinant factor of host country environment was the country familiarity. The country familiarity includes the perceived distance between the country of origin and the host country and includes variables such as culture, language, and practices of business, less the perceived distance, greater familiarity with the country. In this case, and according to all participants, the perceived psychic distance is not as small as it was in the reality. The business practices are very different and, despite the language and some cultural references were the same in generally. This determinant factor was not considered, as fundamental, to the choice of entry mode in any of these markets. Contractor and Kundu (1998; 1999), stated that cultural affinity and language assumes some importance, since the hotel business uses considerable intensive local labor and interacts within the host country, with local populations, but is not significant and decisive for entry mode decision. Although it was a decisive factor when choosing the country, psychic distance was not considered by any of case responds relevant to the entry mode choice. However, and according to some authors, it may be an important factor. Quer et al. (2007) found evidence that the smaller the cultural distance, more easily companies assume a posture of compromise. These mixed results may be associated with a cost reduction of know-how transfer in the case of cultural proximity, facilitating externalization, but on the other side, the choice of internalization in countries with high cultural distance, may imply other transaction costs. In Cape Verde and Mozambique, (CP2 and CP3) it was noticed some kind of local cooperation but with no impacts in the hotel operation itself.

Concerning the country risk, no evidence was found regarding the entry mode choice. The study participants did not report the country specific risk as a limiting factor for direct investment (FDI), by the contrary; this evidence can confirm the risk reduction as motivational factor for the international expansion of case participants. According the interview there was a perception that, in those “attractive” countries, the specific risk was negligible. Despite the existence of a poorly structured tourism market, the Northeast of Brazil, Mozambique and Cape Verde, the market was stabilizing and showing no signs of volatility. According to Hill et al. (1990); Kundu and Contractor (1998;1999), in environments with rapid changes in technological, macro-economic, social, demographic, and intense competition, a high commitment to resources will not be recommended, favoring models with more flexible entry modes. However, in countries with speculative markets as Angola, the option for more cooperative and equity forms of operation was considered crucial by CP2. The same happened with other Portuguese and foreign groups, who entered that country. Several empirical studies have shown that, in risky environments, firms prefer to enter with mixed and cooperative way of entry mode, (Contractor & Kundu, 1998; 1999; Pla-Barber& Darder, 2002).

Concerning the transaction-specific determinants, the analysis of these factors has the same reasoning than previous cross-analysis, with the difference that will be established a relationship, between the determinants factors pointed by case participants, and their common entry mode. At the time of exit to the foreign markets, , as deduced in the first proposition of the model, the internal competencies of Portuguese hotel groups were mainly related to marketing knowledge, operational, business routines and human capital. These competences, clearly with a tacit nature, are, in most cases, difficult to transfer to a third part. According to Hill et al. 1990, the establishment of a contract is always problematic, the greater the tacit nature of the know-how to transfer. It was highlighted by all case participants that their competences and related know how, are not easily transferable, without a certain loss of value, with problems related to misuse of information, by third parties. As was emphasized by the CP1, CP2, CP4 and CP5, the establishing of their own hotel management is the best to take advantage on their tacit competences, which were, in most cases, the main stimulus for an initial engagement in the international market. Another reason mentioned by CP1, CP4, CP6 and CP7, to choose equity based investment, was the achievement, of a better coordination and synergy, between domestic, based and international market knowledge. In the view of CP1, CP4, CP6 and CP7 to internalize the transaction, the company will soon absorb another kind of knowledge that will be useful for the consolidation and growth of the business, in both, the internal and the external market. A vision based on the possession of specific resource competencies, companies are focusing their ways to invest and cooperate in a particular market, maximizing the most of their competitive advantages (Barney, 1991; Tallman & Shenkar, 1994).

Concerning the level complexity of the product, according to CP1, CP2, CP3, CP4 and CP6, there was an uncertainty of local partner's behavior, concerning their incapacity to develop hotel operations, within high quality and complex management parameters. Due to the poorly structured, business local know-how, less cooperative entry mode, were observed thus favoring the internalization of hotel services. This can also be supported by Dunning's (1980), internalization advantages and Coase (1937), Williamson (1975) transactions cost and internalization theory, where, because of the existence of market failures, the firm-specific advantages need to be protected, within the firm organization structure, thus internalizing its foreigner market activity.

Other factors to consider in the entry mode choice, by Portuguese hotel groups, were those related to the strategic positioning of the company in overseas markets. Also called global strategic, this group of variables is related to the manner of how companies view their position and progress in the global market and the entry mode, most suitable for this purpose. Supported by Barney's (1991) RBV, later developed by Kim and Hwang (1992) where it is considered that a decision, on a specific entry mode, should lie on the company's global strategic position. It was mentioned by CP1 and CP7 that, the achievement of a critical size, in a given market or geographic area, was essential both to leverage resources and specific competences of the company, maximizing the synergies arising from the accumulated and acquired knowledge. According to respondents, this type of strategy requires a high degree of coordination and control, by the company, of the different business units.

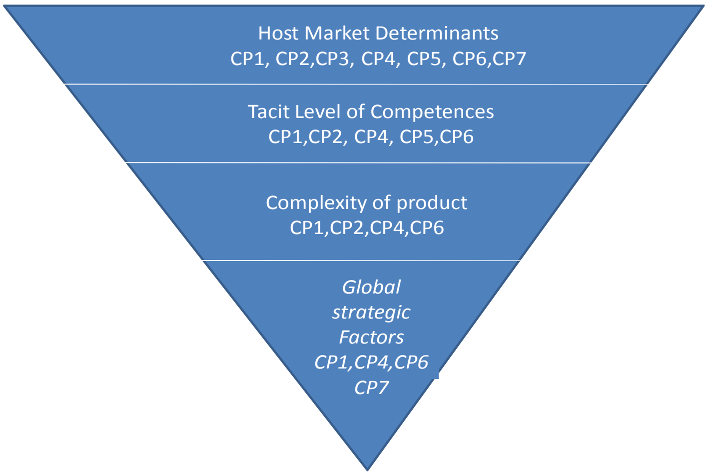
In the larger hotel groups, such as CP1 and CP7, it was observed a sharing of cross competences within vertical and horizontal integration, resulting in synergy benefits, which includes economies of scale and implying high levels of asset commitment. Also included in this context, are other forms of touristic exploitation, such as, the tourist business of time-share. According to Kim & Hwang, 1992 regarding business benefits, the global synergies arising from different business units, are characterized by a high degree of control in the foreign market, thereby, favoring the internalization of the activities.

It was also observed by CP6 that, the acquisition and exploitation of the business was the best option, when business partnerships were established, resulting in more synergies. According to CP6, when it was established a joint venture with a Portuguese company already set up in the market, this strategic alliance was maximized, because of the existence, of a high commitment with the market. Unlike the other participants, the option for a highly competitive and structured market and facing the poor hotel group international experience, the choice of strategic partnership aimed to access a market, with greater visibility and development activities, at lower costs. The same happened with the CP4, on their investment in Sao Paulo, by the fact of belonging to a bank holding company, with a large deployment in Brazil. As mentioned by these smaller hotel groups, the option for full owned and control of the business, came about for two reasons. First, was the timing and related opportunistic purchasing option, and, in second place, the fastest access to local market knowledge. According to Bradley (2002), alliances allow, in competitive markets, the earning of assets and capabilities and by consequence, have easier access to markets and brand awareness. Those strategic variables were based on international market knowledge and the internal efficiency. The case of CP7 is a good example, of the importance of strategic variables in entry mode selection. After concentration, and asset commitment, in the Brazil market, the hotel group expanded into bordering countries, always keeping a tight organizational coordination. According to CP7, this coordination is more difficult to achieve in arrangements of entry, of fewer control over the assets. This type of behavior, where the maximization of learning is implicit, through the acquisition of market knowledge, creating roots and achieving synergies, can be explained by the theory of transaction costs, which, by direct investment in the markets, the companies avoid the dispersion knowledge and maximize each stage of value chain, achieving reasonable economies of scale and context, preventing and reducing transaction costs (Williamson 1975). We can also fit this behavior in the incremental model of Vahne & Johanson (1977) and Johanson & Matsson (1988) in the network model, where companies expand and invest gradually in areas more distant geographically, and culturally, benefiting from a chain of relationships that, properly coordinated, generated opportunities in international markets. Contractor and Kundu (1998) evidenced that, equity-based modes are preferred by companies with more international experience. As confirmed by

CP7, the group's expansion to more competitive countries and more structured markets, the equity-based modal choice, is a way to balance the riskiness of their assets.

Another common reference, about the undeveloped foreigner markets, (CP4, CP5, CP6 and CP7) was, in what concerns the absence of contractual forms appropriated for the nature of hotel operation, developed by the Portuguese, made the call option and direct investment more profitable.

Figure 19 –Determinant factors of asset commitment and full control of the business



As quoted in interviews (CP1, CP2, CP3 and CP5), those market with little competitiveness in terms of supply and demand results, in the unavailability of competitive funding sources and the absence of local agents, without the capacity to undertake, credible profitable forms of cooperation, for hotel business. This fact is related with the development and competitiveness of the local market and can be framed on host market determinants factors. With the exception of CP4 and CP7, in early phases of internationalization, the sources of funding, used by case participants in foreign direct investment, was rooted in the domestic market, in the form of self and bank financing. This confirms the good economical and financial strength, of most case participants, at the time of first internationalization and the weak competitiveness of host markets within the absence of credible local players. Regarding CP5 and its orientation to rental contracts, it was clearly assumed in the case participant interview, an inability to negotiate other types of contract arrangement. In the opposite situation are CP4, CP6 and CP7, that assumed the purchasing option in all rental contracts in a clear strategy of foreigner direct investment. This can be explained by the difference in resources and skills, among some case participants, according to the data obtained previously. As quoted in the interviews (CP1, CP4, CP6 and CP7), the business opportunity is often enforced by the speed of the management decision, and by the availableness of financial resources.

From the cross analysis made above, and in accordance with the confirmatory questionnaire in appendix (O), it can be observed in all case participants, a pattern of asset commitment and a high degree of control over the operation, in the entry mode strategy. It was observed, in all case participants that the entry mode strategy is influenced by host market factors like, the potential market growth and market competitiveness. The majority of case participants, also emphasized, the tacit nature competences within marketing and operational capabilities, as determinant factor for entry decision. As far as the case participants engage in the international market, other global strategic factors emerged as determinant for entry mode decision (Figure 19).

Although not in the direct scope of this research work and somehow purged during the selection process of study participating companies, it must be taken into account, that some Portuguese business groups at early stages of expansion in the Brazilian market agglutinated two complementary activities, which were hotel and asset management. Given a macroeconomic context with good perspectives, resulting from the abundance of funding in Portuguese banks, an European moneyed middle class and a favorable exchange policy, there was an investment boom where were decisive the association between the real estate known-how management of Portuguese firms and the long experience of vocational tourism in Portugal. However it was noted that most of those oriented real estate business had a short duration and ceased due to a change in the demand paradigm and due the strong speculation that arose in these markets. Within this context, CP1 and CP7 stood out and later the CP4, which somehow levered their position in the leisure Brazil market.

8– Findings and conclusions

This final chapter begins with the discussion of major conclusions and finalizes with the implications, for the theoretical and managerial field of internationalization. Accordingly, and after verifying the validity of the initial value proposition model, a final proposal was tailored according to the results obtained. The main objective here is to use the study findings, to evaluate the appropriateness of the initially proposed model. It proceeds with some recommendations, which may facilitate the work of researchers, interested in conducting further research, on the field of hotel internationalization.

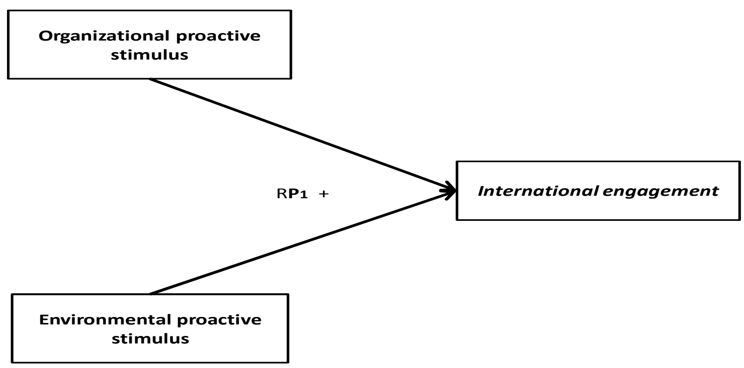
8.1 - The purpose of the study and the research findings

The purpose of this study is to explain the international engagement of hotel firms, within a geographical and social economic context. More specifically, the study sought to explain the strategic behavior of those firms, through the proactive motivational stimulus, as main determinants for the international hotel firm's engagement. This approach to explain the internationalization of Portuguese hotel firms, integrates several theoretical fields, with its foundations on the resource-based theory (Barney, 1991), and supported by the behavioral theories (Johanson & Wiedersheim-Paul 1975; Johanson & Vahne 1977, 1990; McDougall & Oviatt 2009). It also used the Dunning's eclectic paradigm (1980, 2001) to better contextualize the relation between motivational stimuli and the OLI variables. The summarized findings will be presented in tables where it is possible to visualize the type of influence between the motivational stimulus factors and CPs strategic choices according a scale of relevancy. The relevance criteria assessment is based on the frequency and the intensity of CPs found in data analysis within categorized determinants factors (Table 5), according to Miles and Huberman (1994) recommendations.

8.2 - Major findings

The first proposition attempts to explain that hotel Portuguese firms are motivated to engage in international market, by using their unique competences, as inimitable sources of competitive advantage, within an international market opportunity scenario. The "exportation" of these competences can be used in their own favour, facing local and international competitors, within identification and exploitation, of an external market opportunity. The market imperfections, explained by Hymer in 1960, and developed by Dunning in 1980, as ownership advantages, are consistent with Barney´s (1991) resource based approach, where, unique resources and competences can intensify and expedite a firm, into international expansion. According to Zahra & Gravis, 2000 the internationalization presents an opportunity, thus, exploitation of market opportunity and, most of the times, are result of the manager's desire to commit in the international market, following a entrepreneurial vision of internationalizing, where the environment and the combination with the firm's internal competencies influences the development of international activities (Ortega & Vera, 2005; Rund, 2007). Therefore, and, following the previous reflections, comes the first proposition of the model referred as RP1 which argues that in the Portuguese hotel sector, the combination of, proactive internal and external stimulus, influences, positively, the international engagement (Figure 20).

Figure 20 – Research Proposition 1



It was found that motivational stimuli factors responsible for Portuguese hotel groups to engage in international market, were, mainly competence based, within a strong managerial pull component. In other words, and, generally speaking, the CPs international engagement was a result of the combination of proactive motivational stimuli, where it was determinant the role of the CP manager in the perception of firm competitive advantage facing a market opportunity.According to the data analysis, it was observed on the majority of the studied participants in its internal competences, an important motivational stimuli for starting international activities, in accordance with Barney´s (1991) resource based approach wthin Dunning (2001) ecletic model determints. The competence-based ownership advantages, initially perceived by firm's managers, are essential for gaining advantage over the local companies, according to the principles of eclectic theory.

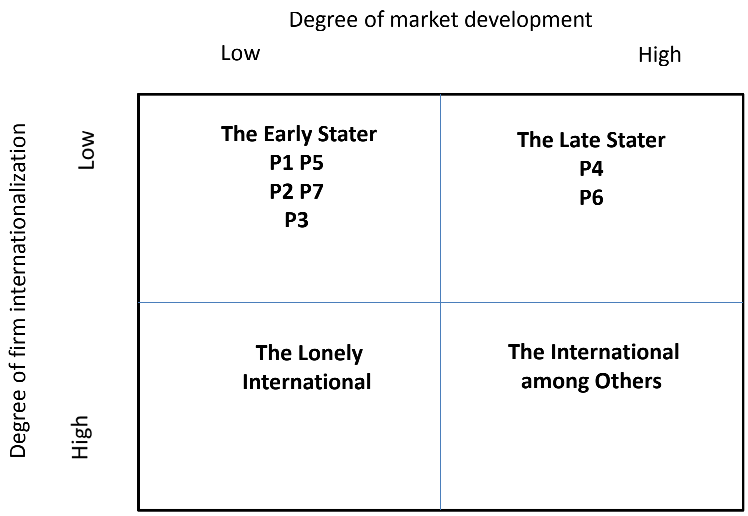
Highlighted by all case participants, was the manager's role, as a key stimulus factor to leave domestic environment. The manager's ability to perceive a market opportunity, within a firm winning "spirit" was recognized by the CPs as a crucial factor, to lead to an initial engagement, in the foreign market. The winning culture, derived from a good performance in the domestic market, can leverage the manager's confidence and motivation, at the time of exploitation of opportunities in foreign markets (Zahra et al, 1999). With the exception of CP3 and CP5, all the CPs presented good performance indicators in the domestic market at the time of first internationalization, as observed and analysed in Chapter 6. According to McDougall and Oviatt (2000), the ability for a manager to perceive an opportunity and the related potential competence to be exploited, can be seen as a proactive and entrepreneurial effort. It was also found in case participants interview content, and further validated, by the confirmatory questionnaire, that the level of managerial ownership plays an important role in the critical phase, of the initial international engagement. Corporate entrepreneurship is more efficient when a manager has vested interest, therefore shareholder status of the executives may contribute to taking an entrepreneurial approach (Zahara et al, 2000).

However, it is important to note that not all CPs start their internationalization, at the same time. There are two distinct contexts that might influence the type of the stimuli motivational factors, as was emphasized in the previously cross-case analysis. In a first context, it was deducted, that despite of CP1, CP2,CP5 and CP7 had limited international market knowledge, their access to the foreign market was relatively easy with few entry barriers. For this, contributes the existence of business opportunities in new markets with high growth expectations, low competitiveness in high qualified segments of accommodation and local incentives. This deduction coincides with the Dunning and Kundu´s conclusions (1995), which confirm the ownership benefits are better perceived by managers in developing markets than in fully developed markets.

Within this first group of hotel firms, it is important to analyze separately the CP7 for its size in the domestic market and its portfolio of business within a vertical integration strategy even before his first internationalization. As seen in figure 13, the achieving of scale and scope economies were two important motivational stimuli factors pointed by CP7 for international engagement, highlighting the complexity and the nature of ownership specific advantages at the time of international expansion. Thus, it may be deduced that, although the initial behavior of CP7 was identical to the other companies, their international market entry was made at a much larger scale, taking into account the level of resources of the group. This also coincides with the findings of Dunning and Kundu (1995), confirming that the size of the company as competitive advantage for greater international competitiveness.

In the same geographic context but at a later stage, the CP4 and CP6 had to deal with another competitive environment with higher entry barriers. Despite their weaker international experience, the stimuli factors that trigger their international initial engagement, although proactive, had a different specificity. It was observed a greater emphasis the transaction-based ownership advantages through the formal affiliation on others business groups. Another difference found between these two hotel groups and others, was their vision about the motivation to seek new markets. From a more incremental, opportunistic, and market growth, motivation based on market size and familiarity (CP1, CP2, CP5 and CP7), the CP4 and CP6 based their initial international engagement in a more systematized way, orienting their choice to more competitive markets, with greater visibility for the brand.

Figure 21 – Case Participants Market Aproach



Adapted from Johanson and Mattson (1993) matrix

The initial assumption to enforce inimitable competences, to enter and dominate markets less competitive, in a logical incremental growth, and less risk taking, do not arise with such intensity, in the cases of firms that internationalize in a more competitive environment (CP4 and CP6). There was clearly a shift to the use of partnerships and related synergies effects to meet some high entry barriers.

In contrast with CP1, CP2, CP5, where it was observed a predominance of competence-based ownership advantages, it was found CP4 and CP6, a balance between transaction-based ownership and competence-based ownership advantages. This fact can be explained by Coviello and McAuley (1999) where the network competences, are a facilitating element, both for firms, with fewer competitive advantages, as well as for companies that enter later, in more competitive environments. According to the network theory, developed by Johansson and Mattson (1993), this behavioral inflection can be framed in a matrix, which confronts the degree of development of the market, with the degree of internationalization of the company (Figure 21).Given that there is a close relation between the proactive motivational stimulus identified by CPs (Table 25) and two types of ownership specific advantages according Dunning´s framework(1980,2001), we can state that, regarding the initial phase of engagement in the international market, the (RP1) first proposition is fully verified in all case participants.

Table 25 – Study findings regarding the Research Proposition 1 (RP_1)

Case Participants / **Motivational Stimuli Factors**	**Source**	**Nature**	**Type of OA* Dunning Framework**	**CP1**	**CP2**	**CP3**	**CP4**	**CP5**	**CP6**	**CP7**
International Engagement level	Internal	Proactive		initial	Initial	initial	initial	initial	initial	initial
Marketing and Operational Competence			CB	XX	XX	0	XX	XX	XX	XX
Network capability based			TB	X	X	X	XX	0	XX	X
Managerial Urge			CB	XX	XX	XX	XX	XX	XX	XX
Scale Economics			TB	X	0	0	0	0	0	XX
Market Growth Opportunity Based	External	Proactive		XX	XX	0	X	XX	X	XX
Strategic Market Opportunity Based				X	X	X	XX	X	XX	XX
Accessing local benefits				XX	X	XX	XX	XX	X	X
Stakeholders follower	External	Reactive		X	0	0	0	X	0	X
Domestic Contingencies				X	0	0	X	0	0	0

0 - Mentioned or observed as not relevant * Ownership advantage

X - Mentioned or observed as relevant CB – Competence based

XX - Mentioned or observed as most relevant TB - Transaction based

However, it was also found, as firms would engage in international market the type of the stimuli was ranging. That is, as CPs engages in international market, there was a concern to explore and gain new competences that somehow, would make the process of international engagement as sustainable, as possible. Thus, it was observed in early starters CPs, a clearly guidance, for a critical asset dimension achievement in order to accumulate market knowledge. It was also observed a demand for, local networks within minor partnerships, local distribution channels and informal hotel directories. These findings are consistent with Hymer (1968) that consider the use of massive FDI in certain markets, the most likely key to make the internationalization a solution to maxims the firm profits. In the network approach theory, developed by Vahle and Nordstrom (1988) and Johasson and Mattsson (1988) it is argued that, in the firm international engagement, the important is the establishment of networks, rather than the initial firm competence based advantages.

Not being able to argue, that the proactive nature of these stimuli was less intense, than the initial one, it was found that other proactive stimuli emerged, even in high levels of international engagement. The fact is that, after an initial stage of international engage, the CPs start to give emphasis, in the demanding for internal and external networks in a clear motivation for great internal efficiency. At the same time that others business goals emerged, like local brand recognition and the critical size achievement, other motivational stimuli were observed like the need to adaptation to new environments with implications in the development and reconfiguration of resources and competences. According to Dunning, (1991) the ownership advantages, which are the primary stimuli to engage in international markets, may be dynamic and volatile.

Thus, it was observed that after all CPs initial international engagement there was a focalization on the development of other competences, such as, brand image, reservations system and internal commercialization network. According to Dunning & Kundu (1995), the advantages of property most relevant to the international expansion are the brand image of the hotel group, the networks and technologies associated with reservations and direct contact with the clients and possession of products that meet the taste of customers.

According to the CPs, the development of these coded skills was crucial for the international engagement. This behaviour is consistent with Dunning and McQueen’s (1981) study in the hotel sector. According to the authors, the more portion of knowledge retained by the hotel firm with lower transaction cost, the greater is the growth rate in the international market.

Concerning the external stimuli, the opportunistic and spontaneous character of initial international engagement, based on very strong cultural links and privileged information, is consistent with the fact, that the Portuguese hotel groups, in the beginning, were mainly motivated, to access new markets and only later added to these motivations, the access to strategic assets, which shows a deliberate and systematic behavior, focused in medium and long term. Strategic asset seeking is probably, the fastest growing motives, for overseas investment development, and may be critical for long-term strategy, being essential to develop a sustained a market position (Dunning, 1994). The identification of propensity for learning and network orientation are forming a particular setting that can holistically, explain the developing of entrepreneurial activities on internationalized firms (McDougall and Oviatt, 2000).

Despite the tacit level of competences, and the related opportunistic approach, remaining the trigger of all the internationalization process, all the case participants in a “more advanced stage of international engagement” want to expand and strategically their positioning in the international market, taking advantaging of accumulated and new knowledge and benefiting from internal and external synergies. This fact demonstrates the continuity of the proactive character of the stimuli factors, after an initial stage of international engagement. Johanson & Mattsson, (1988) considers that internationalization depends on, building long term, and durable term, links with other firms in foreigner markets. All of this behaviour is also consistent with Johanson and Mattsson (1988) network approach theory, where the knowledge and relationships resulting from the continuous presence in the international market, permits the creation of a capital of trust that reduces transaction costs, increasing the cooperation of new products and practices, within all group organization. It was clearly observed in the early starters CPs an emerging strategic vision with a more systematic selection process of market opportunities, in detriment, of a purely opportunistic approach.

It was also found for the majority of case participants the awareness that, less favorable conditions, in the domestic market, was an important stimulus factor in the engaging of international operations. Instead of an initial assumption of leaving the domestic market with goals of growth, through geographic diversification of the existing business portfolio, now, there also is an effort to see the foreign markets, as potential client suppliers to the domestic portfolio, reducing the global risk of hotel operation. The introduction of external contingencies, within a more behavioral defensive approach, introduces a reactive nature, in the internationalization motivations and, partially negates, the assumption of proactive stimuli, as the basis, for international business engagement, in later stages of CP´s international engagement. It also introduces the risk reduction, as the primary motivation, for the continuation of international activity, with evidence that international hotel activity is driven by strategic determinants such as market and product synergies.

Table 26 – Results from Cross Case Analysis in later stages of international engagement

Case Participants / Stimuli Factors	Source	Nature	Type of OA*	CP1	CP2	CP3	CP4	CP5	CP6	CP7
International Engagement level	Internal	Proactive		medium	medium	medium	medium	low	medium	high
Marketing and Operational Competence			CB	X	X	XX	XX	X	X	X
Network capability based			TB	XX	XX	XX	XX	0	XX	XX
Managerial Urge			CB	X	X	X	X	X	X	X
Scale and Scope Economics			TB	XX	XX	XX	X	X	X	XX
Market Growth Opportunity Based	External	Proactive		XX	XX	X	X	0	X	XX
Strategic Market Opportunity Based				XX	X	XX	XX	0	XX	XX
Accessing local benefits				0	X	XX	0	0	X	X
Stakeholders follower	External	Reactive		XX	XX	X	XX	X	XX	XX
Domestic Contingences				XX	X	0	X	XX	X	X

0 - Mentioned or observed as not relevant   * Ownership advantage

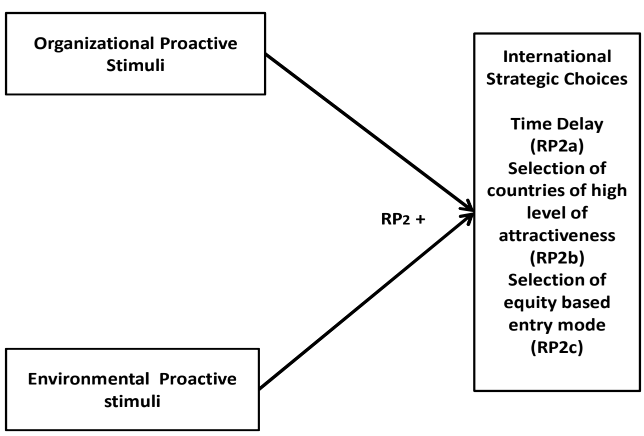
X - Mentioned or observed as relevant   CB – Competence based

XX - Mentioned or observed as most relevant   TB - Transaction based

As observed and described in Table 26, two stimuli factors were considered by CPs as fundamental due the firm international market consolidation. In the understanding of case participants, the developing and consolidation of networks in strategic markets emerge as major stimuli as they consolidates its position in the international market with positive effects on the coordination of resources and internal efficiency. According to CPs, regarding the international market engagement there is a need for knowledge acquisition and coordination skills, due to the experience of dealing with different competitive environments and new customer segments. As a result it was observed a greater weight of transaction-based ownership advantages, as CPs engages in the international market. According to the previous analysis, in the later stages of CPs international engagement, there is a balance of different internal and external stimuli but essentially with different natures. If by one side, the domestic contingences influence the CPs level of international engagement, on the other hand, as far as CPs engages in international market others motivational stimuli emerge. Thus, and, taking into account, the stimuli reactive nature of the domestic market contingencies and the positive influence of international engagement on CPs motivational stimuli, the RP1 was not verified in later phases of CPs international engagement.

The second proposition has a compound nature, and advocates that the international strategic choices like, time delay to internationalization, market choice and entry mode, are influenced by the proactive stimuli factors. According to Mejri & Umemoto, 2010, it is important to study the determinants factors that make internationalization happen. Tuppura et al. 2008, empathizes the importance to establish a guiding principle, between the motivations and the strategic orientations, of companies in their internationalization process.
This proposition was supported by several theoretical fields of internationalization. Firstly, the incremental internationalization stage model Johanson & Vahne (1975) and its evolution through Johanson & Matsson (1988) network approach and, in second place, through Dunning´s (1988; 2001) eclectic model within ownership, location and internalization determinants. According to the paradigm of Dunning (1988, 2001), one of the basic conditions for performing international operations, is that the ownership advantages should be combined with the internalizing operations in a proper and optimal location. Given that in RP1 the international engagement was essentially stimulated by the existence of competence-based ownership advantages and market opportunities, the RP2 argues that the proactive motivational stimulus influence the choice of market and entry mode strategy.

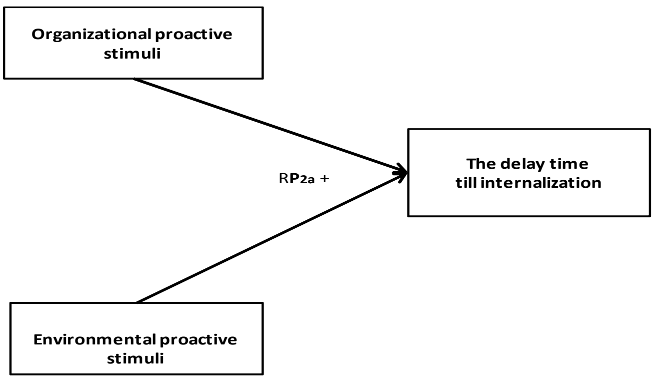
Figure 22 – Compound Research Proposition 2



In particular, this proposition (RP2) argues that the Portuguese hotel groups initiate their international engagement, after a long and resource commitment domestic activity in markets with high attractiveness adopting high level of asset commitment, within a tight control over the hotel operation. In terms of the proposed model, it establishes a direct relationship, between the characteristics of the stimuli described above, and the strategies undertaken by the company, in its international engagement. So, combining these three assumptions, the second major proposition of the model is referred as RP2, which advocates that, in the Portuguese hotel sector, the environmental and organizational stimulus, influence the firm international strategic moves (Figure 22).

The first strategic move to be test is the time delay till internationalization, and, can be scaled in two ways. According to Svensson (2006), typology time scale, the firms can move to foreigner markets, from inception or short after, and opposite way long after inception. Other authors like Tupura, et al (2008) adopted related forms of time path, like born global, born against global and traditionally internationalizing firms. The first of the three sub-propositions referred as P2a, advocates that in the Portuguese hotel sector the time delay to engage in international market, is positively influenced by proactive motivational stimuli (Figure 23).

Figure 23 – 1st Assumption of RP2 (RP2a)



This sub-proposition has been supported by incremental internationalization stage model of Johansson & Vahne (1977) and its evolution through Johansson & Matsson (1988) network approach where the acquisition of critical resources and, related internal competences, resulted from a consolidation of knowledge in the domestic market, in a direct relationship between business experience and time. According to the cross-case analysis, with the exception of CP3, that initiated their activity in international business outside Portugal, all the others participants find important the acquisition of competences and network relationships, in domestic activity, as determinants to the delay time till international engagement.

According to data findings the CPs average time delay was seventeen years, within ten years of internalization, with a wide domestic geographic scope. This observation shows a gradual expansion of domestic activities within different regions of the country, and in some CPs, in most of the times, within different market segments. So, it may be deduced that the CPs acquisition of competencies was a result of a learning process over a period of time within different market environment.

Another finding is the importance of the CP’s manager profile in the time delay for the first internationalization. It was found that, an entrepreneurial attitude and manager´s bonds with, the international market and the main distribution players, can trigger the process of internationalization, reinforcing the international entrepreneurship theory of Oviatt and McDougall (1994), where it is vital the presence of a manager with entrepreneurial vision, to materialize an international market opportunity. According to the case participants, these two internal stimuli factors must be balanced and complementary. So, and according to data analysis, the international engagement decision was based on three proactive stimuli factors; the acquisition of internal competences, the emergence of a market opportunity, and the existence of an entrepreneurial manager with ability to recognize a competitive advantage within the firm (Table 27).

Another complementary observation and focused by the case participants is, that in most of the times, an international engagement came after an "internal revolution", called by Bell et al. (2001) a critical incident, many times, the result of a process of growth and consolidation of resources, aiming the standardizing of the groups image within a change on corporate structure and its management team.

Apart from above considerations is the CP3, whose business, was born outside Portugal, essentially due a visionary and entrepreneurial spirit and an intense work of collecting market information within public and private networks of local trade influence. This example perfectly fits in the theoretical field of international entrepreneurship. According to (Stevenson & Jarillo, 1990) entrepreneurship, has been defined as, the identification and pursuit of an opportunity, regardless of the firm´s current resources.

Concerning the CP4 and CP6, the delay time, was based on different assumptions. The first was the different nature of CPs competences that supported the exit to the foreign market. While in other cases, the international expansion was based on the accumulation of resources and competences over a period of time in the domestic market, in the case of the CP4, CP6 the entry timing were due to partnerships that most rapidly shortened the exit to international markets and thereby, reduced stages within the classic incremental acquisition of knowledge and competences of Johanson and Vahne (1977) stages model. Another fact observed was the due the different competitive environment and related strategic orientation, towards brand awareness, and product complementarily, the CP4 and CP6, entered in a more hostile competitive environment in no way compatible with their experience and resources. According to Bradley (2002), partnerships and strategic alliances, allow companies to more quickly, gain capabilities and assets that are not, readily available, in the international market. Thus, in accordance with the previous assumptions RP2a is only partially verified as seen in Table 27.

Table 27 – Results from micro analysis of Research Proposition 2a ($RP2_a$)

Determinant factors	**Stimulus Factors**	**Stimulus nature**	**type of influence**	**CP1**	**CP2**	**CP3**	**CP4**	**CP5**	**CP6**	**CP7**
Critical size of resources and competences	Marketing and Operational Capability based	**Internal Proactive**	+	XX	XX	0	X	XX	X	XX
	Network based		+-	X	X	XX	XX	X	XX	X
International Vision	Managerial Urge		-	X	0	XX	XX	0	XX	X
Critical incident(CI)		Not related	-	0	XX	0	XX	X	XX	X
	Opportunity emergence	**External Proactive**	-	XX	XX	XX	XX	XX	XX	XX
Time delay		**Years**		**12**	**22**	**0**	**21**	**14**	**12**	**17**
Time delay after (CI)				-	**5**	-	**3**	-	**2**	-
Tupura, et al (2008) classification				TIF	**BAG**	BG	**BAG**	TIF	**BAG**	TIF

0 - Not referenced by any of the sources

X - Mentioned by one of the sources, but considered of little relevance by case participants.

XX - Mentioned by all the sources and considered relevant by case participants

TIF – Traditionally internationalizing firms; BAG - Born against global; BG - Born global

Despite the achievement of a critical size, concerning resources and competences positively influenced the time delay till the internationalization; there were other determinant factors that negatively influenced the time delay. It is the case of partnerships and alliances that have negative influence on time delay, and are often responsible, for burning out learning and resources accumulation steps. The same can be argued, about the role of the entrepreneur manager, in time delay of international engagement about its leverage effect on the all process. Early internationalization processes may be attributed to the emergence of networks and to the role of entrepreneurial management team (Johanson & Vahlne, 2000).

This leads to the conclusion, that there is a close relationship, between the stimuli factors and the internationalization time delay. If on one hand, the accumulation of resources and skills presuppose, the learning effect in a certain period of time, moreover, the appearance and existence of an entrepreneurial management may accelerate the internationalization process by taking advantage of market opportunities (Zahra & Garvis, 2000), therefore the RP2a is only partially verified by all CPs.

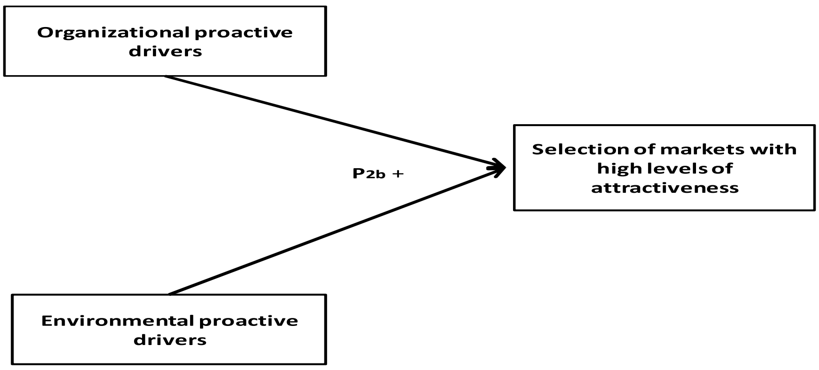
The second strategic move, of the case participant´s internationalization process, is the market choice. Dunning´s (2002), eclectic paradigm, made a great contribution in the subject of market choice determinants, based on the relation between location-specific factors, with firm ownership advantages. According to Dunning, (2002) this linkage can play an important part in determining where investment can occur. Guided by Moeti (2004), the design of this and the next sub-proposition, not only emphasizes the importance, of an owner specific advantage, as important for the company to invest abroad, but essentially, assess the linkage between the competence-based ownership advantages and the country location advantages. Also called determinants factors of country attractiveness, those location advantages like, market growth, market size, market competiveness, physic distance and country risk were the main condition of this sub-proposition, where the market choice depends essentially from, the location where the hotel firms can expand and developing their activities in a similar customer segment, with similar products in a potentially attractive country, within a clear and prudent attitude, regarding risk taking.

Johanson & Wiedersheim-Paul (1975) and Johanson & Vahlne (1977, 1990) who are collectively referred as Uppsala Scholl, explain the character of internationalization, by formulating a dynamic model which in this particularly case, consists of a extension and a exception for the initial incremental Johanson & Wiedersheim-Paul(1975) theory:

(1) Firms that are resource intense, as the hotel sector, are able to take larger steps regarding asset commitment.
(2) When market conditions are stable and, culturally close, relevant market knowledge can be gained in other ways, than experience;
(3) Firms with considerable experience, gained in similar market conditions and product conditions, may be able to generalize this experience to others markets.

So, based on these theoretical assumptions, the next sub-proposition (RP2b) emerged and advocates that the accessing and developing critical resources and competences, in countries with high level of attractiveness, is implicit in market selection, therefore, in the Portuguese hotel sector.So the selection of countries with high levels of attractiveness, is positively influenced by the proactive stimuli factors (Figure 24) .

Figure 24 –2nd Assumption of RP2



According to the data analysis carried out, the market's choice behavior of Portuguese hotel groups is explained and supported by the theories presented earlier. The majority of the case participants have opted for a geographical concentration in same countries with similarities, in terms of demand. There seems to be a convergence of interests in same countries and this fact can be explained by oligopolistic behavior. According to Knickerbocker (1973), firms tend to follow competitors in their internalization decisions, a behavior also found in the case of domestic diversification, as it was observed in the Portuguese hotel Groups. According to Breda (2010), this can be either a convergence of interests, or a tendency, to imitate the competition. According to the same author, this behavior seems to be, likely due a certain grade of cooperation at a broader level, as a way to minimize some difficulties at a local level, with local implementation of joint strategies, but in the data analysis it was not found any level of relevant cooperation. It was observed an intensive cooperation between Portuguese, foreign government organizations and potential hotel investors. There were a number of business partnerships in service sector that somehow shared the risk with some hotel groups in its international expansion. Within the hotel business and the development of sharing strategies nothing relevant was detected. Rather, it was felt that, there was a certain rivalry between Portuguese hotel groups.

According to secondary data and interview content, the explanation for the geographical concentration in similar countries is explained by the emerging political and social stability and economic growth, in cultural related countries. It was highlighted during some personal contacts in the data collection process, that the experience of other Portuguese multinationals from other sectors that preceded the national hotel groups in these markets in some way pointed directions for the country choice.

Other evidence found in secondary data was the fact that the Portuguese tourist domestic market was already reaching a mature phase in terms of growth. The low prospects in terms of future growth might explain the convergence of country choice by the Portuguese hotel firms in attractive economic environments within close cultural distance, thus demonstrating a prudent behavior by Portuguese hotel groups.

Within the explanations about the reasons of the country choice by the multinationals are the ownership advantages of hotel industry in home country (Dunning & McQueen, 1981). According to Porter (1985.1990), international competitiveness is related to the context in which the firms are created and developed. Also called by Dunning (1980) as ownership home advantages, they are linked to synergies that arise from the overall experience of the sector, which often coincide with the advantages that the company has before going international.

In this particular study, the international reputation of Portuguese tourism sector is perceived by Portuguese hotel groups as an advantage over the hotel firms in host countries. According to Dunning (1981), the propensity of firms, of a particular nationality, to engage in same international markets, vary according the economic characteristics of their home country, the characteristics of product they want to invest and countries they want to propose to invest, underlying the range and type of product and demand within managerial and organizational strategies. From these facts emerged a similar market choice as a less risk international market opportunity, having as a consequence the convergence of location strategies within the CPs.

The concentration of investment within one or two markets, was observed, in the majority of cases, and is explained by the absence of international experience and the desire to achieve a critical dimension, allowing the emergence of synergies to operate more efficiently. This type of behavior can be explained by Johanson & Wiedersheim-Paul (1975) and Johanson and Vahlne's (1977, 1990) incremental stage theory, where the firm begun to develop similar activities in its first phase of internationalization in order to, more easily, obtain better knowledge of market. It also can be explained by FDI Hymer's (1960) theory, where the using and obtaining of strategic assets, critical to long term strategy, has to be supported by a long term expansion in the same market.

Another finding is that, in most of the CPs in a "first wave of internationalization", entered in cultural and linguistic similar countries, with touristic growth potential, but with low competitiveness environment, in terms of tourist offer. The fact already explored above, is supported by the eclectic paradigm of Dunning (1988), where there is an obvious relationship between the type of skills and resources of the company and the advantages of location, thus complementing the internal advantages and location advantages.

However, as found in the first proposition, as firms are more engaged in international markets, the importance market choice determinants can change. It was found that the nature of firm competences, may influence, the market choice. It's the case of CP4 and CP6, that entered later directly into the most competitive markets and do not follow the evolution of other groups. As seen in the first proposition, this kind of behavior is explained by Johanson and Mattson's (1993) network approach where, despite the other location advantages remain the same for, the skills developed at level of partnerships, have led CP4 and CP6 to jump into more developed and competitive markets. Once again, this evidences the existence of a relationship, between the nature of the competences that leads to international involvement, and the perceived location factor, when choosing the market.

Regarding CP7, and its expansion throughout all Brazil, South America and European Capitals, the host country determinants of attractiveness perceived initially, lost its meaning and, others emerged as significant. From a sprinkler strategy to use Brazil, as a platform to enter in Latin South America, in a clear waterfall strategy, is explained by Johanson and Mattson's (1993), network approach where, through business networks coordinated from Brazil, was able to gain critical mass and synergies that allowed him to reduce uncertainty, in culturally distant markets and, at the same time, having access, to market opportunities, in other places. The development of network of partnerships, customer's loyalty programs and global reservation systems has been a facilitating factor in countries perceived with less attractiveness by the first movers. As the company expands globally in a geocentric attitude (Perlmutter, 2001), in a spirit of greater coordination skills and enhancing the reputation international some strategic factors emerge, overlooking the location advantage factors seen before.

Through the cross-case analysis, all the case participants' managers perceived that they could take advantage of their knowledge-based competence, in less competitive markets with strong cultural affinities, confirming that there were not only the location specific advantages that were responsible for international engagement in a certain market, but its combination with firms ownership advantages. It is not confirmed, that factors related to the location itself, may be able to promote the internationalization (Buckley, 1995).

What emerged in the cross-case analysis is that, the case participants realized that the combination of their competitive advantages, within certain market conditions, allowed them to offer a more efficient service, than the host country rival hotels. According to Dunning, (2002), the combination of firm ownership advantages, with the location specific advantages, can play an important part, in determining where investment can occur.

To explain the extent, to which stimuli proactive, positively influence, the countries with high levels of attractiveness, is essential to observe the relationship, between the company ownership specific advantages with the CPs managers perceived location advantages. It was found in the first research proposition (RP1), the ownerships advantages, initially perceived by firm's managers, were essential for gaining advantage over the local companies, according Dunning (2001) eclectic theory. This ownerships advantages, were mainly based on unique resources and related competences, which in the case CPs, ranging from, using their tacit assets (Operational management skills and marketing competencies) to their reorganization in a more efficient way, in an appropriate location (ability to generate and utilize knowledge, from existing business networks acquired in domestic market).

In the first phase of the expansion of international hotel groups Portuguese, it was witnessed a relationship between the competitive advantages (operational and marketing skills, within privileged information with main clients and network of European tour operators) and the advantages of location, based in developing countries, with easy access to strategic assets. To meet those competence-based ownership advantages, some location specific advantages emerged as the most relevant. It was mentioned by CPs, the market size and the potential market growth in the touristic sector, the cultural proximity, the social and political stability and governmental incentives. It was also observed that the level of country risk not weighed as a factor in the choice of market. It is clear that, in a market, with these advantages, the perceived level of risk, associated with the exploitation of an opportunity, is residual (Go, Pyo et al., 1990).

It was confirmed that in groups with fewer resources, the weight of the incentives and cooperation with the local governments were more decisive for international involvement. In the particular case of CP3, the incentives for investment by the host country acts as a substitute for competitive advantages based on scale resources and internal competences. In this particular case, was decisive the action of the entrepreneurial manager that, without the support of internal competitive advantages, ventured in the international market. Entrepreneurship has been further defined as the identification and pursuit of opportunity regardless of the firm´s current resources (Stevenson &Jarillo, 1990). This evidence reinforces the close connection between the manager urge as internal stimuli, both in the firm's decision to internationalize as in the market choice strategy.

It was found in some cases (CP1, CP3 and CP4), that the location advantages seen as host determinants for market choice, like the access to natural resources, like landscape, wild nature and front-side private beaches, were perceived by CPs as firm ownership advantage. This confirms the Rugman´s (2010) observations about Dunning´s eclectic model, where sometimes it's very difficult to make the distinction between ownership and location advantages. According to Dunning´s (1993), sometimes a host country location advantage can be transformed in ownership advantage. Moreover, it was also observed that, not all CPs ownership advantages were based on intangible assets based on human tacit skills. It was seen that in the case of CP4, CP6 and CP7, alongside with the competence-based ownership advantages coexisted other type's advantages that somehow influenced the perceived location advantages identified by other CPs as ideal for the development of international activities. These others advantages identified in the literature as the transaction-based ownership advantages, such as, scale and scope economics and business networks, clearly pointed to other kind of perceived location advantages. Some location factor loses "significance" in favor of the predominance of the strategic ownership advantages of internalization when the market demand is replaced by the search for strategic assets (Cantwell, 1989; March, 1991 and Kogut, 1992).Given the above analysis we conclude that not all CPs perceived the same locational advantages taking into account their ownership advantages.

Table 28 – Results from micro analysis of Research Proposition (RP2b)								
CP´s IME		**CP1** medium	**CP2** medium	**CP3** medium	**CP4** medium	**CP5** low	**CP6** medium	**CP7** high
Ownership specific advantages		Scale Resources Operational and Marketing Competences Complexity of product Scale Economics Reservation systems and loyalty program	Scale Resources Operational and Marketing Competences Manager´s Relations privileged	Manager´s privileged Relations	Scale Resources Operational and Network Competences Complexity of product Reservation systems and loyalty program	Operational and Network Competences	Manager´s privileged Relations Network Competences Marketing Competences Reservation systems and loyalty program	Scale Resources Network Competences Reservation systems and loyalty program Scale Economics Economies of combined offer Vertical and Horizontal Integration Brand Image
Location Specific Advantages	Market Size	X	X	X	X	X	X	0
	Natural Resources	XX	X	XX	XX	0	0	0
	Market Growth Potential	XX	XX	XX	XX	XX	XX	X
	Political and Social stability	X	X	X	X	X	X	XX
	Low Market Competiveness	XX	XX	XX	0	XX	0	0
	Local governmental incentives	X	X	XX	0	X	0	0
	Geographic distance	X	0	XX	0	X	0	0
	Cultural Distance	XX	XX	XX	X	XX	XX	0
	Global Strategic	X	X	0	XX	0	XX	XX

0 - Not referenced by any of the sources

X - Mentioned by one of the sources but considered of little relevance by case participants.

XX - Mentioned by all the sources and considered relevant by case participants

According to the CPs the statements analysis, there was a relation between the two types of firm ownership advantages and the location specific advantages with a positive influence in the market choice behavior. Despite of that, it is nevertheless true, that in the case of the late starters and in more advanced levels of international engagement the location specific advantages based on the country attractiveness host determinants are replaced by strategic host determinants as seen in Table 28, thus, the RP2b is not fully verified by all study cases.

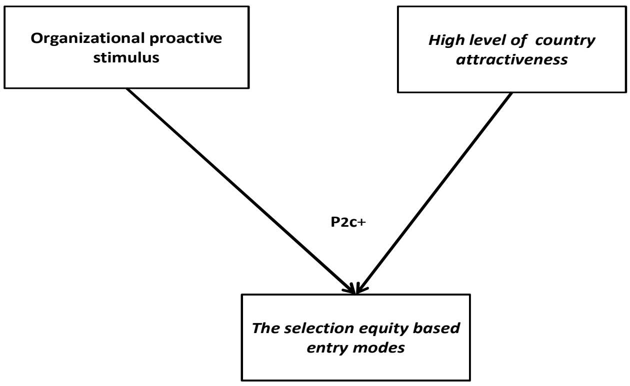
The third strategic move to teste is the entry mode choice. According to most of the literature and theories, this strategic choice is based, in the balance between risk and return. According to Agarwal and Ramaswami (1992), it is expected that a company chooses an entry mode that offers a higher return on investment based on risk. Within this strategic dimension for this sub-proposition the determinants factors related to the model Hill et al. (1990) were chosen (Table 5). According to the author, there are variables related to the environment, specifically those variables, that are directly associated, to the host market and the transactional variables, that are linked to companies resources and competences. It was found during the interview process, there are still, the global strategic variables that influence the mode entry choice, which was not considered in the initial model.

Supported by Barney's (1991), theory of resources (RBV) the entry mode choice cannot only be determined by the specific advantages of the company, but also by the perspective of the company to internalize resources and competencies. This proposition, clearly identifies, the nature of competences and the host market characteristics, as determinant factors on the entry mode choice, as well as the factors, related to the opportunist nature in the process of assets acquisition. As can be observed in previous analysis, there was a predominance of direct investment in the host countries in all CPs. According to Lindquist & Tallman (2002), the OLI model of Dunning (1980, 1988) could explain particular forms of direct investment (FDI) by using the theory of internalization, within the transaction costs approach of Coase (1937) and Williamson (1975). These authors argued that the emergence of multinationals and direct investment is the result of market failures. According to Contractor and Kundu (1998) a hotel company opts for a less costly way of entry in assets and equity, when market imperfections are minimal. In general, market imperfections are associated with inequalities in competitiveness between countries, with levels of different economic and social development. The eclectic paradigm (Dunning, 1993) also suggests that the advantages of internalization and location are closely linked. Therefore, the third condition of the eclectic theory, suggests that not only the internalization of ownership advantages are levered by the perceived location factors, but also, that there are significant benefits associated when the knowledge-based ownership advantages . According to (Rugman, 2010), in Dunning´s reasoning, there is a linkage between ownership advantages competence-based and internalization advantages.

So, within the previous theoretical framework, incorporating the firm competences advantages and manager´s perceived location-specific advantages, the P2c advocates that, due to the knowledge based competences within an opportunistic market approach in countries with high levels of attractiveness, the Portuguese hotel firms show a higher tendency to choose high control entry modes, within equity commitment decisions.

Knowing that, the proactive stimulus for CPs international engagement are competence and knowledge supported by market opportunities in emerging markets, therefore, in the Portuguese hotel sector, the selection of equity based entry mode is, positively influenced, by organizational proactive stimuli and high level of country attractiveness. (Figure 25)

Figure 25 - Second Assumption of RP2



In line with the within and cross-case analysis, a high degree of control was found in the hotel operations with direct investment, in a clear high asset commitment, by all the case participants in their international engagement. The case participants argued that the factors that led to a high index of internalization of activities and direct investment have to do, essentially with two factors. According to the previous analysis, these factors were related to the host country environment and with transaction-specific variables, in a clear agreement with theoretical arguments above described. The factors associated with the environment and related to the host country determinants, such as, the conditions of supply and demand, were, according to the case participants, the most important factors to justify a high level of asset commitment within high levels of control, confirming the existence of market failures as key factor for internationalization in accordance with the Buckey and Carlson (1976) internalization theory.

In this particular study, the host country determinants, such as, the potential touristic market growth and the weak competitiveness in the tourism sector, was crucial to the emergence of market failures, leading to an asset commitment in the entry mode choice.

In the early phases of international engagement it was found in the majority of CPs some reluctance in adopting cooperative forms of operation management, in a clear concern of preventing opportunistic behavior, retaining as possible their ownership advantages. According to the analysis on the previous chapter, this occurs mainly due to the intangible and tacit nature of the assets that made possible the competitive advantages perceived by managers that leveraged the international engagement. This behavior is supported by Dunning (1980), where there is a positive relation between the subsistence of a particular know–how, the related tacit competences and the control of operations.

Another important factor, in the analysis and observation of the facts, was the emphasis given by case participants, in the ability to retain new market knowledge within full control and ownership entry mode. This finding is related to a widespread desire from the case participants, to reach a critical dimension in a given market, favoring synergies among the various operational units (hotels), increasing the internal efficiency. According to Williamson (1979), the use of contracts may lead to a dispersion of acquired and potential knowledge, resulting in a reduction of ownership advantages.

Unlike an evolutionary pattern regarding the market choice strategy, due to different types of ownership advantage and international market engagement, in the entry mode strategy it was observed that the pattern of strategic behavior remained unchanged throughout the different stages of international engagement within different markets contexts. This finding was mainly justified by the weak international experience of most CPs, and their perception that the internalization of its activities was fundamental to the process of international market consolidation through the exploitation of economies of scale and other synergies associated. This common attitude of a direct exploitation of assets by the CPs is consistent with the theory of transaction costs (Coase, 1937; Rugman 1981), where firms decide to explore directly their assets because the transaction costs are higher than those benefits that would be obtained in the internalization of its activities. According to previous the cross-case analysis, and the confirmatory questionnaire (annex O), it was also found, an emergence of strategic global variables, not identified initially. In CPs expansion to more competitive and structured markets, the equity-based mode is a way to get a better level of coordination within multinational operations and to balance, the riskiness of their assets (Table 29)

So, there were also other factors that positively influence an entry mode strategy on high level of asset commitment and low level of cooperation in hotel operation. As seen before in the precedent research proposition, due an evolution of the competence-based stimuli the validity RP2c for early stages of international engagement loses power as global strategic factors emerged.

Table 29– Results from micro analysis of Research Proposition ($RP2_c$)

Case Participants	**CP1**	**CP2**	**CP3**	**CP4**	**CP5**	**CP6**	**CP7**
International Engagement level	medium	medium	medium	medium	low	medium	high
Tacit level of competences	XX	XX	XX	X	XX	X	X
Complexity level of product	XX	X	X	XX	XX	X	X
Host market determinants	XX	XX	XX	X	XX	X	X
Strategic global factors	X	X	0	X	0	X	XX
Level of Asset commitment	mixed	high	high	high	high	high	mixed
Level of control	high	high	high	high	high	high	high

0 - Not referenced by any of the sources

X - Mentioned by one of the sources but considered of little relevance by case participants.

XX - Mentioned by all the sources and considered relevant by case participants

This fact is on line with the evolution of Dunning´s (1988) eclectic theory, where the competitive advantages initial ownership does not explain the involvement and development of international business activities. Although these global strategic factors are not competence based, they are associated with the possession of intangible assets related to coordination and efficiency of international activities with a positive impact on capturing lower transaction costs. Also known as transaction ownership advantages, these perceived advantages are linked to motivational proactive stimuli of CPs with deep international engagement (CP7, CP1, CP2), and CPs considered as late starters (CP4 and CP6). Thus, taking into account the above findings, RP2c is fully verified in all case participants.

8.3 - Conclusions

The importance of this chapter is to summarize all the range of research in general conclusions. Without missing the general objectives of the study this part of the research

attempts to create a common thread among the propositions, trying to be clear as possible in answering the research questions, taking into account the qualitative character of this study.
This research sought to explain the main motivations on the firm´s international engagement and understand the effects of motivational stimuli on the developed strategies by the case participants in the international market. After verifying the extent to which the case studies support the propositions of the model, a final model was proposed that, somehow, can explain accurately the behavior of companies. Therefore, the initial theoretical framework, was rebuilt to include others variables and explain other behaviors that were not framed in the initial model. Thus, taking into account the holistic nature and semi-exploratory of the research, a final proposition model is presented to enable a better explanation of the observed phenomena and if possible to generalize it to the whole population. Given the complexity of the model, and the number of variables involved, the conclusions follow the two research questions (RQ1 and RQ2) within the propositions that, after data analysis, were considered relevant to the study.

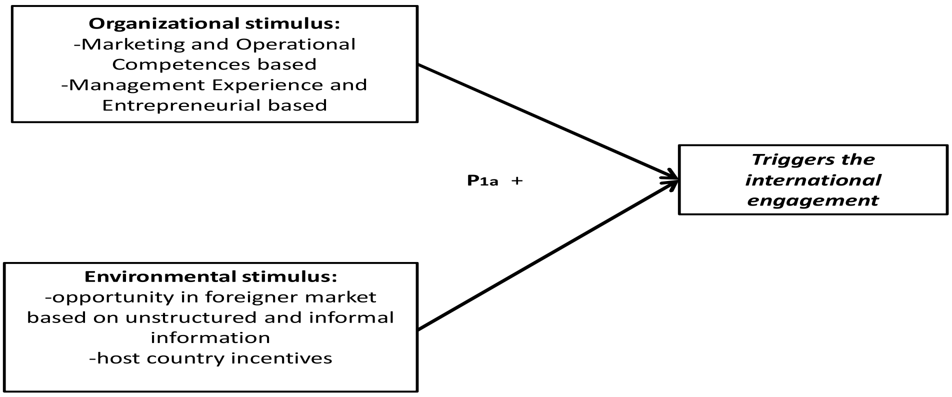
RQ_1 -Why do Portuguese hotels engage in international operations?

It was found that the combination of proactive, internal and external stimuli drives initially the Portuguese hotel groups to international market. Concerning the internal or organizational stimuli, they were mainly sustained by marketing, operational and relational competences. The external stimuli were mainly supported by market opportunities identification, based of confidential and institutional information, participations in trade missions, fairs, formal and informal contacts with trade associations and manager privileged knowledge. It was the combination of these factors, within the firm manager's entrepreneurial attitude and international vision that triggered the process of internationalization.
In a second phase, as far as the hotel groups increased the international engagement, other competences became fundamental to the international involvement, taking into account the changes that have been occurring on international markets and the hotel firm's growth ambitions. These changes had impacts on the motivation and related stimuli that supported the international activity. If by one side, the levels of competitiveness increase in these developing economies due a positive macroeconomic evolution and geostrategic developments, simultaneously, since 2001 in the domestic market there were clear signs of stagnation and decline in tourism activity. This contingency has resulted in a reaction from Portuguese hotel groups, regarding the nature of stimulus for international engagement. There

was a clear commitment towards the consolidation of informal and formal networks, with local partnerships, in order to create roots and sustain more efficient the international operation. Hence the change in the primary motivation, initially based in market seeking motivations, turned to a more strategic approach, less based on tacit competences exploitation within efficiency seeking motivation.

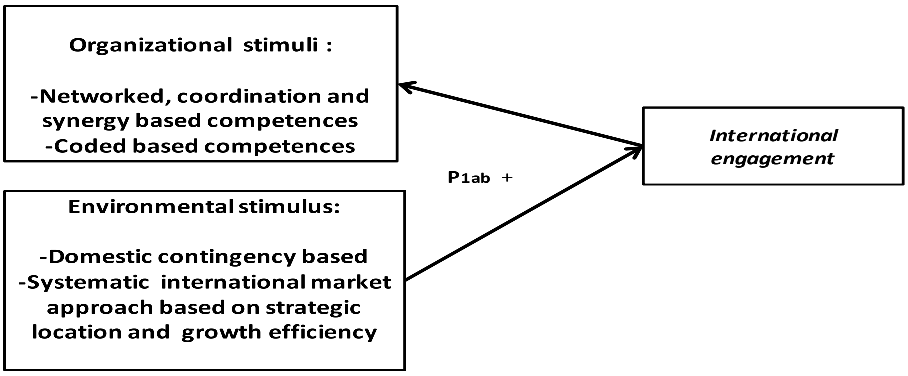
At an external level, a systematic market approach emerged, with an orientation to strategic assets acquisition, taking into account the new profile of demand and hotel groups' growth ambition.

Figure 26 –RP1a proposition



Given the findings found in previous sub-chapter, the first proposition (RP_1) was divided into two sub-propositions to better explain the international engagement process. The RP_{1a} (Figure 26) emphasizes the nature of proactive stimuli, which formed the basis for the decision to first international involvement and related initial activity. The RP_{1b} (Figure 27) is oriented towards the development and maintenance activities in international markets. Firstly, the international engagement influence positively the appearance of others types of competences within a systematic and strategic approach to international market. Secondly is the emergence of an internal reaction due the decrease in the demand and profitability on the domestic market with positive effects on the international engagement.

Figure 27 –RP1b proposition



RQ$_2$ - How do Portuguese hotels firms develop strategies in their internationalization process?

Related to this research question, there are two answers attached. The first has to do with the description of strategic options that were undertaken by Portuguese hotel groups, in its internationalization and, the second, the verification if the motivational drivers /stimuli that supported the above mentioned internationalization, have a positive influence on those strategic options. Although the propositions contained in this research question, have not been fully verified as seen before, some patterns were identified and somehow, could form an answer that can be generalized, to the entire population.

Starting with the time delay pattern, it was concluded that, in all cases with exception of CP3, the experience at domestic market was essential, for building of resources and competences which allowed the hotel groups to take the step of internationalization. This reality, coupled with the emergence of external factors on the international market and the entrepreneurial spirit of hotel manager, had influence on the time delay till international engagement. Concerning the market choice orientation, it was also found a pattern of behavior, in Portuguese hotel groups, on the first phase of international engagement. The orientation and concentration, within one or two markets of the Lusophone expression countries, with close cultural proximity were a widespread option. These markets situated in economically unstructured developing countries, were very attractive for hotel groups, concerning its potential tourism demand and the product similarity with one already developed in the domestic market. The existence of similarities between the hotel product to be developed in the host market with the type of knowledge held by Portuguese hotel firms, were an essential factor in the market choice strategy.

It was also found, as the motivational stimuli factors evolving, the perceived location advantages were also changing. It was observed that the level of hotel firm's international engagement and the contingencies arising from the development of these markets influenced the types of host market determinants and therefore, the market choice.

Concerning the entry mode strategy, it was observed an overall pattern of investment based on acquisition assets with a high degree of control over the hotel operation, due the characteristic of the host markets, the complexity of the hotel product and the tacit nature of the hotel group's knowledge. As firms engage deep in international markets, global strategic variables emerged as determinants for entry mode choice that, in some way, adopting a positively more cooperative behavior.

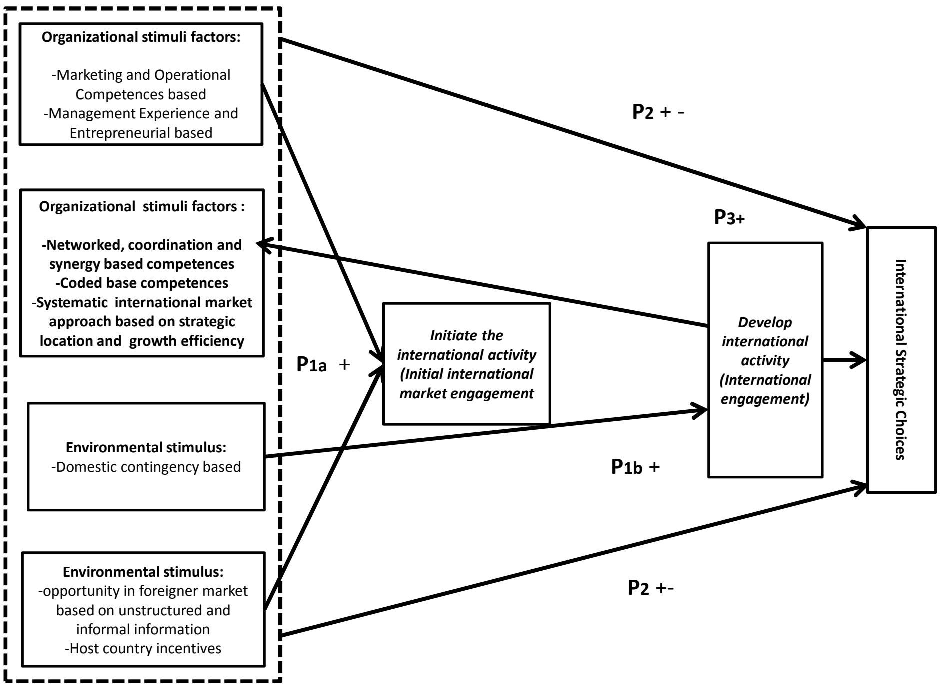
Given the findings described above, a dynamic aspect of international engagement was introduced as a determinant factor, assuming that, as firm engage in international market, others motivational stimuli emerged and, therefore, influence in another direction the strategic options pointed in the initial model.

Through the international engagement, uncertainty about the foreign market is reduced, leading to a decrease or increase in the perception of market benefits and, in later case, those change perceptions can trigger the market choice and entry mode (Calof & Beamish, 1995). As firms learn more about the new markets, other types of resources are committed and the strength among the different parts of the firm network increases. So, the perceived risk is reduced, and the perceptions of the psychic distance variable as a benefit can be reduced as the levels of network synergy increase. Internationalization has to be understood as a dynamic process. Despite the fact that the stage models inherently simplify the complexity of change, the Johanson & Vahlne´s (1977) stage model is helpful to understand this context (Williams & Shaw, 2011). They argue that, in early stages of internalization there is a propensity to focus on ´psychically close´ markets, in terms of culture, language, and business practices. As firms learn through experience, in later stages, they tend to invest in more ´psychically distant` markets. Firms with more international experience tend, towards a more polycentric attitude and therefore, show confidence in their possible local partners (Darder, Garcia and Barber, 2010). Market choice in the early international stages is a consequence, mainly of the interaction between internal resources and perceived location advantages. In later stages, others determinants will affect the firm´s growing strategy (Andresen, 2004). As firms internationalize, the number and strength of relationships among different parts different of network, increase. As internationalization is based upon the organization´s set of network relationships and coordination competence, rather than company-specific advantages, externalization opportunities can emerge and therefore;

P_3– In the Portuguese hotel sector, the international engagement influence positively others strategic choices.

In line with the previous findings, and following a semi-exploratory research approach, the final results were summarized in a final model (Figure $_{28}$) In this revised model, all the motivational stimuli factor that led the Portuguese hotel groups to initiate and develop activities in international market are highlighted, as well, it's influence on the Portuguese hotel groups strategic choices.

Figure 28 - Revised Model



Apart from the separation of international engagement into two stages for a better understanding of the facts, the emphasis also goes tothe introduction of the international engagement as a determinant factor with positive influence in the appearance of others types of motivational proactive stimuli. As a consequence, others determinants factors emerged in the market entry mode choice.

That is, the higher is the international level of international engagement; the lower is the positive influence between the initial drivers and the CPs strategic choices. Another aspect to take into account was the fact that not all drivers positively influenced a particular strategic behavior, there are even a few, that negatively, influenced it, so accordingly, the nature of these findings was also added to the final model.

9 - Theoretical contributions and managerial implications

9.1 - Theoretical contributions

Although this study is based on a model, built on previously theories of international management, its orientation to other fields of study and its focus in the small market made it a very rich subject of research, with respect to its contribution to the academic sphere, with broad implications for business management.

Compounded by the fact that the hotel industry is still, poorly studied and its expansion is a recent globally phenomenon, there is a dynamism and diversity that makes its study possible, in various perspectives. Taking this into account, and, adding the goals defined in the introductory chapter, significant points of interest in relation to its contribution, to future research and business practice, were summarized, and highlighted as academic contributions.

Focusing on the contribution to the academic scope, and following the initial purposes of the study, the emphasis first goes to the achievement of a deeper knowledge, of the motivational, and stimuli factor, on the process of internationalization. At this level, the results are the evidence concerning the importance of the internal and external stimuli, in the international engagement, as well as its influence on related business strategies. Another important aspect, yet not clear, is the question of the concepts and terminology related to the motivation topic in international business. It became clear there are multiple kinds of stimuli, which influence the internationalization process, in different ways, contributing to a greater or lesser motivation, for international involvement, at both the individual and the organization itself. Also, in accordance with some warns and doubts expressed in some studies, it has been clarified that the international involvement is a dynamic process that consists of steps, often difficult to describe where, one ends and another, begins. This study identified and introduced in the final model, two fundamental steps in international involvement. The first is the exit for the external market, while the second is the consolidation in the international market. Both of these are induced, by organizational and environmental stimuli, in a first phase, and, in a second phase, by global strategic stimuli. These facts and respective findings are an added value to the studies, in the area of internationalization motivations. There is a lack of knowledge, regarding the factors that drives export attitudes (Leonidou, 1995) and, has been little effort to examine internationalization motives, what they relate to, as well as, what they are influenced by (Pett, Francis and Wolff, 2004).

Another contribution is the broader view of the phenomenon of internationalization, adjusted to an explanatory view of organizational behaviors and practices. The integration of different theoretical perspectives, already practiced in some studies in the area of internationalization, has not been developed to its maximum potential, being an added value to explain the phenomena, within its complex behaviors. The effective integration of economic paradigms with the behavior theories, and the resource based approach, is one of the major contributions of the study. Wright and Ricks (1994) called for researchers to examine international business issues, in an integrated multidisciplinary way, while Young et al (2003) called for more focus on the environmental and institutional approaches, as well as, innovation and resource-based perspectives (Coviello et al. 2011).

Also noteworthy, is the contribution in the area of international entrepreneurship by strengthening the role of entrepreneurship, on one hand, as a individual act result, within pre-existing social networks, established by managers, and the management team, in previous business experiences, and, secondly, the impact of this profile on the firm's behavior. The explanatory model, proposed and successfully tested, relies on the fact that the Portuguese hotel companies have a proactive involvement, mainly, due, the profile of the manager, the nature of firm competences, the existing networks and environmental context, filling the gap identified by Zahra and George (2002) who proposed a combined study of firm´s resources and capabilities and entrepreneurial orientation. Keupp and Gassmann (2009) called for more theoretical integration in International entrepreneurship research. The recognition and introduction of entrepreneurship, beyond the business-oriented technology, is also a way to open more horizons, in the study area of international entrepreneurship, according to Jones' (2004) recommendations.

Developing a broader view, beyond the simple possession of resources as a determinant factor of international engagement, such as introducing different types of competencies, as generating competitive advantages, is also a major contribution of the study. This, in line with the recommendations of some authors that acknowledge the study and analysis of the competencies, also called capabilities, as a way to explain the international involvement. This dynamic approach, based on the premise that the competences of the firm defined by Day (1990) are a "complex bundle of skills and accumulated knowledge that enables firms to make use of its resources", was positively tested, in this model, in two ways. First, the exploitation of home capabilities advantages, which help to create structures and routines, focuses on opportunity recognition and exploitation, and, secondly, the exploration of new capabilities through a learning process such as, resources coordination and networking. The present study shows the importance of the exploitation of marketing and operational capabilities, as well of, the exploration of other competences, such as local and global networks, in the international engagement.

The evidence found in the study reinforced the dynamic character of the process of internationalization and pointing out some gaps to models previously studied. According Rugmann (2008) there is a need to incorporate other variables strategic character that can best explain the link between the determinants of Dunning OLI equation.

Concerning the importance of the qualitative methodology of multi case study, and its suitability for this topic of study, it reinforces the recommendations made by researchers in this study area, where there is a demand of deeper qualitative orientation and focused on specific sectors. The dynamic nature of export and foreigner direct stimulus, requires more sophisticated methodologies, with greater emphasis on longitudinal, cross-cultural and single-industry approaches (Reid,1981; Albaum and Peterson,1984 and Thomas and Araújo, 1985). The complex character of the motivational stimulus implies that, more qualitative data collection methods, such as personal interviews, should be employed, using variable measurement based on multidimensional qualitative scales, examining its frequency and importance (Leonidou, 1995).

Applying within and cross-case study analytical approach, the study achieves empirical evidence, regarding a sector where information sources and related empirical studies are still scarce. This pioneer work has great potential implications, for the future of the research hotel sector.

Thus, and, taking into account, the response to questions raised in the introductory chapter scents for a comprehension of the importance of work, in terms of theoretical implications, we emphasize essential aspects to the understanding of the behavior of hotel groups in Portugal, on their international involvement, where hotel managers, can benefit from an understanding of the whole process.

A better understanding of the potential of competencies, acquired domestically in exploring market opportunities, is an aid to companies that are considering expanding to other markets, thus, preventing the dispersion and improper use of scarce resources and competences. As evidenced above, the knowledge of evolution and socio-economic context of foreign markets was considered, by the present investigation, determinant for the strategic behavior of hotel groups in their international engagement. Consequently, a prior knowledge of these determinants will be a valuable guidance, facilitating work to possible followers. So, taking into account, the positive growth of hotel groups in international markets, this work points directions, founded in the experience and behavior of case studies.

9.2 -Limitations and suggestions for future research

Despite all the aforesaid contribution, some limitation should be stressed, in order to provide better guidance to future researchers, interested in this area, never forgetting the limitations of time and resources that imposes a doctoral thesis. The main limitations of the study are related to the cross-sectional nature of the study and the sample's size.

Despite the appropriateness of the extensive open-ended face-to-face interviews for testing the initially propositions, based on the dynamic character of the subject, the adoption of a longitudinal approach, would have been more accurate following the development in time, and the causal relationships between the drivers and the strategies adopted by companies. Although it was trying to capture past events, present both in interviews, and in other secondary information collection, this approach, relies on the problematic of the past events and possible rationalization by the respondents. Although a triangulation effort of these sources was done, combined with a careful selection of the actors implicated in the collection of information, it is possible that something more could have been done, to avoid some existent errors.

The use of a non –random sampling, representative of the population, and the related size of the sample, may have influenced the results, since there are no guarantees that the chosen companies were the most appropriate, for establishing standards of behavior. Leaving out companies with identical profiles, is no guarantee of representation itself, but a result of constraints of time and resources. Thus, due small size of the sample and characteristics, it was not possible to test the model statistically.

Being a predominantly qualitative approach, the process of having the best possible interlocutor to observe and collect the best possible information, proved to be a very difficult task. By collecting and researching in secondary sources, it was suggested the participating firms, the names of managers who would be best placed to answer our questions. In some companies, these are not the first choices that led to adding a confirmatory questionnaire, with another domestic player to try to capture the most valid information, through triangulation of evidence. Yet, there can still be cases where it could have gone further, with more focus on reliability and adequacy of information sources.

The deductive character of work, with anticipated scenarios, may also be pointed out as a weakness, to some degree, interfering in the data collection procedures. Although the work allowed some exploration and alternative scenarios, other determinates and explanations for the phenomenon could emerge, if the option passed to an inductive model of research, with a more exploratory character, thus avoiding any probability of biased conclusions.

Therefore, the set of implications and weakness of this study, may lead us to a future research agenda, in the direction of a better understanding and refining of the above-mentioned determinants. Although, one more piece of the puzzle regarding the comprehension of stimuli and motivations in the involvement of international hotel groups was added, one could go further in empirical knowledge, if it had covered micro and small businesses, exploring further, the entrepreneurial component of the question. Moreover, future studies could seek to complement this study by identifying factors that unmotivatea decision to internationalize. Since most companies are not internationalized, studying the factors that may inhibit international involvement may be a way to increment comprehension of the motivations, and stimuli, of international engagement. At the same time, it would be possible to increase the sample size, thus enabling a quantitative dimension, in future investigations, in this area of study. Another missing link, in this research, is the performance. Although it was deduced that a good performance, in the domestic market, was a key factor for the hotel group's motivation, encouraging the involvement in the international market, it would be worth exploring, in more detail, the performance dimensions with a more rigorous look on their impact, in the motivational factors, within organizational levels. Another issue that emerged in this reserach and still undeveloped in empiral area is to study the relationship between the shareholder status of the manager and the international engagement and even the influence of ownership structure on the all international process.

Finally, in terms of the methodological research approach, the recommendation leads to the inclusion of a more longitudinal aspect of the data collection and analysis, as a way to capture the dynamism of the internationalization process, by capturing more accurately, the relationship between motivational stimuli, the international engagement and related firm strategies.

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Appendixes

(Appendix A) - Introduction send to the four entities related to the tourism sector as mentioned in Chapter 5

ISCTE Business School
Instituto Universitário de Lisboa

Ricardo Jorge de Castro Correia
Rua Quinta Calaça nº 26
9000 – 108 Funchal

Aicep Portugal Global

Av. 5 de Outubro, 101
1050-051 Lisboa

Dr. Basílio Horta

30/06/2010

No âmbito do programa doutoral em Gestão Geral, Estratégia e Desenvolvimento Empresarial da ISCTE Business School, estou a desenvolver um projecto de investigação, na área da Gestão Internacional, com o título "**The Driving Forces of Internationalization Process in the Portuguese Hotel Sector",** sob a orientação do Prof. Doutor Jorge Lengler, docente na mesma escola.

Trata-se de um projeto de reconhecido interesse cientifico, como ficou demonstrado recentemente na apresentação que efetuei na 40ªEdição da EMAC- European Marketing Academy e também pelas suas potenciais implicações ao nível empresarial, num momento em que a internacionalização das empresas é uma solução estratégica vital para o desenvolvimento económico do país. Este projeto está sendo desenvolvido desde Setembro de 2010 e tem como estratégia de pesquisa um estudo exploratório multi-caso com entrevistas semiestruturadas. O trabalho realizado tem apenas fins académicos e de publicação científica, pelo que não haverá mostra de dados confidenciais, e será preservado sempre o direito de revisão por parte das empresas participantes.

Neste sentido, vinha solicitar a colaboração de V. Exa. no sentido de me facultar a lista das empresas portuguesas do sector da hotelaria e turismo com investimentos no estrangeiro, e respetivas coordenadas, de modo a que possam ser por mim contactadas para o referido projeto de investigação. Para além disso, muito agradecia também o vosso apoio e autorização para a utilização da vossa imagem institucional, juntamente com a do ISCTE Business School, no ofício de apresentação do projeto que pretendo remeter às referidas empresas.

Para a eventualidade de necessitarem de me contactar as minhas coordenadas são as seguintes:

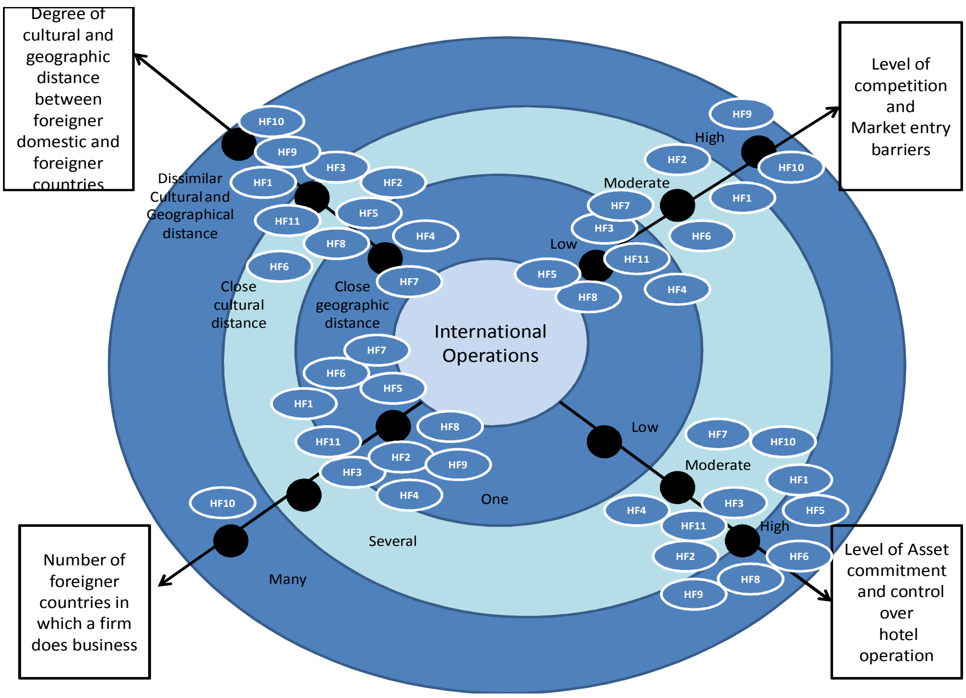
Telemóvel - 96 5010775

Email - rcorreia@uma.pt

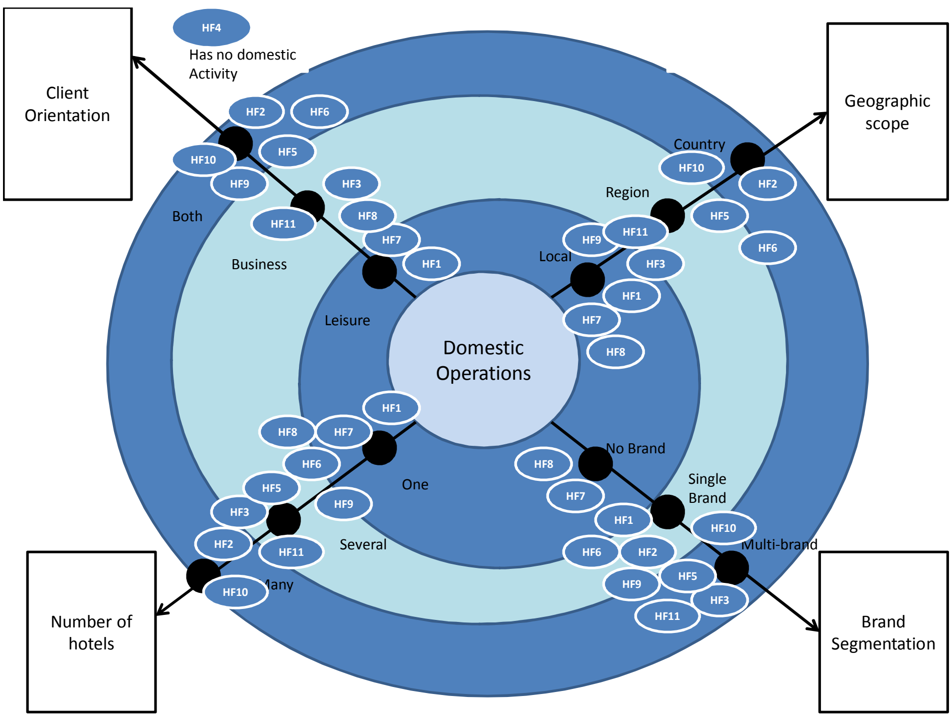
Anexo – Projeto de pesquisa

Grato, desde já, pela vossa atenção em relação a este assunto, apresento os meus melhores cumprimentos, Ricardo Correia

(Appendix B)



(Appendix C)



(Appendix D)

Letter of intent including the following elements: presentation of the researcher and the research project, scope and framework of the study, formal invitation and guidelines about the process of gathering information.

Carta de apresentação do Projeto de Investigação

Após dois anos de frequência do programa Doutoral em Gestão Geral, Estratégia e Desenvolvimento Empresarial no ISCTE - IUL e posterior desenvolvimento de um modelo de investigação sobre o tema da internacionalização hoteleira portuguesa já apresentado na prestigiada (EMAC) Academia Europeia de Marketing em Maio de 2011 em Liubliana, o investigador Ricardo Jorge de Castro Correia sob a orientação do Prof. Doutor Jorge Lengler vem solicitar em conjunto com este Instituto e com patrocínio da Aicep Global Portugal a colaboração da vossa organização empresarial para a validação do respectivo modelo teórico.

Esta etapa do estudo consiste essencialmente na recolha de dados no terreno e posterior análise. Para isso é necessária a autorização de Vossa Excelência para que o investigador conduza a sua pesquisa de campo que consiste, numa entrevista semi-estruturada[1] e no preenchimento de um breve questionário informativo[2] e um questionário confirmatório.

Tendo em conta o número reduzido da população e o tipo de amostragem utilizado, a vossa colaboração é fundamental para uma posterior validação do trabalho ao nível do desenvolvimento científico e empresarial.

Este projeto de tese doutoral está sendo desenvolvido desde Setembro de 2010 e tem como estratégia de pesquisa o estudo qualitativo tipo multi-caso. O trabalho a realizar tem apenas fins académicos e de publicação científica, pelo que não haverá mostra de dados confidenciais, e será preservado sempre o direito de revisão por parte das empresas participantes. Em anexo um resumo do objeto de estudo e os tópicos da referida entrevista, estando desde já ao dispor para qualquer esclarecimento adicional.

[1] A empresa deverá escolher no máximo dois quadros de gestão que estão melhor avalizados para responder a questões sobre a internacionalização do grupo.

[2] Follow up questionnaire

Para a eventualidade de necessitarem de me contactar as minhas coordenadas são as seguintes:

Telemóvel - 96 5010775

Email - rcorreia@uma.pt

Anexo – Projecto de pesquisa

Grato, desde já, pela vossa atenção em relação a este assunto, apresenta os meus melhores cumprimentos,

Ricardo Jorge de Castro Correia _ Docente e Investigador

The recent venture in engaging international activities by Portuguese hotels is a phenomenon that has not been previously studied, therefore representing an opportunity for future research. Research in the tourism sector in Portugal is still in its infancy, representing then an area with a need of more studies, particularly in the internationalization of the hotel groups (Carvalho & Sarkar, 2008). Grounded in the literature, the purpose of this research is to develop and test a conceptual model to explain an entrepreneurial approach of the Portuguese hotel internationalization, contributing and adding new insights to international management research. Congruent with a new entrepreneurial vision of internationalization, where the benefits of opportunity identification and exploitation are levered by resources and capabilities of the firm (Zahra & Garvis, 2000), this research supported is by Resource Based View within Eclectic Paradigm arguments seeks to build a theoretical framework and test the linkage between motivational proactive drivers with an entrepreneurial firm approach of internationalization. In other words, to verify the importance of specific resources and capabilities developed by the Portuguese hotels on firm´s motivation to become international within an external environmental opportunities scenario. It also proposes to explore the relationship of the antecedent motivational pattern with related internationalization strategies such as, time of entry, market selection and entry mode.

Ricardo Jorge de Castro Correia
Assistent Professor Madeira University
BCh in Management _UNL
Graduation in Hospitality Management (SC) _Cornell University
Master Business Administration _ IESE
MSc Management _ ISCTE - UL

Jorge Bertinetti Lengler
Professor ISCTE_IUL
PHd in Management_University of Dublin

The research questions and general guideline of non-structured interview

With the consent of the participant, this interview[1] will be recorded and will last approximately 90 minutes. The local choice and the date of the interview will depend on the availability of the study participant and contain the following topics:

1According to the will of the participant, the interview can be done in English or Portuguese

Introduction: **Brief historical background and present activities of the group.**

The first part of interview is composed by introducing questions about the activity of your hotel group. This information already present in a previous follow-up questionnaire is crucial to obtain the characterization of the company and seeks to cover the variables related to firm experience in international and domestic markets at present time.

1st Research Question: **What drives your hotel group to engage in international operations?**

The information about the motives which enabled the internationalization process will be obtained through a series of questions and allow to explore the motives of the specific hotel group international engagement. This part of interview is composed by one introducing question and several follow-up, probing and specific questions in order to cover as possible all variables of the motivation dimension.

2nd Research Question: **How are strategies developed in the process of internationalization?**

The third part of interview is focused mainly on the second research question and concerns how a specific hotel group develops strategies in their internationalization process. The explanatory nature of this set of questions it´s important to understand the reasons for certain strategic steps such as, time of entry, market choice and entry mode.

(Appendix E) – Follow-up questionnaire

EMPRESA	
CAE (ACTIVIDADE)	
LOCALIDADE (SEDE)	
ANO INÍCIO ACTIVIDADE	
Nº DE COLABORADORES	
Nº PRODUTOS PORTOFÓLIO EMPRESA	
VOLUME DE NEGÓCIO TOTAL (2010)	
VOLUME DE NEGÓCIOS MERCADO EXTERNO (2010)	
Nº DE HOTEIS TOTAIS / QUARTOS (2010)	
Nº DE HOTEIS MERCADO INTERNACIONAL / QUARTOS MERCADO INTERNACIONAL (2010)	
PROJECTOS E ABERTURAS PARA O TRIÉNIO (2012-2015) PARA O MERCADO DOMÉSTICO	
PROJECTOS E ABERTURAS PARA O TRIÉNIO (2012-2015) PARA O MERCADO INTERNACIONAL	

Actividade Internacional

Data de entrada (Ano de Internacionalização)

País / Área	Investimento Directo sem parceria	Investimento Directo com parceria	Contracto de Gestão /Aluguer	Franchising
PALOP´s				
Brasil				
Espanha				
América Latina				
Europa				
América Norte				
Ásia				

(Appendixes F, G, H, I and J) - According chapter 5 four confirmatory questionnaires were sent to managers to obtain information, through a set of multiple direct questions, regarding the resources dimensions and main determinants, of internationalization and factors related with internationalization strategies.

(Appendix F)

Estimulos Motivacionais	5 Muito Relevante	4 Razoavelmente Relevante	3 Relevante	2 Pouco Relevante	1 Sem relevancia
Experiencia e conhecimento operacional e logístico do negócio					
Conhecimento dos gostos dos clientes e relações privilegiadas com a os operadores turísticos					
Estabelecimento de redes de negócio					
Economias de escala					
Economias de alcance e de contexto					
Experiência internacional do gestor					
Estilo do gestor					
Habilidades tecnicas do gestor					
Aparecimento de encomendas não solicitadas					
Capacidade operacional sub-utilizada					
Orientação e seguimento de cliente em termos de mercados					
Seguimento da concorrência					
Razões emocionais					
Ambiente de concordância entre accionistas					
Estrutura accionista favorável					
Oportunidade de acesso a um activo estratégico					
Oportunidade de acesso a um mercado maior					
Oportunidade de acesso a um mercado culturalmente proximo					
Oportunidade de acesso a uma rede					
Oportunidade de acesso a beneficios fiscais.					
Oportunidade de acesso a benefícios locais noique respeita a licenciamentos					
Oportunidade de acesso a regime de incentivos ao investimento com custos de financiamento favoráveis					
Tamanho reduzido domercado domestico					
Falta de competitividade ao nível de preços e procura do mercado doméstico					
Declinio do Mercado Domestico					
Estagnação do Mercado Doméstico					

(Appendix H)

Fatores Determinantes (Timing de saída)	5 Muito Relevante	4 Razoavelmente Relevante	3 Relevante	2 Pouco Relevante	1 Sem relevância
Posse de recursos de escala e financeiros					
Posse de competências operacionais e de marketing					
Integração em redes empresariais					
Conhecimentos e perfil do gestor					
Reestruturação ao nível acionista e de imagem corporativa					

(Appendix I)

Fatores Determinantes (Escolha do mercado)	5 Muito Relevante	4 Razoavelmente Relevante	3 Relevante	2 Pouco Relevante	1 Sem relevância
Tamanho do mercado					
Potencial do mercado (Turistico)					
Risco associado ao país					
Baixas Barreiras de entrada / Benefícios governamentais					
Distância geográfica					
Afinidade Cultural					

(Appendix J)

Fatores Determinantes (Escolha da modalidade de entrada)	5 Muito Relevante	4 Razoavelmente Relevante	3 Relevante	2 Pouco Relevante	1 Sem relevância
Natureza do conhecimento e tipo de competências do grupo.					
Complexidade do produto ao nível logístico e de parâmetros de qualidade					
Características do mercado recetor ao nível das condições de oferta e procura					
Melhor coordenação, obtenção de sinergias e eficiência global do negócio					

(Appendix L)

	Table 15 Determinan factors of initial international engagement	mean rank	std.deviation
Internal	Operational Competences	4,43	1,51
	Managerial Style	4,00	1,35
	Reorganization at management and shareholder level	4,00	1,00
	Marketing Competences	3,86	0,90
	Network Competences	3,86	1,60
	Relations between the shareholder structure and top management	3,71	0,95
	Managerial Skills	3,29	1,11
	Emotional reasons	3,29	1,50
	Manager International Experience	2,86	1,57
	Follow the clients	2,71	0,95
	Follow the competence	2,43	0,98
	Scope economics	2,14	1,21
	Scale economics	2,00	1,26
	Receipt unsolicited orders	1,00	0,00
	Availability of unutilized capacity	1,00	0,00
external	Opportunity to access to bigger market	4,43	0,98
	Opportunity to access close cultural market	4,43	0,79
	Opportunity to access to strategic asset	4,00	0,58
	Competitiveness of Domestic market	3,71	0,53
	Opportunity to access a network	3,57	0,98
	Size of Domestic Market	3,14	1,03
	Decline of Domestic Market	2,71	1,38
	Stagnation of Domestic Market	2,71	1,38
	Opportunity to access tax benefits	2,29	1,60
	Opportunity to access legal benefits	2,29	1,60
	Opportunity to access financial benefits	2,14	1,38

(Appendix M)

	Table15a - Determinan factors of increase and sustain international presence	mean rank	std.deviation
Internal	Follow the clients	4,57	0,49
	Network Competences	4,29	1,55
	Scope economics	4,29	1,73
	Operational Competences	4,14	0,00
	Marketing Competences	4,14	0,84
	Scale economics	4,00	2,12
	Manager International Experience	4,00	1,52
	Shareholder structure	4,00	1,10
	Shareholder pressure / agreement	3,43	1,00
	Managerial Skills	3,29	1,22
	Follow the competence	3,29	1,15
	Managerial Style	3,14	1,73
	Emotional reasons	3,14	1,41
	Receipt unsolicited orders	1,00	0,00
	Availability of unutilized capacity	1,00	0,00
external	Opportunity to access to strategic asset	4,43	0,58
	Competitiveness of Domestic market	4,43	0,53
	Stagnation of Domestic Market	4,43	1,53
	Size of Domestic Market	4,14	1,03
	Opportunity to access to bigger market	3,86	0,41
	Opportunity to access a network	3,86	0,00
	Decline of Domestic Market	3,86	1,53
	Opportunity to access close cultural market	3,57	1,00
	Opportunity to access tax benefits	1,71	0,55
	Opportunity to access legal benefits	1,71	0,55
	Opportunity to access financial benefits	1,71	0,75

(Appendix N)

Determinants Factors (Delay Time)	7 Mean Rank	7 Std.Dev.
Operational and Marketing Competences	3,71	0,488
Resources Level	3,57	0,976
Managerial Style (Entreprenuerial Vision)	3,29	0,983
Network Competences	2,29	1,464
Critical Incident	1,57	1,329

(Appendix O)

Determinants Factors (Entry Mode)	Mean Rank	Std.Dev.
Host market determinants	3,86	0,900
Tacit Level of competences	3,43	0,535
Complexity of product	3,00	1,000
Stategic Global factors	2,43	1,512

(Appendix CatCP1)

CP1 categorized main determinants				
Time delay Determinants	**Critical Size** (Solid financial position and a significant dimension in the domestic market)	**International Vision** (CEO and Managerial feeling that everything and everyone was pulling in same direction)	**Critical Incident** (Concentration of shareholder capital with consequences on the growth strategy of the group)	
Starting International Activity				
First-order Motivations	**Growth** (Growing at a faster pace)	**Risk diversification** (High concentration of similar products in the same geographic area. Low product diversification in domestic market)	**Seek markets** (Expansion for potencialy promising markets)	
Internal Stimulus	**Operational Competences** (Export of wining formula to the international market maninly based in operational competences in top level hotel service and project managment)	**Marketing Competences** (Previleged relationship with the players of tourism distribution and related knowlwdge of the potential clients tastes)	**Managerial Urge** (Previous CEO experience in the international market with access to market privileged information regarding marketing opportunities)	**Synergies** (Reaching a significant dimension within external markets it's also impostant for leverage our investments and performance.
External Stimulus	**Market Opportunity** (As precursors we saw a big opportunity in a promising market)	**Access to Local benefits** (Apart from a favorable economic environment there were some facilities regarding licensing and tax incentives)	**Client Follower** (It was a stmilus to be present a new destination where our present clients were the	**Domestic market Contingencies** (The crisis that threatens the internal market makes the exploitation of business in othter

			potential international customers)	market with higher potential, a way to monetize some structures of the group)
Host Market Choice Determinants (HMD)	**Market Growth** (A world within a world with great growth potential)	**Physic distance** (It was felt a lot of recepivity within communs cultural bonds)	**Country risk** (The existence of political and social stability)	**Market Competitiveness** (A very cheap market with great natural resources available and low competitiveness in our market segement.
Entry mode Choice Determinants	**(HMD)** Business formats not suitable for our company goals	**(HMD)** Shortage of human and logistic resources		
Increase International Activity				
First-order Motivations	**Network Seeking and Efficiency Seeking** (The efficiency in marketing and operations happens with dimension, exploration of partnerships and of course with good investments.			
Internal Stimulus	**Network competences and Synergies** (Ten years of international presence must be capitalized)			
External Stimulus	**Market Oportunnities** (Emergence of opportunities in markets in more comptetitive markets considered as strategic for the group consolidation)			
Host Market Choice Determinants	**Market Size** Availability of complementary markets to meet CP diversification goals			
Entry mode Choice Determinants	**Global strategic determinants** Sharing Cross competences emerge as a result of network competences and partnerships			

(Appendix CatCP2)

CP2 categorized main determinants			
Time delay Determinants	**Critical Size** (Primary motivation to grew in the domestic market)	**International vision** (International vocation of the group regarding its origins)	**Critical incident** (restructuring of shareholder participation)
Starting International Activity			
First-order Motivations	**Growth** (Willingness to grow)	**Seek markets** (Return to origins within favorable business circumstances)	
Internal Stimulus	**Managerial urge** (motivated management team within strong complicity of majority of shareholders)	**Marketing competences** (market knowledge regarding the customer preferences)	**Operational and network competences** (operational skills on business segment and the existence of a business network with the stakeholders
External Stimulus	**Market opportunity** (Opportunity to recover a building within a favorable environment for the tourism activity)	**Accessing local benefits** (Clear commitment and complicity from local authorities with foreigner investors, giving fiscal and legal incentives)	**Stakeholder follow** (Solicitations from clients, banks and public entities to open a hotel overseas)
Host Market Choice Determinants (HMD)	**Physic distance** (Sentimental attachment within historical roots and language)	**Market Growth** (An increased flow of business activity)	**Market competitiveness** (A very cheap market with few entry barriers)
Entry mode Choice Determinants	**HMD** (lack of specialized local firms to support multinational companies)	**Complexity level of competences** (A five star hotel involves a lot of operational complexity)	
Increase International Activity			
First-order Motivations	**Growth** (Exploration of several geographical axes strategic for the company)	**Seek efficiency** (Adequacy of investment to various potential customer segments)	**Network seeking** (Attracting potential investors by creating a network of hotel units to support a growing business activity within a geographically strategic area)

Internal Stimulus	**Marketing Competences and Synergies** (As a pioneering company in the market, there is an intensive knowledge about the reality of the market, taking into account the existing geographical coverage)	
External Stimulus	**Market opportunities** Emergence of opportunities in markets considered as strategic for the group consolidation	**Domestic market contingencies** The increasing competiveness in the domestic market within a economic crisis with impact in firm profitability
Host Market Choice Determinants	**Market size** The size and strategic position of the market enables the group to jump to other peripheral markets with great strategic importance	
Entry mode Choice Determinants	**Global strategic determinants** Coordination and control of resources in a larger geographical area, considered strategic for the ambitions of the group	

(Appendix CatCP3)

CP3 categorized main determinants		
Time delay Determinants	**International Vision** (I have believed and convinced the investors although, the risk that we might have it was a business with future)	
Starting International Activity		
First-order Motivations	**Profitability** (The primary motivation was linked to economic reasons)	**Strategic resources and Market seeking** (Search for a culturally close country with unexplored natural resources for tourism)
Internal Stimulus	**Managerial Urge** (The vision and international experience of its founder and current CEO was the main stimuli for this project)	
External Stimulus	**Market opportunity** (The opportunities were there, you only need to combine them and make them available)	**Accessing local Benefits** **(**The capital of trust, given by local authorities to the group, showing signs of a of course commitment to the development of infrastructure for the tourism sector)
Host Market Choice Determinants (HMD)	**Physic distance** (The choice of Portuguese-speaking markets and geographical and cultural proximity was a natural reason)	**Market Growth and Country Risk** (There were some signs of stability and economic growth in the country and at the same time there was a demand for other destinations, outside Europe, by agents from tourism distribution)
Entry mode Choice Determinants	**HMD** (There was no conditions for other forms of operation mode)	
Increase International Activity		
First-order Motivations	**Growth** (The market diversification of the group in a country with a large scope for growth)	
Internal Stimulus	**Operational competences** (The specialization clearly oriented towards leisure tourism)	**Marketing and Network competences** (Our ability to adapt and create networks was visible in our business profile)
External Stimulus	**Market opportunity** (An opportunity in a nearby destination and with identical resort characteristics)	**Stakeholder follow** (There is already, a considerable movement, between Cape Verde and Brazil, and we can take advantage of this strip of clientele)
Host Market Choice Determinants	**Physic distance** (The choice of Portuguese-speaking market within geographical proximity	

	was a natural reason) **Market Growth** (A country with a large scope for growth)
Entry mode Choice Determinants	**HM and Global strategic determinants** (It's only possible to operate if we dominate and control the most of our internal operations. If we don't manage to do it at the short term, we will not able to be more competitive in the price) **Complexity level of competences (Product)** (The all inclusive complex management system requires day do day practices that we have control to be competitive)

(Appendix CatCP4)

CP4 categorized main determinants			
Time delay Determinants	**Critical incident** The hotel company was acquired by a multinational group with activities in international markets		
Starting International Activity			
First-order Motivations	**Growth and Marketing Seeking** (Sustained growth in a market with potential has always been the group's strategy of extending more rapidly the hotel brand, exposing it in other market)	**Risk diversification** (Diversification of the group through hotel business activity in other markets)	
Internal Stimulus	**Network competences** (Deep knowledge of business practices within the country's competitiveness, and local benefits)	**Operational competences** (Operational and marketing skills derived from many years of hotel activity in the luxury segment)	**Managerial Urge** (Manager experience in several international markets)
External Stimulus	**Market opportunity** (Opportunity to purchase an reference resort hotel)	**Accessing local benefits** (Favorable external environment within local incentives)	
Host Market Choice Determinants (HMD)	**Physic distance** (The existence of a cultural and linguistic proximity)	**Market Growth** (Confirmation of economic reality of the country, with a space and environment for a group that wants to grow and consolidate a mark of excellence)	**Market competitiveness** Shortage of competences in the hotel service sector in the luxury segment.
Entry mode Choice Determinants	**HMD** (The time needed for the concession's exploration is not compatible with the market's concessions)	**HMD and complexity level of competences(Product)** (Ceding to a third party a concept, imminently based on our marketing skills, within a complex product, would be a risky move for us, in a deregulated market)	

<table>
<tr><th colspan="3">Increase International Activity</th></tr>
<tr><td>First-order Motivations</td><td colspan="2">Growth , Efficiency Seeking ans Brand Recognition
(The intention to prepare the group to expand to a bigger market with great growth potential, was to create synergies between markets in a more competitive and visible environment)</td></tr>
<tr><td>Internal Stimulus</td><td colspan="2">Network competences and scale economics
(The strategy of serving two complementary high value-added markets)</td></tr>
<tr><td>External Stimulus</td><td>Market opportunities
(A opportunity to explore a reference luxurious hotel in a high competitive environment)</td><td>Domestic market contingencies
(Need to gain dimension and the domestic market had no conditions for these kind of expectations)</td></tr>
<tr><td>Host Market Choice Determinants</td><td colspan="2">Market competiveness
(The group moved forward allowing a rapidly expansion to a more competitive environment with greater marked visibility)</td></tr>
<tr><td>Entry mode Choice Determinants</td><td colspan="2">HMD
(The group should have control over operations. In the urban market, this could be possible but we haven´t enjoyed yet the notoriety for it)</td></tr>
</table>

(Appendix CatCP5)

CP5 categorized main determinants			
Time delay Determinants	**Critical incident** (Sold our "crown jewel" for quite some money and existence of available financial resources derived from the disinvestment)		
Starting International Activity			
First-order Motivations	**Market Seeking and Risk Diversification** (the market diversification activity was a need for the group survival)	**Growth** (the foreign market has given us a perspective of consolidation of our growth)	
Internal Stimulus	**Operational Competences** The operational skills in a destination of excellence	**Marketing and Network Competences** (network of knowledge on the distribution sector in the tourism operation which, at the time, were looking for new destinations outside Europe)	
External Stimulus	**Market opportunities** (Environment conducive to the appearance on business opportunities in an unexplored and emerging market)	**Accessing to local benefits** (A favorable business environment face a good reception and support by the local authorities)	**Domestic Market Contingences** (the group could hardly grow in the regional market, facing the poor perspectives in the local market)
Host Market Choice Determinants (HMD)	**Market Size and Market Growth** (Great attractiveness, in terms of natural resources within growth, where we can develop our business in a market segment attached to leisure)	**Physic Distance** (The perception that the Portuguese investors, were welcomed by local authorities, reinforcing the idea and the opinion that there was a proximity between the two countries in	**Market Competitiveness** (Favorable environment for investing, given the favorable exchange rates and growth potential of the market with low entry barriers)

		terms of business environment)	
Entry mode Choice Determinants	**HMD** (The absence of attractive formats of exploration of the hotel business for a small group)	**Tacit level of competences** (the lack of international experience and limited brand awareness in the foreigner market)	
	Increase International Activity		
First-order Motivations	**Growth** (The foreign market has given us a perspective of consolidation of our growth)		
Internal Stimulus	**Internal Competences** (We seek to capitalize on the experience that we have gained in this market where clearly we were pioneered)		
External Stimulus	**Market opportunity** (There was an exponential growth in flights to and from host market by the Portuguese airline company)	**Stakeholder follow** (The increase commitment of Portuguese multinationals in these countries and the positive information generated by that presence was a strong stimulus for us to move forward)	**Domestic Market Contingences** (An decline in profitability in the domestic operation due the stagnation and lack of competiveness of domestic market)
Host Market Choice Determinants (HMD)	**Market Growth** (Taking advantage of a new cycle of internal tourism in host country, as an emerging economy, was crucial to consolidated the hotel operation)		
Entry mode Choice Determinants	**HMD and Tacit level of competences** (The changes operated in the market and limited brand awareness)		

(Appendix CatCP6)

CP6 categorized main determinants			
Time delay Determinants	**International Vision** (Taking into account, our performance in the regional market, we couldn’t think more about growing in the internal market)		
Starting International Activity			
First-order Motivations	**Market Seeking** (We began prospecting for other destinations with potential clients available, where at the same time we could expand our brand concept)	**Growth** (The growth motivation emerge in a clear purpose to export a concept of management that was clearly winning in the domestic market)	
Internal Stimulus	**Operational and Marketing Competences** (Business experience and economic performance)	**Network competences** (Take advantage of the synergies of the partner's experience)	**Managerial Urge** (The CEO international experience, within the network of contacts in international markets, was crucial to trigger the process of internationalization)
External Stimulus	**Market opportunities** (We notice positive signs, given by our partners and even by Portuguese hotel groups, already abroad…I also watched the development of joint operations, between operators and small group hotels on medium and long haul destinations with success)	**Domestic Market Contingences** (Our policy on a sustained presence, in a small market such as Madeira, does not allow us to have great growing alternatives)	
Host Market Choice Determinants (HMD)	**Market Size and Market Growth** A destination where there was a boom of demand from both European and North American market	**Physic Distance** A market that, although culturally close, had already some international presence, including Portuguese hotel groups	**Market Competitiveness** (Through our network of contacts, along with our partner we decided to try more competitive markets less dependent on tourist operations.
Entry mode Choice Determinants	**Complexity level of competences** (It facilitates the operation control which is an obligation when you want to make sure that each client has an appropriate solution in terms of product	**Global Strategic Determinants** We do not believe in pre-cooked formulas and being one hundred per cent in a project, is essential, for this stage of exchanging experiences. We believe that internationalization	

	and service)	is a two-way process, with regard to the synergies obtained.
	Increase International Activity	
First-order Motivations	**Brand recognition and network seekers** The creation of partnerships and synergies is our goal, despite all of these actions were rational they resulted always in market opportunities within brand awareness... The bigger are the synergies, the greater the probability to increase our international visibility.	
Internal Stimulus	**Internal Competences** (Deep knowledge in one of the most competitive markets in the world taking into account a supply of complementary hotel products in the main urban markets)	
External Stimulus	**Market opportunity** (Market with great attractiveness with a capacity of attracting customers across borders even with positive impacts on the domestic market)	**Stakeholder follow** (Customer loyalty across the supply chain)
Host Market Choice Determinants (HMD)	**Market Size** (Use the market as a platform out to other peripheral markets)	
Entry mode Choice Determinants	**HDM** (The adequacy in terms of brand and market forced us to invest in profound renovations in our hotels, taking into account what we believe to be within the parameters of the product and target customer) **HMD** (Markets that are very competitive but with a lower risk, with regard to its residual value) **Global strategic Determinants** (The requirement to coordinate operations and quickly get a better market knowledge in order to optimize the partnership)	

(Appendix CatCP7)

CP7 categorized main determinants			
Time delay Determinants	Critical Size The accumulation of financial resources and internal competencies on planning, activities coordination, marketing and operational skills, business relationships and support networks.		
Starting International Activity			
First-order Motivations			
	Efficient Seeking (Growing with a strong upstream side bet, creating marketing and distribution channels that dominate where the Group could have a significant influence, in order to reduce the levels of dependence on large clusters of tour operation, and furthermore bet on the downstream areas of tourism activities to increase the attractiveness of our hotel product)	**Growth and Risk Diversification** (Willingness of the group's growth and diversification of investments which will, in time already surpassed the 120 million Euros)	**Network Seeking and Brand recognition** (Brand awareness, with a visible effect on the displacement of our customers, through a network of units and at the same time minimizes the risk of the operation)
Internal Stimulus	**Operational Competences** (Experience in implementation and development projects)	**Marketing competences** (Concerning our marketing expertise, we think we are capable of adapting them to all the contingencies that arise in the international market.)	**Managerial Urge** (The entrepreneurial spirit of the group had its genesis in two businessman who immigrated to South Africa, with a worldwide international management team)
External Stimulus	**Market opportunities** (The size of company the and network of contacts gives us market power that allowed to have access to the best opportunities to explore them too)		**Accessing to local benefits** (We are always very welcome ... we are a group that often takes roots, we generate jobs and direct investment, and this generates some local benefits)

Host Market Choice Determinants (HMD)	**Market Size and Market Growth** (It was important to find a space where the group could combine ambition and ability to grow, in another words , a country with that dimension to the extent of our ambitions and capabilities.)	**Physic Distance** (We wanted the brand to grow, in terms of notoriety, always in a direction to the Lusophonia. A Portuguese hotel brand in Portuguese-speaking countries.)	**Market Competitiveness** (As first movers, we benefit from a climate of weak competitiveness in the tourism sector, within an economic cycle not so optimistic. We were very welcomed, and somehow, we managed to gain relations across the country, within a national presence...We do not follow anyone and ended up winning a huge market that would be a leverage toll for other investments)
Entry mode Choice Determinants	**HMD** (It is clear that in the first phase of the group, there was a natural inclination for controlling operations in the face of uncertainty that was placed on the market in result of incipient networks of connections with the locals)	**Global Strategic Determinants** (At a later stage of consolidation and brand pretension of reaching a critical size on the market, we wanted to strengthen our image, obtaining the goodwill of the government, workers, suppliers society in general)	
Increase International Activity			
First-order Motivations	**Network seekers and Strategic Assets seekers** (The expansion into several markets at the same time, is a strategic line of diversification, in a sustained growth, based on synergies from the rotation of the customers on our network of hotels, taking advantage of economies of scope and scale, having a balanced portfolio, in terms of risk and profitability)		
Internal Stimulus	**Marketing and Network competences** (In addition to the traditional distribution network business, we want to capture customers directly from the markets where we are deployed via brand loyalty)		
External Stimulus	**Market opportunities** (The group is on the front line, in the detection of opportunities due the development of a multidisciplinary team in the company, and the existence of a network investment and related development poles in many countries)		
Host Market Choice Determinants (HMD)	**Market Size** (The markets choice is undertaken in network logic)		

Entry mode Choice Determinants	Global strategic Determinants (We understand that we still must grow organically, as a matter of group mission consistency, and, to meet some contingencies that the market places for a group of our size) (To achieve more rapidly a critical capacity at our resources level, there will have to be good coordination between the local units and the parent company)