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Policies to promote firms' outward internationalization: A review and an empirical application to Portuguese firm-level data

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Abstract

Nowadays, the existence of a strong group of internationalized companies is considered critical for countries' growth and prosperity. Most governments, recognizing the importance of increasing the openness of their economies, are implementing a range of policies to promote internationalization. This dissertation aims to review such policies, notably those geared to stimulating firms' outward internationalization (exports, contractual modes, and outward foreign direct investment). After presenting the theoretical underpinnings of firms' internationalization and the rationale for public policy intervention, the dissertation will review the relevant literature and will provide an overview of policies followed in different countries. This is an important contribution as literature on outward internationalization policies is scarce and mainly focused on a specific country case, usually in terms of export promotion only, and there are no comprehensive overviews or comparative papers. Another contribution is provided at the empirical level, by testing (using a unique dataset gathered for this effect, and several alternative econometric models) the determinants of the use of incentives (in general and according to different types of incentives) by firms based in Portugal.

Keywords: Firms' outward internationalization, public policies, Portuguese firms.

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Introduction

In the current depressed economic context, internationalization (notably materialized in inward investment attraction and in increased exports) is seen as a crucial growth engine. But not only developed economies with sluggish economic growth value the contribution of internationalization to their prosperity. Emerging economies all over the world consider internationalization a priority and a development accelerator. Hence, internationalization policies and support programs are an extremely topical and relevant issue. This dissertation is focused on the theme of public policies to stimulate firms' outward internationalization (export promotion, internationalization through contractual forms, outward foreign direct investment/ OFDI), offering both a conceptual and an empirical contribution to the field of International Economics (particularly covering the following sub-areas: Economics of International Business, Internationalization, Exports, FDI, Multinational Enterprises and Public Policy). Highlighting the relevance of these contributions is the fact that outward internationalization policies constitute an under-researched theme (Sauvant**,** 2008; Sang and Hai, 2011; Torres and Varum, 2012b**).**

Specifically, this research aims to answer two complementary research questions:

(i) What are the existing types of public policies to promote firms' outward internationalization and, among these, which are the most prevalent internationally?

(ii) Which are the factors that explain the use of outward internationalization policies/ incentives by Portuguese firms?

In order to address effectively and in a logical manner these questions, the dissertation aims to fulfill the following objectives:

- To synthesize the theoretical frameworks underpinning the internationalization process of firms, in order to understand better (at a later stage in the dissertation) what kinds of policies may stimulate these processes;
- To provide a rationale for public policies aiming to stimulate firms' internationalization;

- To identify, in a comprehensive and innovative way, what kinds of outward internalization promotion policies exist;
- To provide an overview of the most prevalent policies internationally;
- To undertake an empirical application based on a large sample (purposefully gathered for this study) of companies, in order to evaluate what are the most important factors explaining the use of outward internationalization incentives / policies.

In order to accomplish the dissertation's objectives, a synthesis of the main theories and conceptual tools regarding to how firms internationalize will be provided. This theoretical research constitutes a significant addition to extant literature, given the underestimation of this topic, by both academic and institutional streams (UNCTAD, 2003; Sauvant**,** 2008; Sang and Hai, 2011; Torres and Varum, 2012b**)**. Another contribution lies on different empirical applications provided: one, on the prevailing internationalization-related policies worldwide (through a study of 220 relevant agencies in 205 countries). And, more importantly even, a contribution based on a large scale survey to Portuguese firms on several aspects related to their internationalization process, their difficulties when internationalizing, their awareness and use of internationalization incentives, and on their evaluation of their internationalization process in terms of several firm-related variables.

The final and also crucial contribution of this dissertation lies in the estimation of several econometric models, aiming to find out which are the key determinants of the use of incentives by the sampled firms.

Chapter 1: The internationalization of firms - Theoretical background

This chapter aims to provide a synthetic theoretical background on the internationalization process. After providing a working definition of internationalization, the main entry modes available are briefly presented, and the main explanatory theories and frameworks of internationalization are reviewed.

1.1. What is internationalization? A working definition

In this dissertation, we use the working definition of internationalization provided by Welch and Luostarinen (1988: 36), that envisages internationalization as a "process of increasing involvement in international operations" – describing the outward movement of an individual firm or of a larger group of firms. The focus of this research is on the outward side of internationalization, i.e. conceiving this process from the point of view of a domestic firm that develops international operations. There are other perspectives that consider the inward direction (for instance, the attraction of foreign direct investment to a certain territory) (Hill and Munday, 1991; Dunning, 1995), or the inward-outward connection (Welch and Luostarinen, 1988; Holmlund, Kock and Vanyushyn, 2007). These other perspectives will not be, purposefully, addressed in this research, as they would lead to a loss of focus.

1.2. How do firms internationalize? Entry modes

"An international entry mode is an institutional arrangement that makes possible the entry of a company's products, technology, human skills, management, or other resources into a foreign country" (Root, 1987: 5). Other possible designation for entry mode is mode of internationalization, which according to Holmlund and Kock (1998), as cited in Wright *et al.* (2007), is defined as an important strategic choice that can influence companies' position, in the selected markets, and its ability to gain access to vital information and resources. When they choose to internationalize, firms may select distinct entry modes (Anderson and Gatignon, 1986; Torres, Figueira de Lemos and Fidas, 2012), in some situations opting for one of them, in others (especially in the case of larger and more diversified firms) opting for several modes at once, according to the ways in which they intend to approach different markets (Root, 1987).

There are three main types of entry modes in foreign markets: exports, contractual modes and foreign direct investment (FDI). The modes of entry in foreign markets represent good indicators of firms' characteristics (Torres *et al*, 2012: 107) since they are likely to differ on key dimensions such as the level of control, risk, commitment, complexity and resources, all of which need to be considered by firms (Anderson and Gatignon, 1986; Koch, 2001; Wright, Westhead and Ucbasaran, 2007).

Exports

The most frequent and traditional entry mode is direct exports (Westhead, Binks, Ucbasaran and Wright, 2002; Wright *et al.*, 2007; Maeseneire and Clayes, 2007). Exports of goods and services relate to "sales, barter or gifts or grants, of goods and services from residents to non-residents" (OECD, 2009: 366). Among the three main entry mode options, exports represent the least risky one, as such entry mode involves the most reduced level of commitment to the foreign market. Exports require fewer resources than other entry modes, and imply lower managerial complexity. Plus this entry mode is characterized by a lower level of control over the international operations.

Contractual Forms

Contractual forms are defined as "long-term non-equity associations between an international company and an entity in a foreign target country that involve the transfer of technology or human skills from the former to the latter" (Root, 1987: 7). There are various types of contractual forms: contract manufacturing/services outsourcing, licensing, franchising, management contracts, concessions and strategic alliances/contractual joint ventures. Working definitions presented by UNCTAD (2011: 128) characterized contractual forms as follows:

(i) *Contract manufacturing relationships* (often called *subcontracting*) occur when an international firm contracts out to a host-country firm production, services or processing;

(ii) In *licensing contracts* an international firm (licensor) grants to the host country firm (licensee) the right to use its intellectual property (against the payment of a royalty);

(iii) *Franchising* relates to a contractual relationship where one party (franchiser) ensure to another party (franchisee) the right to use its trademark, business systems and processes, to produce goods or services;

(iv) *Management contracts* imply that the operational control of an asset, in a host country, is vested to an international firm (the contractor) which manages the asset in return for a fee;

(v) *Concessions* differ from the preceding due to the fact that the firm manages the asset in return for an entitlement to (part of) the proceeds generated by the asset.

(vi) *Strategic alliances/ contractual joint ventures* relate to a contractual relationship between two or more firms, to pursue a joint business objective, involving intellectual property transfer, specialization, shared expenses and risk.

Contractual modes imply an intermediate level of control, risk, commitment, complexity and resources. This intermediate mode of entry allows firms to share the risks and resources that the internationalization process may require, albeit there is no full ownership or control for any of the firms involved (Anderson and Gatignon, 1986).

Foreign Direct Investment

Foreign direct investment (FDI) is defined as an investment by a resident entity (direct investor) in one economy that reflects the objective of establishing a long term relationship with an enterprise, resident in the host economy, involving a significant degree of influence by the direct investor (ownership) on the enterprise's management, in the target country (Root, 1987; OECD, 2012). FDI is the entry mode that requires a greater deal of commitment to the foreign location, greater resources (financial, human) and competencies, hence being the entry mode associated with the highest level of risk and complexity (Anderson and Gatignon, 1986). It has the advantage of being associated with higher control, although only the most talented firms, that have the knowledge and managerial skills, are likely to undertake profitable outward FDI projects [Vahler and Masso, (2007), as cited in Sunesen, Jespersen and Thelle, (2010)].

The next section presents the main theories and conceptual tools that explain how firms undertake outward internationalization: the Uppsala Internationalization Process Model, Born Globals and Network Theory.

1.3. Theories/ frameworks explaining internationalization: a synthesis

The conceptual background to this dissertation is based on theories focused on *how*[1] firms internationalize, i.e., on the process and speed of internationalization, and on the characteristics of firms and their environment that foster internationalization.

1.3.1. Uppsala Internationalization Process Model

This is the most traditional framework aiming to explain how firms internationalize. The Uppsala Model, o Stages Theory, was developed by Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977), based on empirical observations that have shown that Swedish firms often develop their international operations in small steps, instead of leaps. It is an incremental and predictive model of the internationalization process, this process being driven by the interplay between learning about international operations and commitment to international business. Johanson and Wiedersheim-Paul (1975) consider the basic assumption that internationalization is mainly a gradual process and a consequence of a series of incremental and cumulative decisions. Based on this argument, they proposed the concept of "establishment chain", illustrating four different levels of involvement of the firm in international market (Johanson and Wiedersheim-Paul, 1975: 307):

(i) *Occasional exports* allow the firm's first contact with foreign markets. This first level is characterized by a low flow of information and no commitment of resources to the (foreign) market;

(ii) *Exports via an independent representative*, namely an agent, is a second step providing more knowledge about the market and greater commitment of resources. In this stage a channel between the firm and the foreign market is established, through which the firm gets regular information about factors influencing sales;

(iii) *Commercial affiliate/Sales subsidiary*, represents a deeper level of involvement and allow the direct control of the information flow, but provides higher risks and costs.

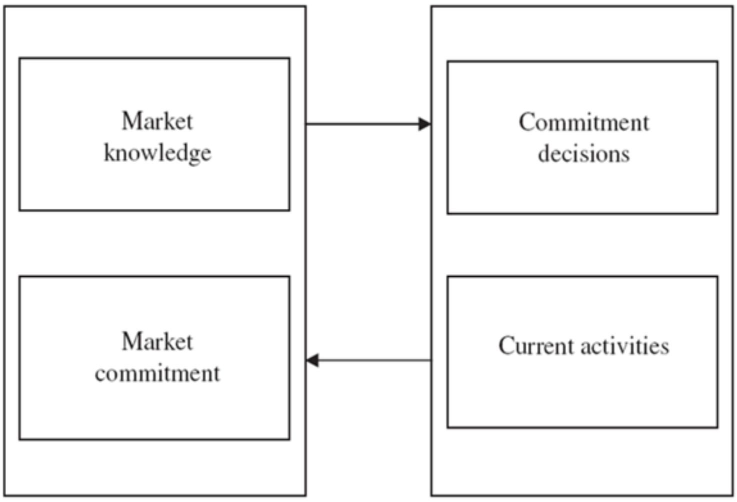
[1] The conceptual background of this dissertation is not focused on *why* firms internationalize; this would be a totally distinct research and would imply a different approach and a whole new array of theories.

(iv) *Productive affiliate/Manufacturing subsidiary*. This last stage, valid for manufacturing companies, represents the highest level of commitment of resources, and of exchange of knowledge with the host market.

Market knowledge and commitment decisions are central concepts in the stages model, given that a firm gradually increases its commitment to foreign markets as its market knowledge about target markets grows (Penrose, 1959).

Johanson and Vahlne (1977) proposed the following framework that highlights key concepts and decisions in the internationalization process.

Figure 1. The basic mechanism of internationalization - state and changes



Source: Figure 2, p.26 in Johanson and Vahlne (1977).

The basic mechanism of internationalization (Johanson and Vahlne, 1977) is centered in the distinction between the state and change aspects of internationalization variables. Market knowledge and commitment constitute the "state" aspects while decisions to commit resources and the performance of current business activities correspond to the "change" aspects (Johanson and Vahlne, 1977). The market commitment refers to both the amount of resources committed and the degree of commitment. Accordingly, "the degree of commitment is higher the more the resources in question are integrated with other parts of the firm," while "the amount of resources committed is close to the size of the investment in the market, including investment in marketing, organization, personnel, and other areas" (Johanson and Vahlne, 1977: 27). Market knowledge, in turn, plays a relevant role once it can be considered as a resource and plus, "the better the knowledge about the market, the more valuable are the resources and the stronger is the commitment to the market" (Johanson and Vahlne, 1977: 28). Finally, in the group of "state" aspects, current activities is present as the prime source of experience and commitment decisions relate to perceived problems and/or opportunities on the market (Johanson and Vahlne, 1977: 29).

A key element to understand this model is the concept of *psychic distance* (between home and foreign country). Psychic distance includes all factors that affect or hinder the flow of the information between the firm and the market, such as language, business practices, educational, industrial and sociopolitical differences, among others (Johanson and Wiedersheim-Paul, 1975). Low psychic distance (or, in other words, high psychic proximity) tends to reduce costs and risks, so firms are prone to first establish close relations with countries psychologically closer, and only with more experience to develop international operations in more psychologically distant ones.

The authors of the Uppsala Model take into account the assumption that the lack of knowledge about market conditions and operations constitutes an important, perhaps the main, obstacle to the development of international operations. Thus, the better is the knowledge about a market the greater are the incentives to commit greater resources and to develop stronger commitment to that market (Johanson and Vahlne, 1977).

Even if this model remains relevant, and even if it still is the most frequently used in, and applicable to, the explanation of firms' internationalization processes, the Uppsala Model has been subject to criticism (Pedersen, 2000). Furthermore, some more recent phenomena are counterintuitive with its incremental nature and sequence of steps (Welch and Luostarinen, 1988; Pedersen, 2000; Persinger, Civi and Vostina, 2007).

First, it is claimed that the Uppsala model is rigid (Hirsch and Meshulach, 1991, cited in Macedo, 2010: 5) and ignores "firm external competitive conditions and more basic economic factors" (e.g. assessment of market potential, market size) (Pedersen, 2000:1). More recently, Johanson and Vahlne (2006, 2009) provided new developments of their original stages model, given changes in business practices and taking into account theoretical advances that occurred since the creation of their model (Johanson and Vahlne, 2009: 1413) – analysed in more detail in the subsequent section on network theory. These developments imply the addition of new concepts and the clarification that the Uppsala model relates to an empirical phenomenon that they observed, rather than the pattern described by the "establishment chain" (Johanson and Vahlne, 2009).

Although most companies still follow an incremental and sequential pattern, there are cases that do not confirm empirically this sequence of stages (Coviello and Munro, 1997; Pedersen, 2000; Persinger *et al.*, 2007). For instance, there are firms that, since their foundation, or in the first years of their existence, embrace a global orientation, often establishing operations abroad with a high level of commitment very soon after their inception. These examples of faster internationalization have led to the development of other concepts and explanatory frameworks, such as those focusing on Born Globals / International New Ventures, highlighted in the next section.

1.3.2. Born Globals / International New Ventures

Different authors proposed distinct definitions of Born Globals (designation by Welch and Luostarinen, 1988), or international new ventures (Oviatt and McDougall, 1994). Knight and Cavusgil (2004: 124) defined Born Globals as "business organizations that, from or near their founding, seek superior international business performance, from the application of knowledge-based resources to the sale of outputs in multiple countries". In turn, Oviatt and McDougall (1994) presented these firms as "business organizations that from their inception derive significant competitive advantage from the use of resources and the sale of outputs" (Oviatt and McDougall, 1994: 49). Born Globals successfully compete, from their foundation, against large, established players in the global arena (Rennie, 1993: 45). These firms rapidly build their way into international trade (Rennie, 1993) due to the ability to export 25% of production within two years (Persinger, 2007: 74). No matter the definition of Born Globals adopted, what remains relevant is the fact that such firms internationalize in a fast way, often jumping several of the stages considered in the Uppsala model.

In sectoral terms, this concept is often focused on "knowledge-intensive" and new technology-based firms (NTBFs), albeit they have been shown to exist "in all industries, even in sectors considered to be declining" (Rennie, 1993: 50) (see also: Oviatt and McDougall, 1994; Simões and Dominguinhos, 2001). This "instant internationalizing firms" (Bader and Mazzarol, 2009) that follow "supranational" strategies (Hamel, 1995), as cited in Simões and Dominguinhos, (2001) view knowledge intensity (Bell *et al.*, 2003; Cavusgil and Knight, 1997, as cited in Knight and Cavusgil, 2004) and organizational capabilities and innovation (Knight and Cavusgil, 2004) as major sources of international competitive advantage. According to Knight and Cavusgil (2004) "these firms are interlinked with entrepreneurial and innovative approaches to doing business" (Knight and Cavusgil, 2004:127), finding niche markets an important source of opportunities, particularly for small firms (Rennie, 1993). Born Globals appear essentially due to: new market conditions in several industries, creating market niches and market differentiation; technological developments in production, transport and communication; and the growing importance of global networks and alliances and more sophisticated capabilities of those (Knight and Cavusgil, 2004; Persinger *et al.*, 2007).

The Born Global concept does not deny the relevance of the Uppsala model. It provides a complementary framework to interpret some empirical realities that challenge traditional views on the internationalization of the firm (Oviatt and McDougall, 1994). Both the Uppsala Model and the Born Global approach follow a level of analysis focused on the individual firm. However, the external environment that surrounds the firm, notably its network (of clients, competitors, suppliers, etc) may play a crucial role on the firm's development and internationalization process (Johanson and Vahlne, 2009), as will be presented in the next section.

1.3.3. Network Theory

The former theories / conceptual tools focused on the internationalization of the individual firms. According to network theory, internationalization involves and is influenced by a set of connected relationships, i.e. this perspective envisages the firm as part of a network. A network provides a bridge into new knowledge (Johanson and Vahlne, 2003; Johanson and Vahlne, 2006) "where a focal firm and another firm are mutually committed to future business with each other" (Johanson and Vahlne, 2006: 168), so relationships develop through social exchange. Firms have hence the opportunity to learn about and from each other, but also for creating new knowledge, and to develop opportunities for new business.

Coviello and Munro (1997) tried to explain how network relationships of small software firms, influence the foreign market selection and mode of entry. The building of relationships is a costly, time-consuming and uncertain process, which might improve the efficiency of the partners involved (Johanson and Vahlne, 2006).

Opportunities and threats may be present to the firm by their network relationships, so relationships can drive, facilitate or inhibit a firm's international market development, influencing a firm's choice of foreign market and entry mode. Creating an opportunity might be the result of a:

- unilateral process, when the firm learns about other firms' needs, technology, market and network;
- *bilateral* process, when two firms interact;
- *multilateral* process, when several partners become successively committed.

Thus, interaction and teamwork provide a basis for the creation of new knowledge, socially constructed, which might provide a scope for opportunities (Johanson and Vahlne, 2006).

According to the changes in the economic and business environment, Johanson and Vahlne, proponents of the Uppsala Model, provided a review of their original model and added some aspects due to the network view (Johanson and Vahlne, 2003; Johanson and Vahlne, 2006; Johanson and Vahlne, 2009). Being a partner in a relationship may work as an asset, therefore resulting in an advantage, or may lead to a disadvantage, if the firm is dependent on a network that does not work well, or that does not provide the synergies expected. Johanson and Vahlne (2009) highlighted also the importance of concepts related to social capital, in which relational capital, as suggested by Dunning (2002), constitutes a crucial strategic asset that comprises an actor's ability to form and govern beneficial relationships with other actors (Mitchell, 2003: 58). Relational capital stresses the relevance of cooperation, truthfulness and other attitudinal attributes (such as honesty, cultural sensitivity and reciprocity). Such attributes are increasingly important in business practice (Mitchell, 2003; Danielsen, 2010), hence constituting an advantage in internationalization processes. Relational capital takes into account characteristics of the relationship in terms of motivations, resource dependency and even the surrounding environment (Danielsen, 2010) and foster the acquisition of new knowledge among alliance partners (Liu, Ghauri and

Sinkovics, 2010). In fact, firms may create new knowledge through exchanges in their network on interconnected relationships, so knowledge does not accrue only from firms' own activities, but also may stem from those of their partners, and since those partners also have relationships with other partners, with whom their activities are coordinated, the focal firm is indirectly engaged in a knowledge creation process that extends beyond its own [(Anderson, Håkansson, & Johanson, 1994 (as cited in Johanson and Vahlne, 2009); Coviello and Munro, 1997; Johanson and Vahlne, 2006; Johanson and Vahlne, 2009)]. How the relationship develops depends on the people involved, essentially because there are processes of learning and trust building implied. When both commitment and trust - not just one or other - are present, firms produce outcomes that promote efficiency, productivity and effectiveness (Morgan and Hunt, 1994, cited in Johanson and Vahlne, 2009).

Regardless of the explanatory model considered, the internationalization process is often arduous, complex and resource-intensive (Torres *et al.*, 2012). Not often firms, especially the small and medium ones, have the resources or capabilities needed to support the involvement in international business. In this context, policies to promote outward internationalization may play a crucial role. Policy intervention may facilitate the process of going international, acting at various levels. The following section, through a review of the literature, justifies the existence of outward internationalization support policies and presents some public policy tools for the support/promotion of internationalization.

Chapter 2: Policies to stimulate the internationalization of firms: a literature review

This chapter reviews the relevant literature focused on policies that promote firms' outward internationalization. First of all, the rationale underlying the existence of such policies is explained. Subsequently, the literature on what kind of policies exists, and on their prevalence and importance in different contexts, is reviewed.

2.1. Why do policies to stimulate firms' outward internationalization exist?

Policy-makers around the world recognize the internationalization of domestic firms as an increasingly important vehicle for the growth and long-term welfare of regions and countries (Alexander and Warwick, 2007; Bannò, Piscitello and Varum, 2010; Torres, Varum and Bannò, 2012). Several countries, particularly those experiencing difficult economic situations, have attempted to increase the international activities of their companies, wishing to (i) boost economic growth (e.g. lowering the trade deficit), (ii) guide technological development, (iii) cut unemployment (iv) create future MNEs and (iv) increase commercial ties with some countries (Ruzzier, Hisrich and Antoncic, 2006; Copeland, 2007).

In order to promote the internationalization of their firms, national governments have designed supporting programs of various kinds (Bannò *et al.*, 2010: 3). These programs aim to "facilitate overall cost effectiveness of this process", by creating a coherent policy and institutional framework to address the challenges (OECD, 2009: 30) associated to resource, market and efficiency seeking.

The support provided takes the form of (i) financial incentives and/or (ii) non-financial incentives (Bannò *et al.*, 2010; Varum and Torres, 2011). Through financial incentives firms have access to capital with a lower cost and lower valuation of risks (Varum and Torres, 2011). Indirectly, financial support strengthens the firm's capabilities and "production capacity to better explore the broad range of foreign investment activities" (Maeseneire and Claeys, 2007). These incentives may improve the likelihood to engage in additional projects and investments (Bannò *et al.*, 2010) but they may also give rise to allocative inefficiencies once occurs an overinvestment (Varum and Torres, 2011). The non-financial support is mainly focused on the provision of information and technical assistance (Varum and Torres, 2011) in order to reduce information asymmetries, the risk of investment (Bannò *et al.*, 2010) and the cost of firms' outward internationalization (Durán and Úbeda, 2001)[1].

Table 1. Financial and non-financial incentives

Financial Support	Non-Financial Support
Financial grants; investment insurance; credit insurance; mutual funds; venture capital; fiscal benefits; preferential credit conditions (through protocols with banks).	Information and technical assistance; feasibility studies; training and consulting activities; agreements to promote or protect investments; support to participate in market or state missions or hostage trainees in foreign firms.

Source: Bannò *et al.*, 2010; Varum and Torres, 2011

There is substantial literature (Lall, 1997; Ruzzier *et al.*, 2006; Copeland, 2007; Wright *et al.*, 2007; Bannó *et al.*, 2010; Belloc and Di Maio, 2011; Kang, 2011) suggesting that policy intervention may be justified if it contributes to correct or overcome market failures, mainly due to asymmetric information and economies of scale (Alexander and Warwick, 2007; Torres *et al.*, 2012; Torres and Varum, 2012a; Torres and Varum, 2012b). In the presence of market failures, firms may make wrong choices with regard to the decision of whether to internationalize (Acs, Morck, Shaver and Yeung, 1997) and to with which level of quality or commitment they should penetrate foreign markets (Belloc and Di Maio, 2010). Market failures related to asymmetric information constitute an important barrier to international business. New and inexperienced market entrants may underestimate the benefits and costs of the entrance into new and foreign markets and also find it difficult to have information about labor, raw materials or output market conditions and to attract good workers and support firms (Acs *et al.*, 1997). Other consensual market failures that justify the existence of policies are based on the fact that there are economies of scale in maintaining a base of knowledge about potential suppliers, distributors and other valuable information (Copeland, 2007). Informational economies of scale could result in the exercise of market power, which create advantages for those who are involved

[1] The typology proposed by Bannò et al. (2010) and Varum and Torres (2011) distinguishes two categories (financial and non-financial incentives). However, as mentioned in Chapter 4, the working typology used disaggregates these into 5 different categories: fiscal incentives, financial incentives, information and technical assistance, risk minimizing measures and other incentives.

into larger networks or are detent of important market information (Copeland, 2007). Government policies involving public high value information provision, counseling and assistance are the most suitable interventions to solve this kind of limitations (Belloc, and Di Maio, 2011). Plus, facilitating the access to a network of trusted contacts is another crucial policy contribution to overcome the asymmetries of information and economize on search costs (Copeland, 2007).

Successful business implementation in international markets requires a variety of resources by SMEs and MNEs, in order to overcome the lack of internal funds, know-how, contacts and information about foreign markets (Wilkinson and Brouthers, 2006). The characteristic lack of key resources among SMEs stresses the need for policy promoting outward internationalization (OECD, 2009). Addressing these limitations involves governmental intervention through the provision of high value information about foreign markets, promotion of cross-border cooperation and networking, long-term coaching/training programs and financial support (European Commission, 2008).

The "*Final Report of the Expert Group on Supporting the Internationalisation of SMEs*" (European Commission, 2007) identifies several good practices to improve the effectiveness of policies to support firms' internationalization, such as: to identify the barriers and drivers that move firms to internationalize; to consider that each country requires its own set of policies, based on "on the ground" experience and focused on the actual SMEs they are trying to support (individualized support to each SME); the effort must be placed on increasing the number of internationalized SMEs; to understand that support measures need to change as the company evolves and grows; and to improve the awareness of the benefits of internationalization and of existing programs to support SMEs, when they decide to go international (European Commission, 2007: 18).

Governments play an useful role, raising awareness of the benefits of international business activity and fostering skills and strategies that help firms to deal with the obstacles, uncertainties, complexities and risks that the internationalization process represents (Boston Consulting Group, 2004; Torres *et al*., 2012). The next section, after a brief introduction on the state of the art of the literature regarding outward internationalization policies, presents a review of the literature related to the export, FDI and contractual / cooperation promotion policies.

2.2. Literature review on outward internationalization policies

2.2.1 Brief summary: state of the art on outward internationalization policies

The literature on outward internationalization policies *per se* is scarce. Most of the literature on internationalization policies focuses on the inward side, notably, how to attract FDI. The extant body of literature centered on outward internationalization policies, the concern of this dissertation, tends to be solely focused on export promotion, neglecting other relevant entry modes (e.g. contractual modes and outward FDI). Plus, the existing literature related to export promotion tends to be focused on a single country or region. In short, there is a gap in the literature in what concerns (i) comprehensive, multi-country syntheses and comparisons of outward information policies; and (ii) empirical work on such policies (e.g. asking companies which types of policies they find more effective and/or testing hypothesis related to the relevance and effectiveness of such policies). One of the reasons for this gap is probably the difficulty in obtaining objective and quantitative firm-level data on outward internationalization processes (United Nations, 2003) perhaps due to confidentiality in policies undertaken by governmental agencies, which are often not explicit. Another is the dominance of the inward side in public policies (inward FDI has for long been considered as a panacea or recipe for prosperity) over outward-based strategies, given that their virtues and benefits are less obvious to many analysis/ specialists and policy-makers.

2.2.2. Export Promotion Policies

The ability to compete successfully in foreign markets, to maintain a favorable balance of trade and to control the external payment situation, reflects the economic strength and the marginal competence of a nation (Shamsuddoha, Ali and Ndubisi, 2009). In this context, exports are an important channel through which a nation can achieve economic prosperity and growth (Alexander and Warwick, 2007). Governments in all developed countries and even in most developing countries provide a range of export promotion programs essentially in order to lower the barriers that firms face when they try to gain access to international markets through exports (Boston Consulting Group, 2004: 16). Stressing this evidence, a recent analysis of European policy measures states that more than 70% of the internationalization support policies and programs are focused on exports (European Commission, 2010). Export promotion programs influence the export performance of companies, contributing to the acquisition of knowledge, skills, among other managerial capabilities.

Governments have long been involved in setting and monitoring the framework for international trade and investment, as well as facilitating or encouraging exports (Alexander and Warwick, 2007) once their "involvement may, in some circumstances, add to exporting firm's the credibility in the destination countries" (Boston Consulting Group, 2004: 17). The creation of government-funded export promotion agencies (EPAs) became a crucial instrument to boost the exports and the international business involvement of companies, particularly SMEs (O'Gorman and Evers, 2011). The first Export Promotion Agency (EPA), still existing, was created in 1919 in Finland (Lederman, Olarreaga and Payton, 2006). EPAs are specialized public organizations, which objectives are to help exporters understand and find markets for their products, by: (i) country image building; (ii) export support services, (iii) marketing and; (iv) market research and publications (Lederman *et al*., 2006: 2).

Several studies found that EPAs and their strategies have a strong and statistically significant impact on exports (Lederman *et al*., 2006). The creation of an adequately funded EPA, to help exporters overcome the costs and risks of trade in foreign and unfamiliar markets, constitutes a response to a genuine need of SMEs (Helleiner, 2002, as cited in Lederman *et al*., 2006). "State promotional activities can be fruitful under a variety of conditions", depending on the activities undertaken and the ability and awareness of firms to take advantage of EPAs services (Wilkinson and Brouthers, 2006: 238). EPAs make use of export promotion instruments to contribute positively to the firms' international performance and countries' exports, such as: (1) trade shows; (2) trade missions and; (3) programs identifying agents and distributors (Wilkinson and Brouthers, 2006). The first instrument of export promotion, trade shows, gathers representatives of companies, which are export-ready, for the purposes of sell products, gain access to decision makers, "disseminate facts about services, products and personal, identify prospects, gather intelligence" (Wilkinson and Brouthers, 2006: 239) and reinforce firms' moral (Bonoma, 1983; Seringhaus and Rosson, 1991, cited in Wilkinson and Brouthers, 2006). Participants in trade shows exhibit effectiveness in the achievement of knowledge about unfamiliar markets, in terms of sales and increased profits (Wilkinson and Brouthers, 2006). In turn, trade missions differ from trade shows due to the fact that such missions are considered most appropriate for non- and new potential exporters (Wilkinson and Brouthers, 2000). Their general goals are based on acquiring information and expanding their knowledge of the exporting process, essentially in order to promote long-term export development (Wilkinson and Brouthers, 2000). However, several studies state that trade missions may not be a productive activity for many businesses as a vehicle for increasing transactions (Wilkinson and Brouthers, 2000; Head and Ries, 2009). Trade shows and missions both depend on a range of factors such as: "how potential participants are screened", "the level of financial contribution required of them, "the preparatory work undertaken", "the event itself", the network of contact that the EPA has in the host countries, "the subsequent follow-up with the firm", "the extent to which the visits are integrated with other export development and promotion programs" and "the cultural context of the participating business comunity" (Boston Consulting Group, 2004: 35). Finally, programs identifying agents and distributors function as a key element in the marketing strategy of companies. These programs provide a response to the greatest challenges, particularly for exporting SMEs: the identification, qualification, and management of overseas agents and distributors (Wilkinson and Brouthers, 2006). Wilkinson and Brouthers' (2006) study found that the use of state-sponsored programs which identify agents and distributors is positively associated with firms' satisfaction with export performance.

According to Lederman *et al.* (2006), to create an suitable and efficiently funded EPA, governments should take in account the following guidelines: EPAs should (i) be focused on firms with new products or firms that expressed real interest in enter on new markets; (ii) emphasize cost-sharing, to ensure that programs are used only by those truly dedicated to export; (iii) submit their programs to external evaluation and; (iv) provide support for a maximum of 2-3 years, preventing the support to become a subsidy (Lederman *et al*., 2006).

In order to simplify international market participation and facilitate the international network entry, governments may also sponsor the creation of foreign trade offices - considered the most expensive high profile export promotion type of program (Wilkinson, Thomas and McNally, 2011). Foreign trade offices "serve as outposts, establishing contacts and providing a continual flow of information for their home countries” (Wilkinson and Brouthers, 2000: 231). In addition, embassies and consulates, through foreign missions, perform other functions to help exporters, including the provision of market information and the identification of sales opportunities (Alexander and Warwich, 2007; Kang, 2011). Rose (2005) established that the effect of diplomatic representation abroad in exports is non-linear and varies by exporter: thus, consulates have smaller effects than the creation of an embassy and the effect on exports is larger in the first foreign mission than the successive ones (Rose, 2005).

Public policy can also promote the emergence of, and create incentives for, export consortia. Based on their own initiative, firms could voluntary combine “their knowledge, financial resources and contacts within an export consortium” (UNIDO, 2003: 3). Export consortia imply inter-firm medium to long-term strategic cooperation aiming to entail: (i) risk reductions, by improving firm’s access to information of foreign markets (e.g. workshops, training courses, reviews of industry-relevant magazines, among others), exploring new business opportunities abroad and leading to a greater diversification of exports; (ii) improved profitability, through sharing administrative and promotional costs, avoiding the expenses of establishing firm’s own export department, the provision of more coordinated and market-responsive approach to specific country, increasing bargaining power and in some cases, allowing the development of its own distribution channels; (iii) efficiency gains, particularly by fostering economies of scale and scope; (iv) knowledge (know-how) accumulation; and (v) improving their knowledge about “how to operate in foreign markets”, “how to improve business operations in areas not related to exporting” and “how to participate in alliances” (UNIDO, 2003: 5).

Finally, to foster exports policies to upgrade human resources are also crucial (European Commission, 2007), by providing or increasing the levels of information, consulting, training measures and education policies/ programs (European Commission, 2007), lowering the business lack of procedural knowledge and functional expertise (Boston Consulting Group, 2004).

2.2.3. FDI Promotion Policies

Outward FDI (OFDI) has risen sharply over the past two and a half decades, particularly from developing countries (UNCTAD, 2006; Maeseneire and Clayes, 2007;

Sauvant, 2008; Sunesen *et al*., 2010). The consciousness that outward investment could, if managed successfully, be a vehicle for developing countries to link up to global markets and production systems is rising (UNCTAD, 2006). Also firms are more aware of location based advantages such as a competitively priced labour fource, easier access to critical resources and the development of new skills that an investment overseas could tap into (Maeseneire and Clayes, 2007). Albeit this rising trend exhibited by the flow of OFDI, "in the great majority of countries, little attention is being paid to it, both by the public and the government" (Sauvant, 2008: 281). Questions related to improving access to foreign markets for outward investment are considered of secondary importance (UNCTAD, 2003: 3). In fact, most countries had assumed a protectionist home country position (UNCTAD, 2003) focused on the control of outward FDI through regulations, in order to mitigate potential negative impacts from this outward business activity (Sang and Hai, 2011) or even disregarding the benefits of outward investments, through the association of OFDI with exporting jobs and technology (Torres and Varum, 2012a: 4).

More recently, with the globalization of markets, this trend has changed, and a large part of developing and transition economies have liberalized their business environment. In fact, the evidence points to foreign investments as a means of gathering and internalizing knowledge and adopting more innovative performances (Maeseneire and Clayes, 2007) However, there are still countries that protect their economies from foreign competition (UNCTAD, 2003; Sang and Hai, 2011). Therefore, outward FDI, its benefits and firms' involvement into this entry mode tend to be overlooked both at the government and at the academic level (Torres and Varum, 2012b).

FDI as a demanding activity involves an intensive and qualified level of human capital and presupposes that firms perform better and in a more innovative way (Torres and Varum, 2012b). Support policies may be required in order to provide a framework favorable for outward investment, mitigating the risks, costs, firms' internal gaps or shortfalls, helping seizing the opportunities (UNCTAD, 2006) and stimulating equity, particularly among small firms (Maeseneire and Clayes, 2007). A policy road map to implement an enhanced environment for OFDI should adopt measures and take action in order to (i) remove all restrictive outward FDI policy measures, (ii) abolish the differential treatment between inward and outward FDI; (iii) promote OFDI by providing information and technical assistance; and (iv) provide financial support (United Nations, 2003: 109-111).

Political intervention is more often related to sectoral and cross-sectoral liberalization, promotional efforts, operational measures and FDI admission (United Nations, 2003: 23), especially through: tax incentives, tax deductions, low-interest loans, preferential credits, equity and information supply (Maeseneire and Clayes, 2007; Luo, Xue and Han, 2010; Sang and Hai, 2011). According to a different standpoint, more centered on the firm, public support is mainly justified if "allowed firms to develop or complement the required capabilities to embark in FDI" (Torres and Varum, 2012b).

Investment promotion agencies (IPAs) are one of the most important governmental organizations in the promotion of firms' investment abroad. IPAs could be key players in the efforts to strengthen a country's competitiveness (United Nations, 2009), by acting on the identification of problems in the investment climate, through the recommendation of remedies (United Nations, 2008), and by assisting companies in their international expansion (Luo et *al.*, 2010). In general, governments create an IPA to aid foreign investors, by providing information about the investment location, costs, skills, legislation among other valuable market issues, that otherwise could imply high costs (United Nations, 2008).

In order to improve the effectiveness of overall foreign investment abroad, governments may grant other support policies, notably related to programs capable of reducing OFDI possible failures and risks, for instance based on information supply, linkage services, supporting initiatives like market studies, feasibility research, educational and skill training programs, legal support (Sang and Hai, 2011), international exchange programs for human resources and international investment agreements (Torres and Varum, 2012a; Economou and Sauvant, 2013). Other stimulating policy measures to internationalization through outward FDI adopted by governments are: (i) signing double taxation avoidance agreements; (ii) enacting bilateral and regional treaties to protect investment abroad; (iii) arranging a bilateral or multi-lateral framework to liberalize investment conditions in host countries (Luo *et al.*, 2010: 69); (iv) and creating protocols between governmental agencies and banks in order to reduced interest rates (Torres and Varum, 2012a). Notwithstanding, the effectiveness of the majority of the measures mentioned depends on the economic environment that surrounds firms, given that to ensure the highest results, specific policies for outward FDI must be combined with other policies to enhance internationalization and policies encouraging the domestic enterprises' growth and improvement (Sang and Hai, 2011).

2.2.4. International Contracting and Cooperation Promotion Policies

International contractual arrangements and international cooperation play an important role in boosting the productive capacities of developing countries (UNCTAD, 2011). The use of contractual arrangements in international production has increased rapidly over the last decade (UNCTAD, 2011), due to a growing interest in new organizational structures that efficiently respond to market changes and that favor cooperative projects (European Commission, 2012). In order to maximize the development benefits of these entry modes and to mitigate their negative effects (UNCTAD, 2011), it is of first importance to recognize what policies and policy tools are most effective in this perspective (UNCTAD, 2003). Governments could act in order to build a strong legal and institutional framework supporting international cooperation and contractual relationships (UNCTAD, 2011).

UNCTAD’s World Investment Report 2011, focuses on non-equity modes of international production and development (which include contract manufacturing, services outsourcing, contract farming, franchising, licensing, management contracts, and other types of contractual relationships), referring several public policy measures aiming to promote and support international cooperation and contractual arrangements (UNCTAD, 2011), as follows:

(i) Integration of contractual and cooperation policies into industrial development strategies, in order to ensure contractual relationships are directed at the industries where host countries have a competitive advantage. Plus, these measures aim to help local firms to move into higher value-added contractual and cooperating activities, within the global value chains of transnational corporations (UNCTAD, 2011: 165). A value chain includes activities (e.g.: research and design, production, marketing, distribution, and support to the final consumer) that business requires to produce a product or a service and deliver it to the final customer from its conception to its end use, at the various stages of the production process (UNCTAD, 2013: 21) and beyond, since these activities are included within a international framework, a global value chain (GVC) is considered (Foreign Affairs and International Trade Canada, 2010: 3). GVCs plays a crucial role in speeding up the whole internationalization / globalization process (OECD, 2007; UNCTAD, 2013), by "linking firms, workers and consumers around the world" (Gereffi and Fernandez-Stark, 2011: 2). This issue became of first importance due to the fact that integration into GVCs can be a vital condition for firms' development, successful competition and capability to building and generating more and better jobs to reduce unemployment and poverty (Gereffi and Fernandez-Stark, 2011: 2, UNCTAD, 2013). This fact contributed to an increased participation of the majority of developing countries in GVCs and a greater awareness in the poorer countries for the need to struggling to gain access to this value added chain (UNCTAD, 2013:22).

(ii) For the purpose of stimulating this entry mode, several policies related to productive capacity-building could be combined with the efforts of promotion of the contractual arrangements and cooperation: proactive entrepreneurship policies aid firms to strengthen the competitiveness of domestic contractual partners, fostering start-ups to promoting business networks; technology policies could improve local absorptive capacities, enhance technological upgrading, and create technology clusters and partnerships; education policy, in order to improve the entrepreneurial, technological and managerial skills of the local labor force; and the improvement of the access to finance for small and medium-sized enterprises, to engage in international contractual agreements (UNCTAD, 2011:166);

(iii) Facilitate and promote contractual relationships between business partners by building a clear, stable and transparent rules (UNCTAD, 2011: 169);

(iv) To address any negative impacts of contractual relationships it is important to strengthen the bargaining power of local contractual partners compared with transnational corporations, to ensure that contracts are based on a fair sharing of risks and benefits. To achieve this objective, governments developed industry-specific model guidelines for contracts or negotiation and cooperate with policies to safeguard competition (UNCTAD, 2011:171).

Regional administrations, national governments and supranational institutions have also designed programs aimed at strengthening cooperation projects and joint learning (European Commission, 2012). These programs could be distinguished into two different groups: the first group of programs aims to encourage co-operating collaboration, through financial incentives into the network management activities or joint innovation activities; while a second group of programs "defines the network scope and then sets up an organization to mobilize, serve, and manage the network of firms" (European Commission, 2011: 232).

According to the environment specificity of each country and their business structure, governments and their agencies / organizations promote internationalization through the adoption of suitable policies / measures / programs capable of encouraging and help companies to overcome the obstacles that they face when they decide to enter international markets through exports, FDI or contractual forms.

After this review of the literature on the types of outward internationalization policies, and matching these types of policies, the following chapter has an empirical nature, aiming to provide an overview of specific outward internationalization policy measures that a wide range of countries offered, based mainly on information provided by the governmental agencies of a selected sample of countries.

Chapter 3: A typology of internationalization policies and an overview of outward internationalization policies worldwide

This chapter includes two parts: the first part aims to propose a working typology of internationalization policies and related measures, and the second presents an empirical overview about outward internationalization policies worldwide.

3.1. Proposed typology of internationalization policies

Several authors proposed different typologies of internationalization policies. In the previous chapter of this dissertation (Chapter 2) we presented a typology proposed by Bannó et al. (2010) and Varum and Torres (2011), which differentiates between financial and non-financial incentives. OECD (2003) suggests a different typology that distinguishes 3 types of incentives, i.e. financial, regulatory and fiscal. Sarmah (2003) provides another typology, covering a range of incentives "from technical assistance, financial support and fiscal measures to measures for increasing market access and ensuring transfer of technology" (Sarmah, 2003: 6). Another classification of major internationalization policies/ incentives, more discriminating and similar to the working typology proposed in this dissertation, has been proposed by Economou and Sauvant (2013).This classification involves policies/ incentives based on: i) information and technical assistance; ii) insurance guarantees; iii) fiscal support and iv) financing.

This chapter proposes a working typology (to be used in the next chapter) that comprises 5 types of internationalization policies/measures, i.e. (i) fiscal; (ii) financial; (iii) information and technical assistance; (iv) risk minimizing measures; and (v) others.

(i) *Fiscal incentives* are defined as indirect means of supporting internationalization (Köhler, Laredo and Rammer, 2012) based on special tax exclusions, exemptions or deductions that might create a preferential tax treatment or deferral of tax liability (OECD, 2000). Full exemption from taxes and fees, reduced corporate income tax rate, loss carry forwards, tax havens, zero or reduced tariffs, enhanced deduction, accelerated depreciation, tax holidays, customs benefits and tax treaties are some examples of fiscal incentives that confer an advantage on the beneficiary firms (Coelho, Lehmann and Lehmann, 2011).

(ii) *Financial incentives* involve a monetary transfer, either in cash or as a subsidy (Scott and Schurer, 2008). This kind of support may take the "form of grants, loans or even equity participation for investment projects" (UNCTAD, 2001: 10), including contributions, subsidies, feasibility-study loans, management assistance and training loans, funds and grants that might leverage and finance firms' internationalization. Financial incentives may be intended for the direct financing of firms or may support the enhancement of firms' abilities and knowledge about foreign markets, through the financing of training programs, feasibility studies, market researches, among others.

(iii) *Information and technical assistance* measures concern the publication and dissemination of basic information regarding the (host) countries' legal frameworks, macroeconomic circumstances, sectoral conditions and other factors that form the broad political and socio-economic context that firms will take into account when internationalizing (UNCTAD, 2001: 9), they may also be based on training and building programs, which aim to improve the firms' necessary skill sets and capabilities. Several countries provide and support information and technical assistance through initiatives like seminars, workshops, investment missions, trade missions and shows which are useful occasions for personal exchanges (Samah, 2003) and via a wide range of measures, including the direct provision of information and advice (for foreign and domestic investors, domestic exporters or entities interested in undertaking contractual arrangements related to internationalization), consulting services, financial analysis and market evaluations, identification of opportunities and business advisory services ((UNCTAD, 2001), aiming at overcoming market imperfections that otherwise act as a disadvantage for firms (mainly for the less experienced ones) (Samah, 2003).

(iv) *Risk minimizing measures* refer to insurance intended to protect firms against political and other risks - that most private insurance companies will not cover (UNCTAD, 2001), and to signing international agreements that may protect the outward investor or the entity that wants to internationalize. Guarantees against adverse changes in legislation, nationalization and requisition, guarantees of compensation of damages, expropriation, war and repatriation are some examples that might control, avoid, minimize, or eliminate the losses that the internationalization process could carry and make firms less bounded by risk exposure (Samah, 2003; Bannò and Sgobbi, 2010).

(v) The last type of incentives (*Others*) corresponds to a residual category including measures like: concession of land, infrastructure improvements, cooperation/ lobby with international organizations/ entities, minimization of bureaucracy and administrative procedures and facilitation of investment, among others.

3.2. An empirical overview of outward internationalization policies worldwide

This section presents an empirical research based on information on internationalization promoting agencies from all over the world, and on their characteristics and policies, collected from secondary sources. Internationalization promoting agencies are governmental or non-governmental organizations aiming to support and stimulate the internationalization process, in all its modes: on the inward side, inward FDI and contractual forms and on the outward side, exports, outward FDI and contractual forms. These organizations constitute a national or sub-national reference point for firms and a point of contact for all institutions engaged in promoting exports and attracting/ supporting investments. In order to select the internationalization promoting agencies that were the target of further analysis (as will be explained later), two sources / lists were used. The main source was the list of agencies members of WAIPA (World Association of Investment Promotion Agencies). In addition, a list of agencies provided by the World Bank Group was also scrutinized in order to add other agencies that the first source did not include. This exercise consolidated a very complete and comprehensive sample of representative agencies, and their contacts. The dataset with the list of agencies gathered in this way was used to underpin a large-scale survey that aims at contributing to study an issue that has been so far scarcely researched: to assess which internationalization policies/ public policy measures are more common around the world. To this effect, the websites of such agencies were duly and carefully examined and analyzed, and the resulting information consolidated and synthesized.

The information contained in the following two tables (Tables 2 and 3) provides a empirical overview of the internationalization policies implemented worldwide.

Table 2 synthesizes how many countries and agencies this empirical research covers, and how they are distributed by the two main data sources (WAIPA membership or World Bank Group list). The same table also identifies whether the surveyed agencies had or not an available website.

Table 2. Number of agencies surveyed and their respective sources

		Countries	Agencies		
			Total	**Website available**	**Website Not Available** (unexistent, website without relevant information, redirection to a sponsors page or other inapplicable page)
Source	**WAIPA**	160	233 80%	184 84%	49 68%
	World Bank	59	59 20%	36 16%	23 32%
	Total	205*	292	220	72

* The WAIPA and the World Bank lists have some duplications of countries and agencies. Duplications were eradicated, this being the reason why, for instance, the total number of countries is not a simple addition of the one in the two lists.

Source: Own elaboration.

The survey covers a total of 205 countries, representing nearly all countries in the world. The list of WAIPA members, the most comprehensive of the two lists, included entities from 160 countries, and the list provided by the World Bank Group identified entities originating from 59 countries. These two lists, when pooled together, had a certain degree of overlapping and duplication of agencies and countries existed. Hence, such duplication (i.e., 14 countries) was eliminated and so the sample encompasses 205 countries, and 292 agencies. 233 among these agencies derive from the WAIPA members' list and the remaining 59 correspond to agencies listed by the World Bank Group. 220 of the agencies exhibit an available website, including 184 (84%) agencies from WAIPA's members list and 36 (16%) from the world Bank Group list. Thus, 72 of the agencies do not provide a website that could be object of research (due to reasons such as: absence of the website in the lists, or the website did not present relevant information or even due to a redirection to a sponsor's page or other inapplicable page).

Concerning the agencies with available websites, the following table (Table 3) synthesizes the more detailed information gathered by this research. Despite the fact that the focus of this dissertation relates only to outward internationalization policies, we chose deliberately to include in this survey information about the inward side, in order to enable a broader review of the policy context of internationalization policies, and to understand the relevance of the distinct types of policies/incentives in both cases. However, after this brief contextualization, we will, consistently to the *a priori* defined research questions (and purpose of the present chapter) delve only in the information related to outward internationalization.

Table 3, hence, provides greater detail, summarizing the following issues:

- The nature of the agencies (public, private or mixed – i.e. simultaneously having a public and private nature, or partners);
- The entity responsible for the agency (private or public, national or subnational);
- The mandate/ scope of the agency in terms of the incentives it provides, and as regards the type of such incentives.

Table 3 represents the analysis of the information provided by the website of the 220 agencies that had an available website. The database with this information allow us to recognize and identify international trends regarding key characteristics of such agencies, like the type of agency and their level of responsibility (private, public (national, subnational)) and additionally what kind of incentive these agencies provide.

Table 3. Key characteristics and types of incentives offered by internationalization promotion agencies.

					Information Available	Information Not Available
Private					18	7
Public					185	
Mixed					10	
Entity Responsible for Agency	Private				18	7
	Public	National Government/ Ministry			150	
		Subnational	Regional/ Province/ State Government		22	
			Other (city/ municipal)		13	
Mandate/ Scope			Inward	Contractual Forms	13	9
				FDI	204	
			Outward	Exports	68	
				Contractual Forms	2	
				FDI	17	
Gives Incentives?/ Type of incentives	No				8	-
	Yes	Inward	Contractual Forms	Fiscal	9	20
				Financial	0	
				Information and Technical Assistance	11	
				Risk minimizing	2	
				Others	3	
			FDI	Fiscal	142	1
				Financial	20	1
				Information and Technical Assistance	142	1
				Risk minimizing	20	0
				Others	36	1
		Outward	Exports	Fiscal	37	3
				Financial	24	
				Information and Technical Assistance	53	
				Risk minimizing	8	
				Others	9	
			Contractual Forms	Fiscal	1	0
				Financial	0	
				Information and Technical Assistance	1	
				Risk minimizing	0	
				Others	0	
			FDI	Fiscal	5	0
				Financial	6	
				Information and Technical Assistance	13	
				Risk minimizing	1	
				Others	1	

Source: Own elaboration.

Considering the 220 agencies consulted with available websites and with available information, the vast majority (185) is public whereas only 18 agencies are private. Public agencies are mostly under the auspices / responsibility of national government/ ministries (150). The subnational level includes 35 agencies, 22 whose responsibility corresponds to regional/provincial government and 13 to a lower level, such as municipal government. The dominance of the responsibility under a national level (under purview of ministries and other state-controlled entities) highlights that governments are increasingly aware of the relevance and advantages of the internationalization process to the nations, leading to a direct jurisdiction in order to control and direct this process to the way that they consider most suitable. This centralization is the recognition that it is imperative to foster firms internationalization through the use of to incentives, regardless of their type, since there is the expectation that the economic, political and social benefits obtained outweigh by and large the costs of this support. The sample considered in this category does not include the 10 agencies that are mixed, resulting from public- private partnerships. Hence, the sum of the total entities considered is 220. However, in the case of the mixed agencies it’s not clear who is the dominant part. Thus, these 10 agencies were not counted in the identification of the entity responsible for the agency so, examined in terms of their dominant organization, the total of entities examined is 210.

The mandate/scope of agencies distinguished the two sides of internationalization policies, inward and outward, which are, respectively, divided into the internationalization modes/ modes of entry that they relate to: contractual forms and FDI, on the inward side (as it does not make sense to consider the support in terms of the inward side of international trade, i.e., imports), and, for the outward level of analysis, exports, contractual forms and FD. The empirical results are in agreement with the expectations provided by the literature, that clearly highlight the dominance of the inward side in the focus of agencies and of policies, particularly in terms of mandates and incentives related to the attraction of FDI (United Nations, 2003; Economou and Sauvant, 2013). In fact, 204 agencies refer that they provide incentives/policies in order to stimulate and favor the attraction of FDI. Only 13 of the agencies surveyed refer that contractual forms are included in their mandate and scope. Analyzing the outward side, focus of this dissertation, exports stand out, and 68 agencies reveal that they implement measures encouraging this mode of entry in foreign markets. OFDI is supported explicitly by 17 agencies, which shows that, despite some reluctance of governments to acknowledge this fact, the presence of incentives to this mode of internationalization is increasingly significant (UNCTAD, 2001; OECD, 2009). On the other hand, incentives to outward contractual forms (an area not covered usually in the literature, that we also make a subject of enquiry) are provided in only 2 agencies. From the 220 agencies in our sample of agencies with available websites, 9 agencies do not provide information or the information is not accessible.

A central issue of this research focuses on the type of incentives provided by agencies worldwide. There are 8 agencies that do not specify any internationalization incentives but the vast majority states clearly that some type(s) of incentives are offered. In order to provide a better summary of the information available in this category, our analysis will focus on agencies with available information.

Outward internationalization policies are mainly designed to foster exports, since a common objective in most countries worldwide is the increase of exports (Ahmed *et al*, 2006), seen as a vehicle to enhance and accelerate economic growth. Among the export-promotion measures, the most common is the provision of information and technical assistance. Non-exporting firms have no experience and knowledge about the process of exporting and the available incentives (Ahmed, Julian, Baalbaki and Hadidian, 2006) and admit insufficient management capabilities, background and resources to conduct a wide research about target markets. Therefore the promotion of exports usually implies incentives related to the provision of information and technical support services notably through the organization of international fairs, trade missions and shows, "matchmaking" programs[1], particularly for small and medium-sized enterprises (SMEs), consultancy and advisory services.

Fiscal incentives are also widely used as an export-promotion measure (37 agencies refer their use). These incentives include measures such as the exemption of customs duties, the signing of double taxation treaties (treaties for the avoidance of

[1] "Matchmaking" programs are mainly knowledge intensive services aiming to facilitate contacts for companies and the promotion of economic cooperation between business organizations and companies. These programs involve the match of potential investors with the available and appropriate opportunities, match a buyer to a seller and introduce potential business partners in foreign markets (OECD, 2010) through a wide range of initiatives such as matchmaking events, platforms, among others.

double taxation), offering fiscal advantages through export processing zones (may include duty free import and export of raw materials and finished goods, relief from double taxation, exemption from dividend tax, accelerated depreciation on machinery or plant allowed, duty & quota free access), duty free concessions, tax holidays, among other tax benefits. On the frontline of the most cited fiscal initiatives is the signing of double taxation treaties, which experienced a notoriously rapid increase in the past four decades (UNCTAD, 1998; OECD, 2009; Economou and Sauvant, 2013).

The third most cited type of measures in terms of export promotion is the provision of financial incentives. For 24 agencies, financial incentives such as subsidized rates for loans to Micro and Small and Medium-Size Enterprises, development grants and funds, cash incentives, contribution for training activities, export allowances and export subsidies have been paving the way to a more intense and supported export activity.

Political risks are considered the most significant constraint to penetrate foreign markets, for the majority of MNEs, as suggested by a survey of foreign investors (Economou and Sauvant, 2013: 12). Despite this, only 8 agencies mentioned risk minimizing measures for export support. These incentives are tailored to meet these exporters' concerns and designed to cover, particularly political and country risks (UNCTAD, 2001; Samah, 2003) through: insurance cover against losses, protection against non-payment risk, political risk insurance, an increased ability to compete by enabling exporters to offer their buyers more flexible credit terms (such as cheques, bills of exchange, or banking transfer) and also allow the exporter to obtain financing from banks in a faster and easier way.

As stated by the OECD, "The rise of global OFDI over the past three decades has been remarkable" (OECD, 2009: 1), mainly due to the continuing liberalization of FDI regimes worldwide, the adoption of less restrictive laws and the use of adapted policies to shape and promote OFDI (UNCTAD, 1998; OECD, 2009). The most popular measure aiming at promoting OFDI (referred explicitly by 13 agencies), is information and technical assistance, due to the crucial facilitator role of "business tie-ups mainly through exhibitions and industrial fairs, investment information in form of publications, seminars, and lectures" (Economou and Sauvant, 2013: 20).

Financial incentives, like those supporting the financing and development of plans that boost or consolidate the internationalization of business projects, grants and the contribution to company relocation costs, are mentioned by 6 agencies.

Five agencies offer fiscal incentives including tax breaks or tax exemptions, deferrals or credits for taxation of foreign source income as well as general tax-sparing provisions (UNCTAD, 2001; Samah, 2003). An exploratory study carried out by Torres and Varum (2012a) indicates that firms with FDI tend to use complementary public support measures like informational services, fiscal benefits and protocols between banks and governmental agencies (i.e. financial benefits).

Finally, incentives concerning contractual forms are still the less common ones, almost insignificant within this sample, which probably means that this mode of entry in foreign markets has been both underexplored and underestimated in terms of its true potential and related benefits.

Regarding inward internationalization policies, the inward contractual forms are mainly supported by the provision of information and technical assistance (11), fiscal incentives (9) and other measures (3) supporting and preserving a favorable investment climate. In order to promote inward FDI, the great majority of agencies (142) suggest fiscal incentives as main source of investment attraction. 142 agencies as well resort to information and technical assistance to achieve better levels of inward FDI. Within this mode of entry/internationalization it is also notoriously relevant the use of financial incentives (20). This overview reveals that the great majority of the consulted agencies tends to adopt a more inward-looking strategy, mainly focused on the attraction of FDI. Indeed, this empirical evidence adds a new and strong contribution to the conclusions presented in the literature review (see section 2.2.1. A brief summary on the state of the art on outward internationalization policies) of dominance of inward side over the outward (UNCTAD, 2011). From an outward perspective, although OFDI and outward contractual forms had recently gained relevance, exports continue the most supported entry mode (UNCTAD, 2001), emerging the fact that policymakers still have some reluctance to consider other alternative forms, that involves different regulatory environments, levels of control, commitment and resources, but that might also result in positive impacts in countries development and growth (UNCTAD, 2011). One more time, this empirical survey sustains the literature evidence appointing to a preeminence of exports/ incentives to support exports and, once exports are the most stimulate and common/ popular entry mode in the outward side of the internationalization, also the literature regarding to this issue is more widespread and usual.

So far, the focus of this dissertation was directed towards internationalization-promotion policies *per se*. In the present chapter, we suggested a working typology of internationalization policies and an empirical contribution, aimed at offering a synthesis and furthering the extant stock of knowledge on the policies/ incentives used internationally (all over the world, as we spanned nearly all countries) in order to stimulate the internationalization process. After this overview of the prevalent policies internationally, our focal point will be the on the individual firm/company level of analysis.

The next chapter provides a more detailed and micro-based empirical application, purporting to answer the research question "Which are the determinants of the use of outward internationalization incentives/ policies by firms based in Portugal?". For this purpose the key instrument underlying the related empirical analysis is a tailor-made questionnaire that is based on the typology of incentives/measure proposed, and including complementary variables in order to assess the relevance, usefulness and effectiveness of various outward FDI-specific measures.

Chapter 4: An empirical application: what are the determinants of the use of internationalization incentives by Portuguese firms?

This chapter presents the empirical contribution of this dissertation. Section 4.1. explains the data underlying this empirical work, and the data collection method implemented. Section 4.2. provides an analysis of the sample gathered, notably: the characteristics of the firms surveyed, regarding their internationalization activities and patterns, their evaluation of the impact of such internationalization activities on certain indicators of the firm/group, of their difficulties in the internationalization process, and, more importantly, information on their knowledge, use, and evaluation of the relevance of internationalization incentive measures. Section 4.3. will present the econometric models that allow to answer one of our key research questions: "Which are the factors that explain the use of outward internationalization policies/ incentives by Portuguese firms?". After the estimation of these models, the respective results will be analysed.

4.1. Data collection methodology and sample

In order to investigate, among other relevant aspects, which are the determinants of the use of outward internationalization incentives by Portuguese firms, we needed to implement a custom-designed questionnaire survey. The questions in the survey were drawn from relevant literature and the questionnaire was pre-tested by sending it to a group of academics specialized in the area of internationalization and public policy. The survey was sent directly to the chosen companies, and administered via a leading software tool (Smart Survey Software/ http://www.smartsurvey.co.uk). This software allowed us to disseminate this questionnaire online through a customized email or via a direct link, enabling an easy and quick access for respondents and allowing us to monitor efficiently the entire process of the data collection.

The administration of the questionnaire occurred in June and July 2013. Two reminders were sent after the initial administration of the questionnaire.

The questionnaire (reproduced in Appendix 1) is divided into four parts:

(i) *Firms' general information*, that enable us to profile the respondents;

(ii) *Internationalization activities*: to identify which internationalization activities firms undertake (exports/FDI/contractual forms) and their main target markets, among other aspects;

(iii) *Impact assessment*: to evaluate the impact of distinct internationalization activities in several variables (employment, production, technological level, value added, financial soundness, profits, taxes paid);

(iv) *Difficulties in the internationalization process*: to identify various obstacles that firms may face when internationalizing (Lack of knowledge/market information, lack of financial resources (own resources/credit), lack of qualified human resources, lack of planning/underestimation of internationalization requirements, complexity in dealing with host country institutions, complexity in dealing with Portuguese institutions, lack of double taxation/investment protection, risks (credit, commercial, political);

(v) *Internationalization incentives***:** to understand if firms are aware of the existence of internationalization incentives, if they use such incentives when deciding to internationalize, and how they assess the importance of different incentives. Firms were also asked how they perceive the performance and problems of the agencies responsible for incentives' administration.

The target group of companies for this survey was initially composed by 1839 firms located in the North of Portugal, all with some internationalization experience (i.e. prior experience in exports or FDI abroad), drawn from several datasets (Amadeus database, SABI database, and the list of the members of the clusters recognized by the Portuguese Government). We decided to focus on the North of Portugal as it is the main exporting region in Portugal, and also in order to enable a better control of the process, given that we adopted an extremely labor-intensive and careful approach to the survey administration (contacting the firms to obtain the name of the responsible person, and the respective email contact). It was decided that the firms had to have at least a minor exporting experience, in order to be aware of the challenges involved, and of other aspects related to the internationalization process, and the respective support measures.

The contacts made to firms led us to shed a considerable number of companies from this group: 36 firms were repeated; 146 did not exist or were impossible to contact; 226 did not have the intended profile (i.e. out of these, 93 were not from the North of Portugal; the remaining were not real companies, or exporters or direct investors). After this cleaning up of the dataset, we sent valid surveys to a sample of 1431 firms, and received 132 replies (representing a 9,2% response rate). A posteriori, we saw that 14 of these replies were quite incomplete, and these were eradicated from the dataset. The remaining questionnaires were fully or almost fully answered.

Although this response rate is in line with similar surveys (Harzing, 2000), it was below our expectations. Especially considering the enormous effort made, including, for the time available, the best possible follow-up (involving many hundreds of calls to the companies surveyed). The main factors that impeded a higher response rate were (based on firms' feedback): firms are extremely tired of receiving surveys, and the recent generalization of web-based surveys made this worse; some mention that they receive several research surveys a day; plus, the timing of the survey administration (pre-summer period) was also not the most favorable – but it was the possible one.

We fully acknowledge this limitation; however, we are certain that the best administration effort was made, with state-of-the-art practices. Plus, the analysis performed and the methods used are robust with the number of replies available; finally, the conclusions are restricted to our sample, this being *per se* a substantial contribution to extant stock of knowledge in the field.

4.2. Statistical analysis

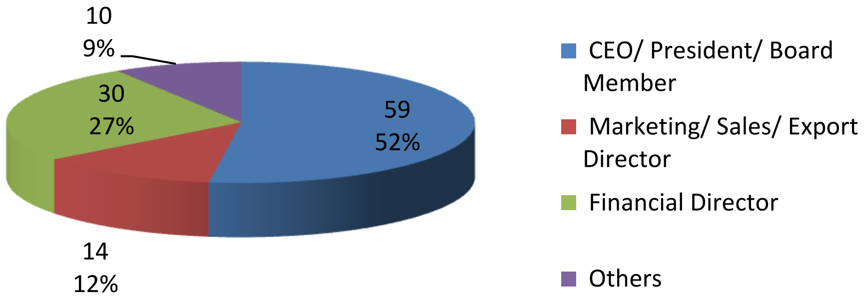
This section will provide a descriptive analysis of the rich array of data gathered in this survey, regarding various issues pertinent for the theme of this dissertation. [1]

4.2.1. Firms' General Information

On a preliminary note, the majority of the questionnaires were filled by a top manager (CEO, President or Board Member). This warrants a good access to company data, and appropriate general knowledge of the strategy and characteristics of the firm.

[1] In the figures reported, absolute numbers may vary slightly, given the usual occurrence of incomplete replies, or replies that, being complete, imply that the company did not undertake certain actions.

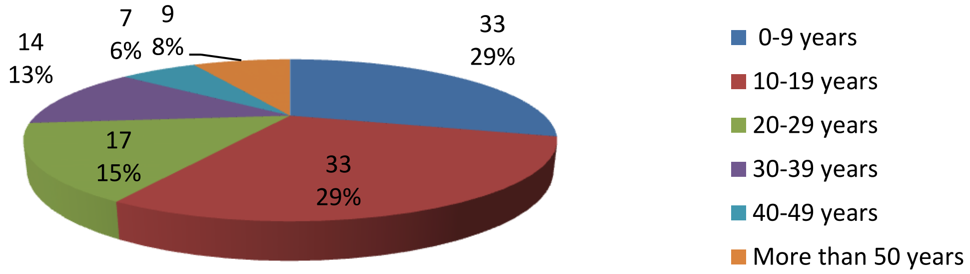
Figure 2. Function of the responsible for completing the questionnaire.



Source: Own elaboration.

The companies in sample had, on average, 22 years of business experience. The oldest firm was established in 1922 (has 91 years) and the most recent is only 2 years old. 29% of the companies are quite young (less than a decade), and another 29% had less than two decades of operation.

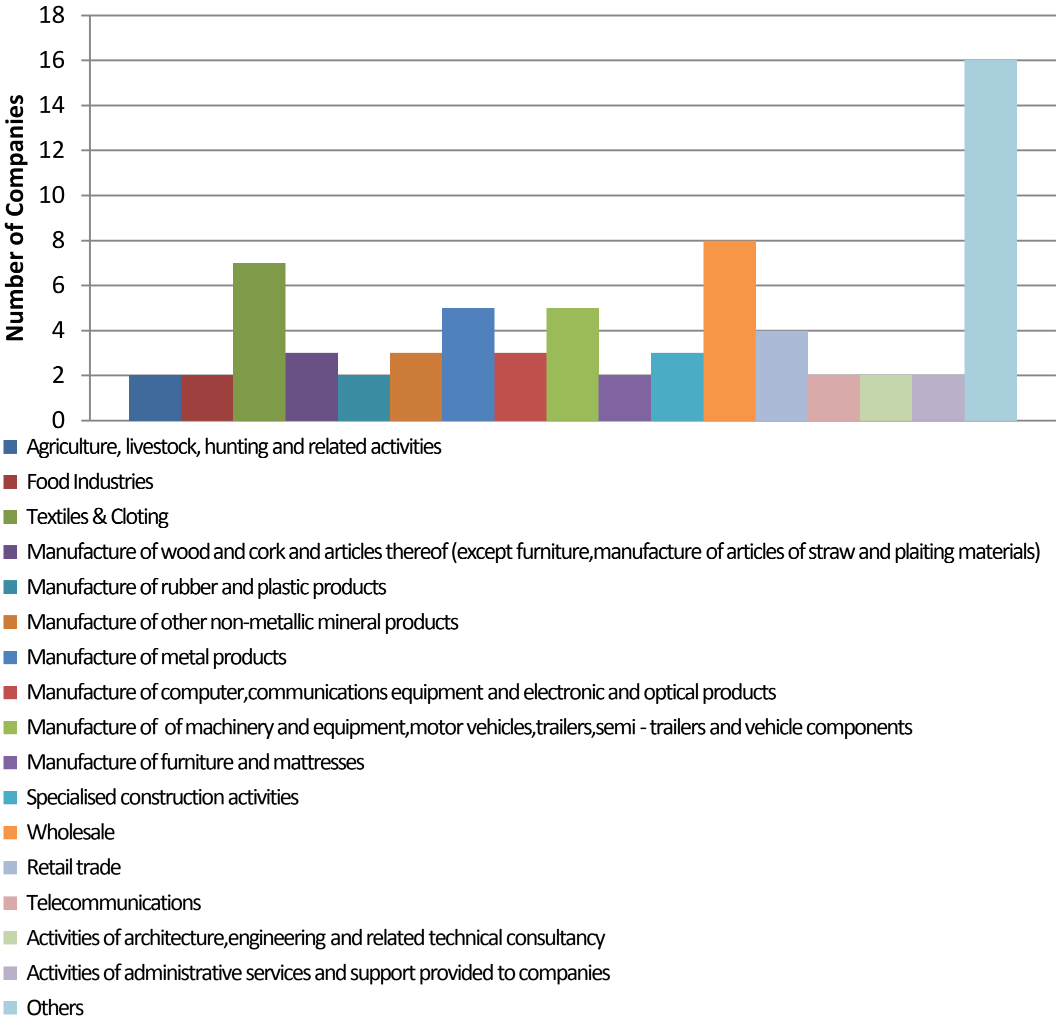
Figure 3. Age of firms.



Source: Own elaboration.

In terms of their business activity, the sample of this research is rather diverse, as shown in Figure 4 below. The most represented sectors are wholesale trade (8 firms) and textiles and clothing (7 firms).

Figure 4. Classification of companies' main activities.

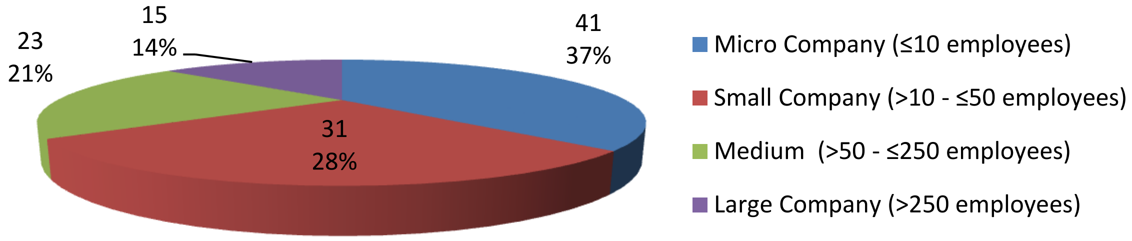


Source: Own elaboration.

The companies in sample have, on average, 162 workers. The largest company employs 4630 workers, and the smaller one has 2 employees.

According to the EU definition of companies by size, based on the criterion of the number of employees, the most representative segment within this sample are micro companies, with a total weight of 35%, followed by small companies, representing 26% of the total sample.

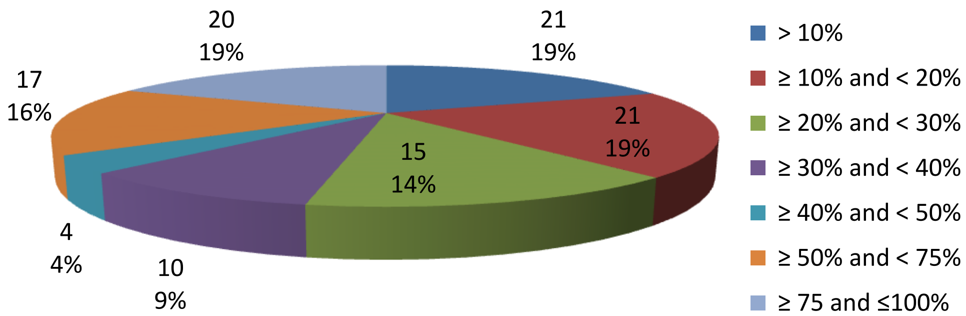
Figure 5. Classification of companies according to their staff headcount.



Source: Own elaboration.

Regarding the levels of qualification of employees, the sample is quite heterogeneous. 19% of the firms have less than 10% of their staff with 12 years of education. 19% have between 10 and 20%. There are quite high percentages for this indicator (we confirmed this information carefully, by research and by phone) as a considerable number of respondent companies were companies with high human capital intensity, startups and services' companies with a relevant proportion of university graduates. We don't take this as representative of Portuguese firms in general, that usually display a smaller proportion of employees with over 12 years of education.

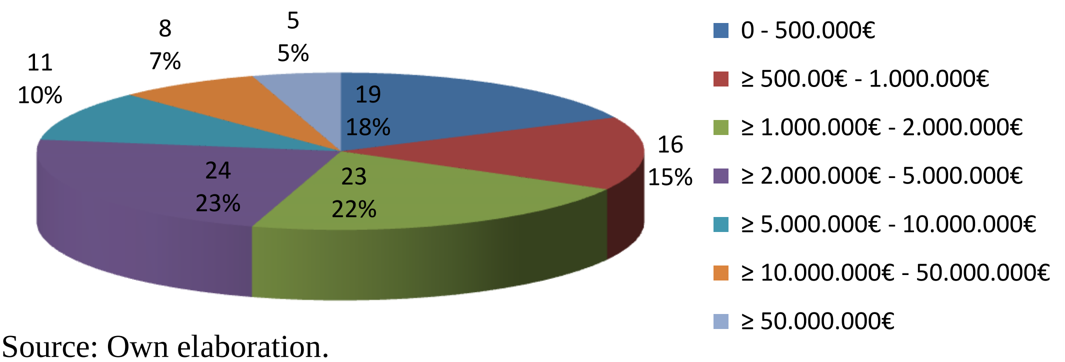
Figure 6. Employees with more than 12 years of education.



Source: Own elaboration.

Most of the companies in sample are micro and small companies, which is reflected in their turnover. 33% of the companies in sample display a turnover of less than 1 million euro, 22% between 1 and 2 million euro, and 23% of between 2 and 5 million euro.

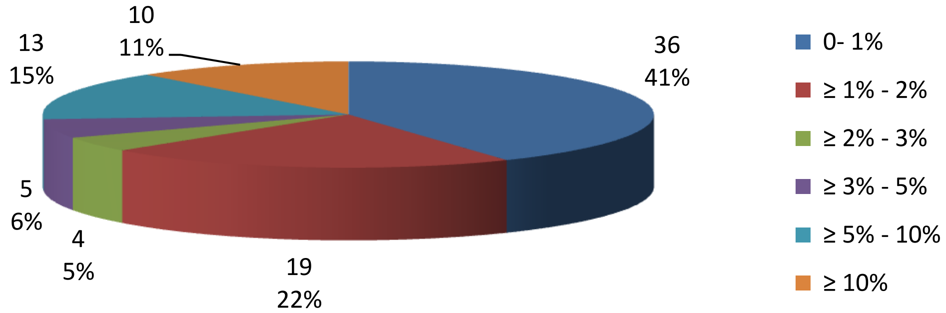
Figure 7. Turnover (average of the last three years).



Source: Own elaboration.

The R&D variable indicates that the respondent companies, on average, invest nearly 3,84% of their annual turnover in R&D activities. 41% of the sampled companies invest less than 1% of their turnover on R&D, and 22% less than 2%. Nevertheless, an interesting number of the respondent companies invest more than 5% in R&D.

Figure 8. % of Turnover spent on R & D (average of last 3 years available).

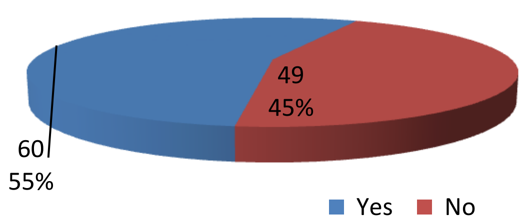


Source: Own elaboration.

More than half of the companies are family-owned.

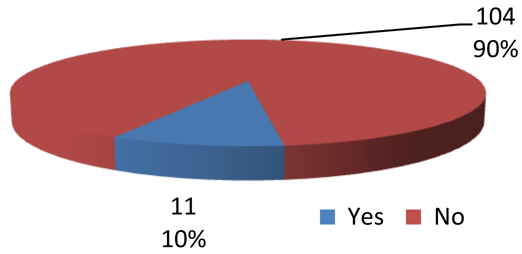
The presence of foreign capital on the firm occurs only for 10% of the sample.

Figure 9. Is more than 50% of the capital of the company in possession of a family?



Source: Own elaboration.

Figure 10. Does the company have foreign capital?



Source: Own elaboration.

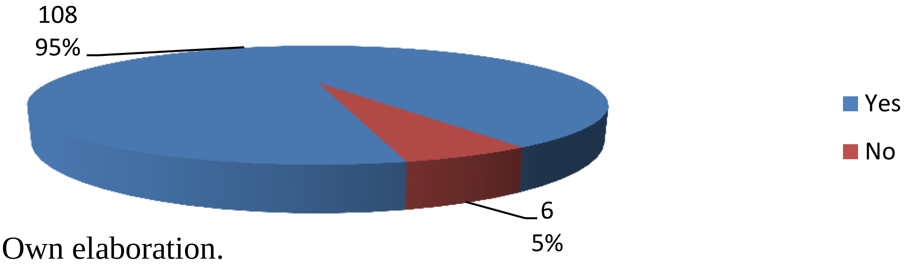
4.2.2. Internationalization activities

In order to better understand which incentives are considered more useful to foster firms' internationalization, it is important to know how, when and in what way the considered firms became internationalized.

Exports

The most cited (95% of respondents) entry mode was exports. Several authors noted that Portuguese family firms adopted a conservative orientation (exports) when internationalizing, favoring low levels of commitment, resources and risk (Simões, Castro and Rodrigues, 2001). Given this evidence, and that the sample includes a high proportion of family firms, it was expected that this entry mode prevailed.

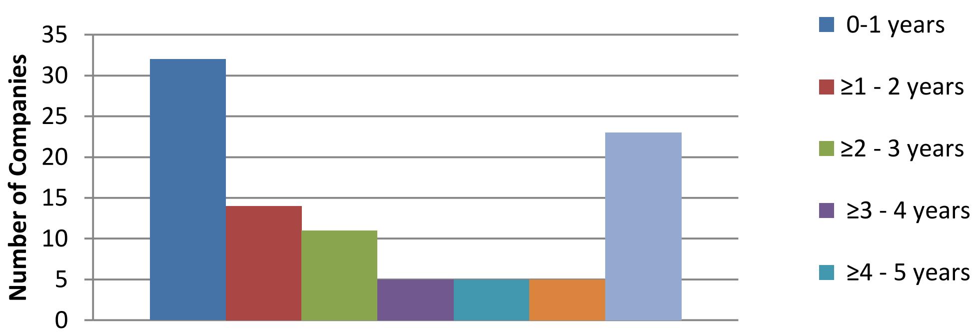
Figure 11. Has the firm already exported?



Source: Own elaboration.

On average, firms take 7 years to start exporting (since their foundation). The largest difference is 62 years. The sample includes 32 firms that since their foundation are exporting, seeming to reflect a "born-global" profile. Yet, this is true only for some cases, as some firms result from mergers of extant companies, benefiting from contacts, experience and resources previously fostered, and as such are not truly "born-global". Once more, the heterogeneity of this sample is notorious since the more common categories are 0 to 1 year and more than 10 years to move on the exporting activity.

Figure 12. Period of time since the firms' foundation until the beginning of exports



Source: Own elaboration.

The maximum value of exports for a company in the sample is 120 million euros, and the minimum is 10 thousand euros. In terms of the % of turnover exported, the most frequent category in sample is between 20% and 50%.

Figure 13. % of turnover exported

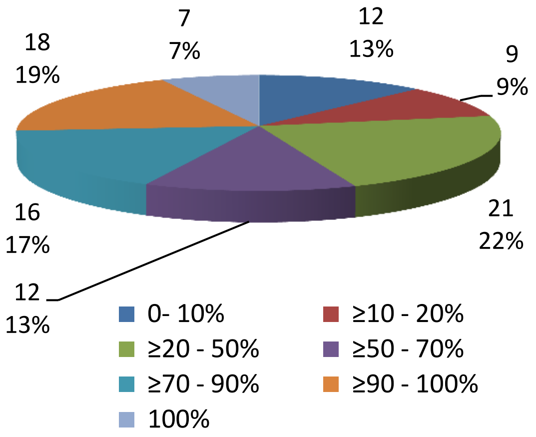
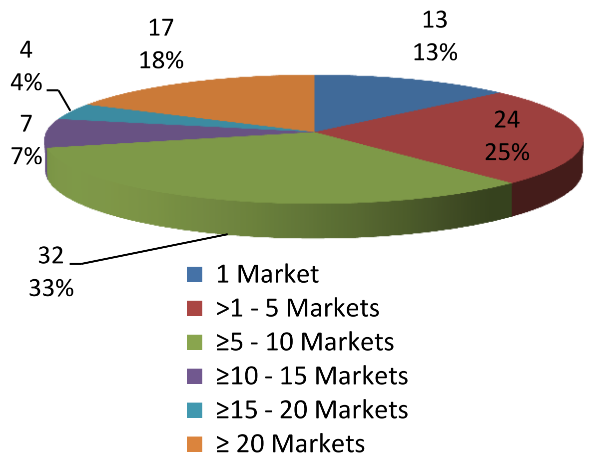


Figure 14. Number of export markets



Source: Own elaboration.

On average, the surveyed firms exports for 13 foreign markets/countries. The company that exports to a higher number of markets exports to 125 countries, and the ones that export to less countries (13%) export only to one foreign market. The most frequent category, reported by one third of the companies, is between 5 and 10 export markets. The heterogeneity of the sample is also patent in this indicator.

Regarding the host country, Table 5 below illustrates the countries more frequently mentioned on the responses of the surveyed exporting firms and the respective frequency of the answer. Spain and France are the countries more frequently mentioned by the respondent firms, followed mainly by other EU countries. One may hypothesize that this occurs due to physical proximity, cultural proximity and political systems among other factors (in other words, psychic proximity) that favor the flow of information about these markets (Johanson and Wiedersheim-Paul, 1975). However, there are other countries that are recently gaining prominence (like Angola and Brazil, with which Portugal also shares historic ties and a common language).

Table 4. List of most mentioned export countries and frequency of response

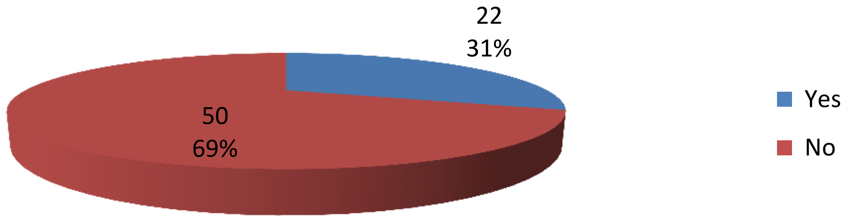
Market/ Country	Frequency	Other Market/ Country	Frequency	Other Market/ Country	Frequency	Other Market/ Country	Frequency	Other Market/ Country	Frequency
Spain	19	France	15	Germany	9	France	7	Italy	6
France	18	Spain	13	Spain	7	Germany	5	Spain	5
Angola	15	Germany	6	France	6	Netherlands	5	Germany	4
England	7	USA	4	Ireland	5	Switzerland	4	United Kingdom	3
Brazil	6	Italy	4	Italy	5	Spain	4	Angola	3
		Angola	4						
		Brazil	4						

Source: Own elaboration.

Contractual forms

The use of contractual forms is a much less common entry mode than exports. 31% of respondents mentioned their use.

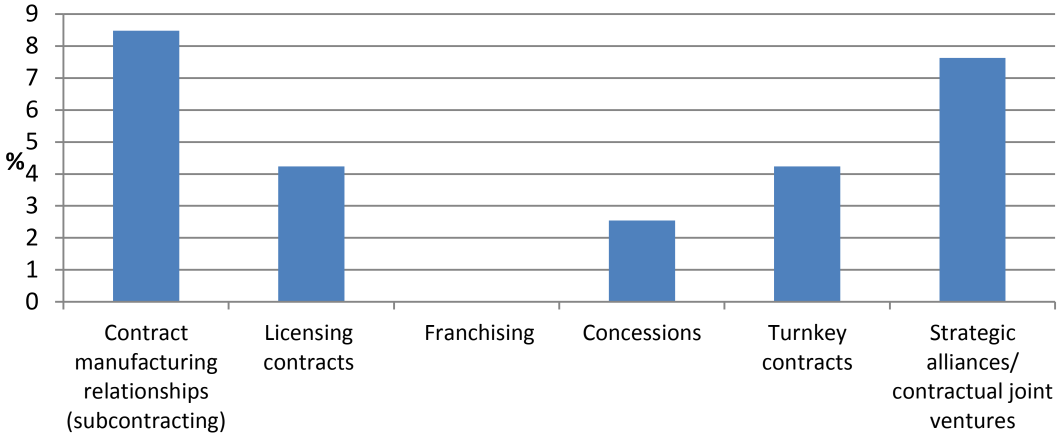
Figure 15. Has the firm developed contractual forms in foreign markets?



Source: Own elaboration.

Analyzing in detail distinct contractual forms, the most frequent is strategic alliances/contractual joint ventures, and the less common is franchising. We take the latter observation as a very specific result to this sample, as it is known that other Portuguese firms use franchising as an entry mode.

Figure 16. Total weight of contratual forms (%)



Source: Own elaboration.

Considering all respondents, nearly 8,47% firms referred that they undertake manufacturing contracts (subcontracting), 4,24% establish licensing contracts, none undertakes franchising in foreign markets, 2,54% undertake concessions, 4,23% do turnkey contracts and 7,63% enter in strategic alliances/contractual joint ventures.

Table 5. List of most frequently mentioned countries and frequency of response

Manufacturing Contracts		**Licensing Contracts**		**Franchising**		**Concessions**		**Turnkey Contracts**		**Contractual Joint Ventures**	
Country/ market	**Frequency**	**Country/ market**	**Frequency**	**Country/ market**	**Frequency**	**Country / market**	**Frequency**	**Country/ market**	**Frequency**	**Country / market**	**Frequency**
France	2	Brazil	2	-	-	Spain	1	Angola	1	Spain	1
Germany	1	Canada	1	-	-	Angola	1	Morocco	1	France	1
China	1	Norway	1	-	-	Costa Rica	1	Switerzland	1	United Kingdom	1
Angola	1	USA	1	-	-			Libya	1		
Switerzland	1	United Kingdom	1	-	-			France	1		
England	1			-	-			Sao Tome and Principe	1		
								Mozambique	1		
								England	1		

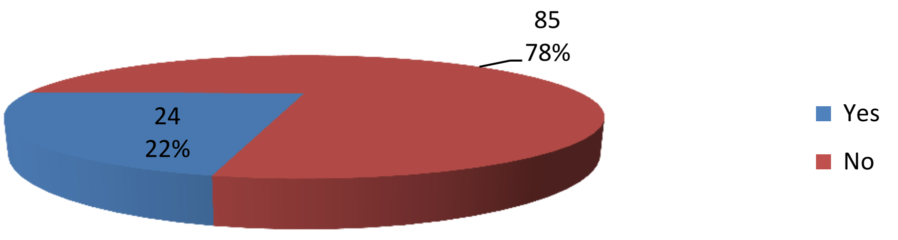
Source: Own elaboration.

Concerning the main host countries for the development of contractual forms, once this entry mode is not very common in this sample, it is difficult to establish a trend of the main markets/countries, because the frequency of response is low.

Foreign direct investment (FDI)

In order to analyze the use of outward FDI as an entry mode, firms were asked about the existence of overseas subsidiaries. A minority of the inquired companies (22%) has subsidiaries overseas.

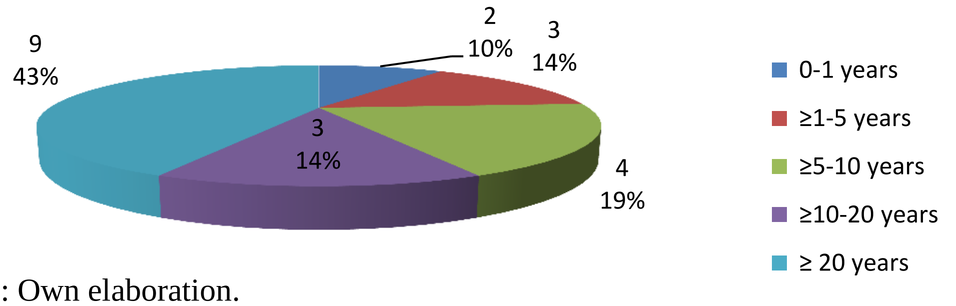
Figure 17. Does the company have overseas subsidiaries?



Source: Own elaboration.

On average, a company takes 22 years to invest in subsidiaries abroad, since its foundation. The firm that mentioned the longer time period between its foundation and the set up of the first branch took 62 years. The minimum period of time corresponds to zero years, a possible case of a “born-global” or a firm resulting from a merger.

Figure 18. Difference between foundation and year of establishment of 1st branch

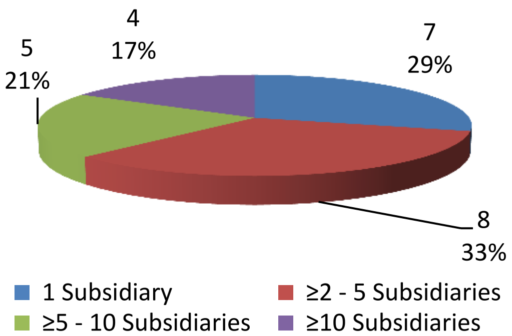


Source: Own elaboration.

For this sample, the average number of overseas subsidiaries is 6. The maximum number of subsidiaries overseas is 30 and the minimum is only one. The most frequent number of subsidiaries abroad, among respondents, is between 2 and 5 subsidiaries (8). 7 respondents own a single subsidiary abroad

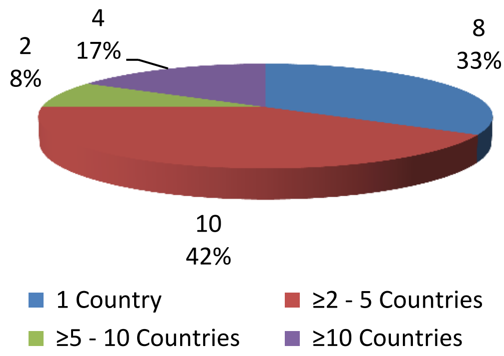
On average, firms' subsidiaries are present in 5 countries. The maximum number of countries where companies established subsidiaries is 18 and the minimum is one. Brazil, Spain and the United Kingdom are frequently mentioned as host countries.

Figure 19. Number of subsidiaries overseas



Source: Own elaboration.

Figure 20. Number of countries where firms established subsidiaries

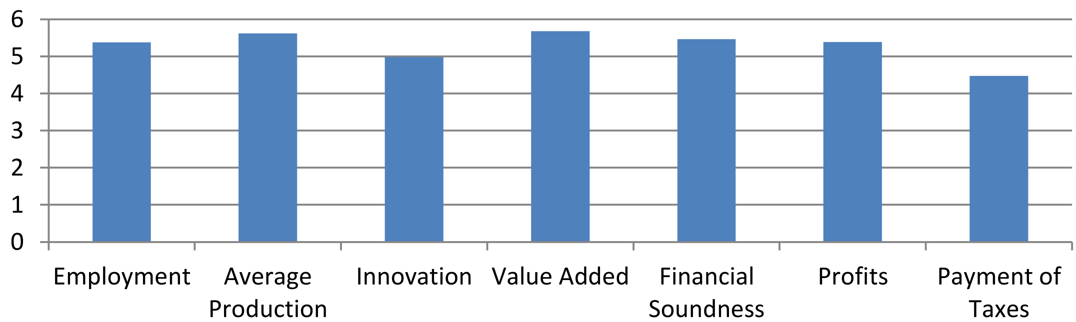


4.2.3. Perceived Impact of Internationalization Activities

The assessment of the impact of the different internationalization activities in firms' employment, production, technological level, value added, financial soundness, profit and tax payment was based on a Likert scale from 1 to 7, wherein 1 means very negative impact, 4 corresponds to neutral impact and 7 to very positive impact.

Concerning exports, the most relevant impact was perceived to be in terms of value added (average of 5,67) and the less relevant refers to the payment of taxes (4,48).

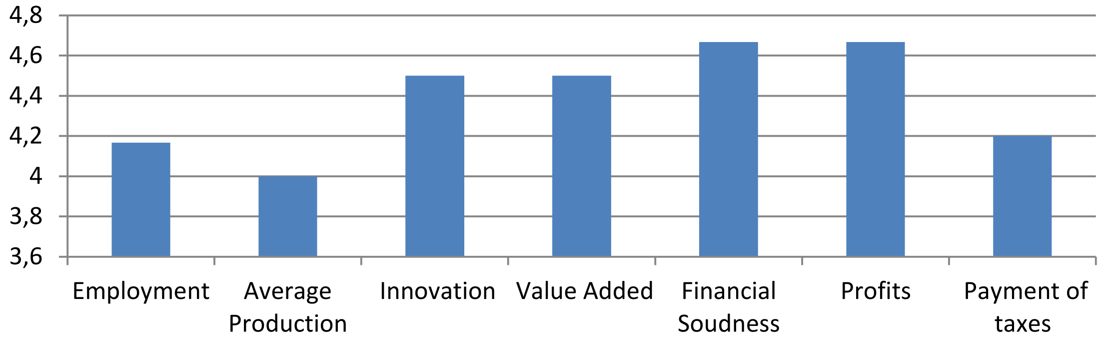
Figure 21. Impact of Exports.



Source: Own elaboration.

Regarding manufacturing contracts (subcontracting) the most highly perceived impacts are on financial soundness (4,7) and profits (4,7) levels and on the opposite side is on output. On average the impacts of this kind of contractual form were characterized as fairly neutral (i.e. near a score of 4).

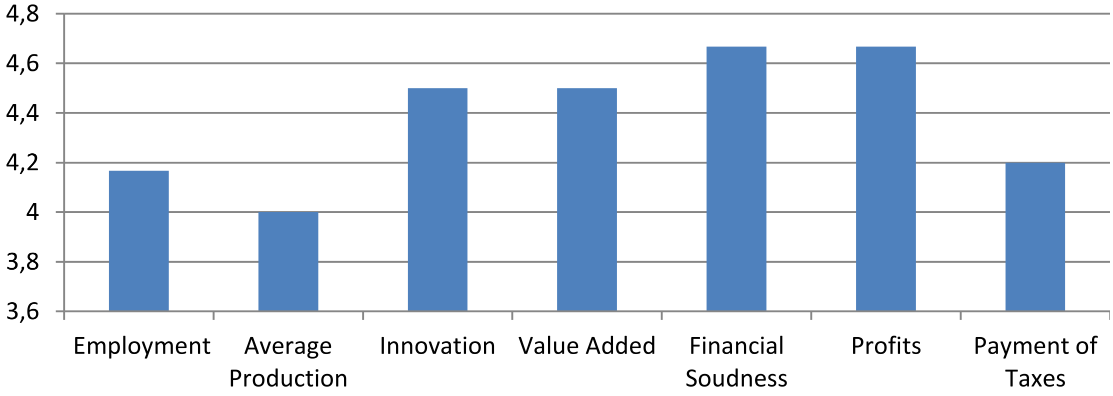
Figure 22. Impact of Contract manufacturing relationships (subcontracting).



Source: Own elaboration.

Concerning licensing contracts, financial soundness was perceived as the most relevant impact. Once more, the perceived impacts were considered quite neutral.

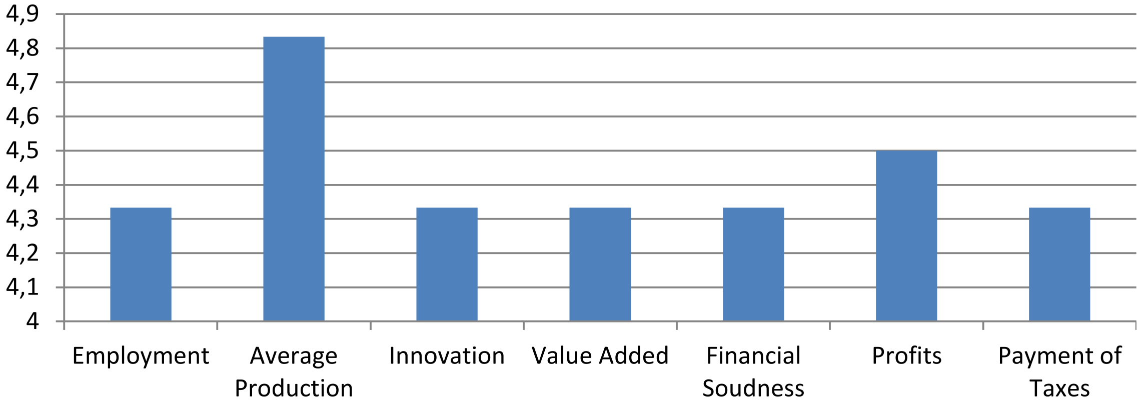
Figure 23. Impact of Licensing contracts



Source: Own elaboration.

The perceived impact of concessions was greater on output (4,83). In line with other contractual forms, most other impacts are perceived as neutral.

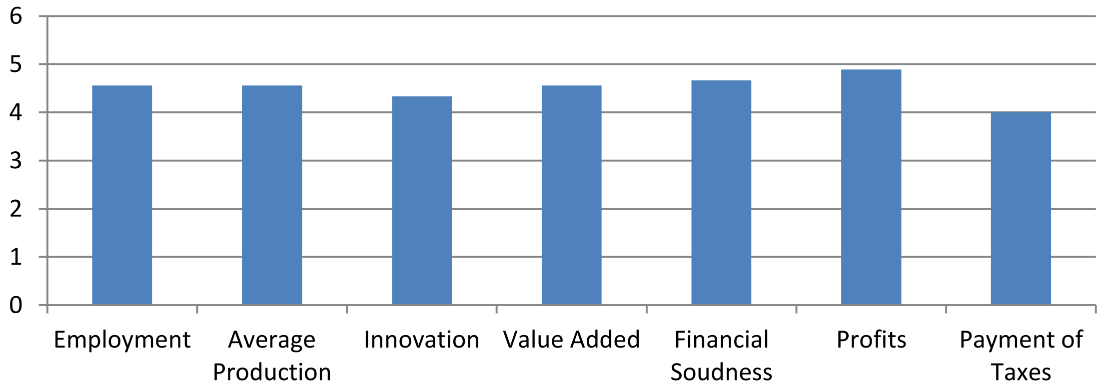
Figure 24. Impact of Concessions



Source: Own elaboration.

For turnkey contracts the most notorious perceived impacts are on profits (4,9) and the less favorable being in terms of the payment of taxes (4).

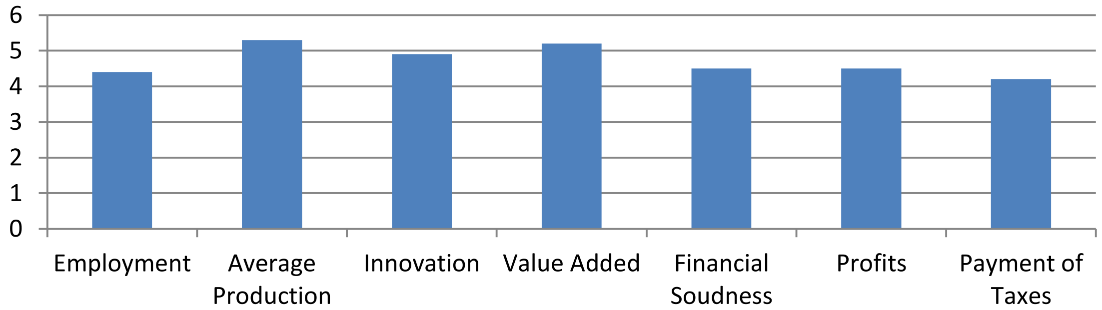
Figure 25. Impact of Turnkey Contracts



Source: Own elaboration.

Concerning strategic alliances/ joint ventures the most stressed positive impacts are on output (5,3) and the less important was on the payment of taxes (4,2).

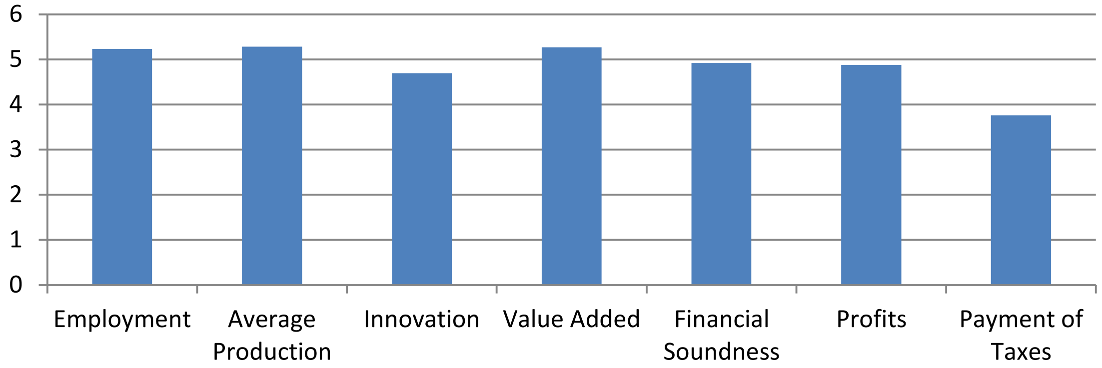
Figure 26. Impact of Strategic alliances/Joint Ventures



Source: Own elaboration.

Finally, regarding OFDI, the main favorable impacts are reflected on output (5,3) and in contrast the less relevant was on the payment of taxes (3,76).

Figure 27. Impact of OFDI



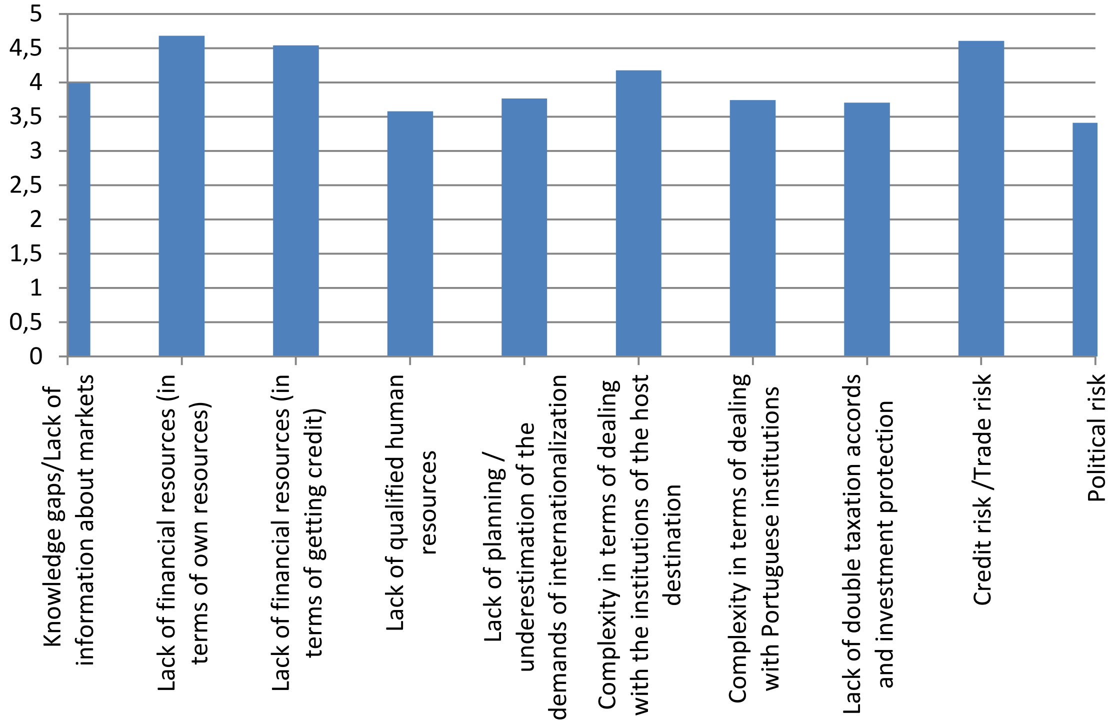
Source: Own elaboration.

4.2.4. Difficulties in the internationalization process

Another relevant aspect related to the internationalization process concerns the difficulties and constraints a firm faces when deciding to expand abroad. These barriers can be related to internal gaps, lack of international experience/contacts or absence of appropriate information. Thus, it is crucial to understand which are the main difficulties that hinder firms to expand to foreign markets in a more significant scale. This question asked respondents to classify a group of difficulties on a Likert scale from 1 to 7, where 1= not difficult at all and 7= extremely difficult.

Figure 28 shows that the most pressing difficulties for the surveyed firms are the lack of financial resources (own resources) (4,68), the lack of financial resources (in terms of getting credit) (4,54) and credit and trade risks (4,60). Some companies identify other constraints such as an inefficiency and inadequacy of the Portuguese tax authorities and the difficulty of recognition of Portuguese brands in foreign markets.

Figure 28. Importance of the difficulties in firms' internationalization

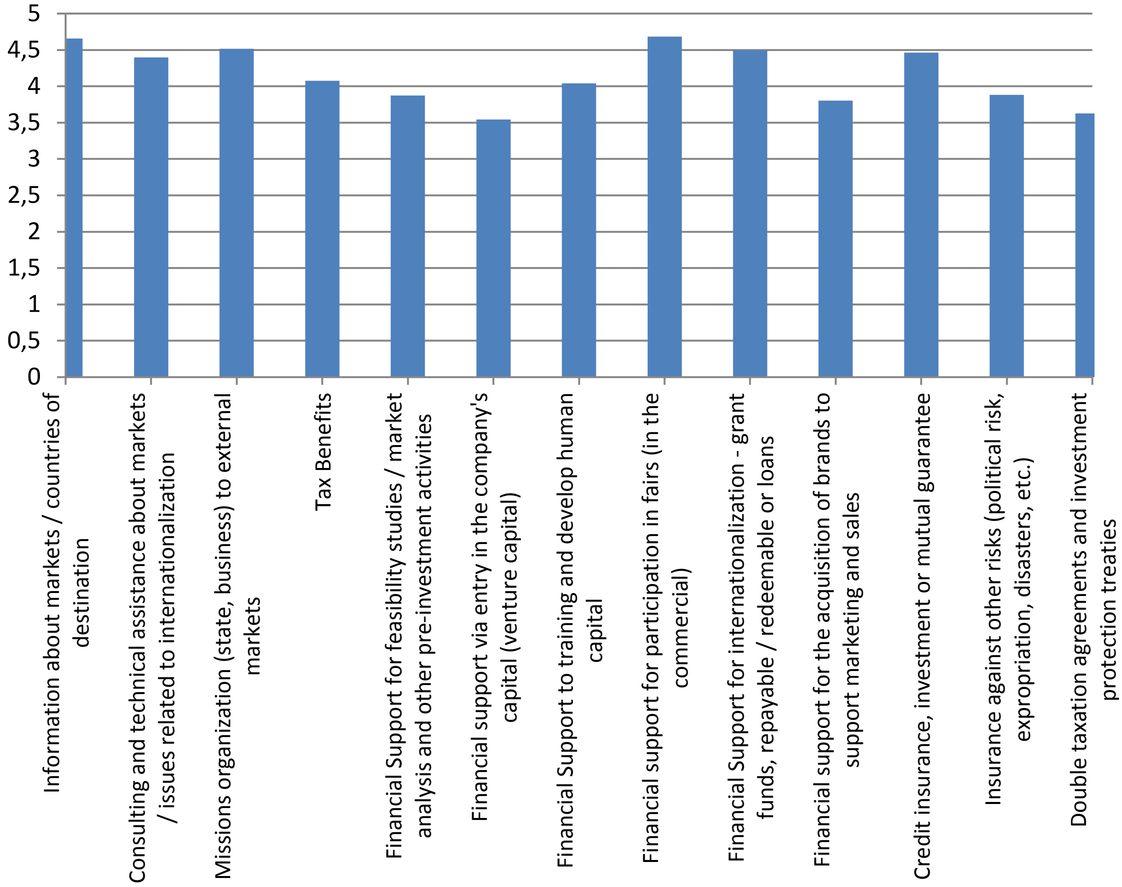


Source: Own elaboration.

4.2.5. Internationalization Incentives

Awareness about the existence of support for internationalization is an issue of first importance. In this sense, it was requested that companies rated their knowledge/ awareness about different incentives, based on a 1 to 7 Likert scale, where 1= not know at all and 7= fully know. Our conclusions are that the surveyed firms are more familiar with information about markets (4,66), organization of missions to external markets (4,51) and financial support for participation in fairs (4,68). In contrast, firms are less aware about financial support via venture capital.

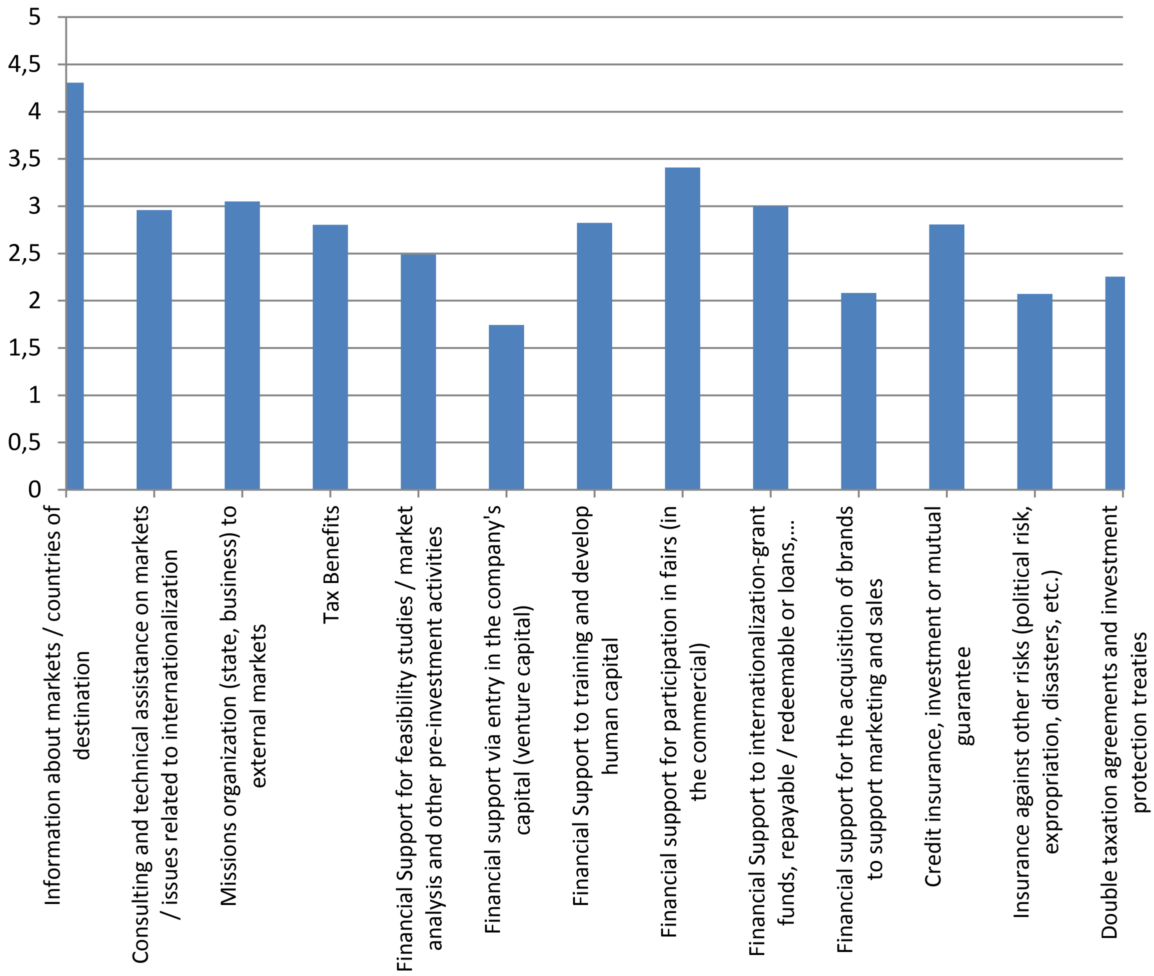
Figure 29. Awareness about internationalization measures and incentives



Source: Own elaboration.

Given that this sample of firms is constituted only by firms with international experience (through one or more entry modes), it is crucial to understand better their experience abroad. The existence of internationalization measures and incentives is only justified if firms could benefit from them, and/or if they could minimize or eliminate the barriers that they have to deal with. The respondent firms classify the use of a group of incentives via a 1 to 7 Likert scale, where 1= never and 7= whenever realized internationalization initiatives. Through the analysis of the responses it was possible to understand that the surveyed firms frequently use the available information about markets / countries of destination and financial support for participation in fairs. On the opposite side is financial support via participation in the company's capital (venture capital), which emerged as the less frequently used incentive.

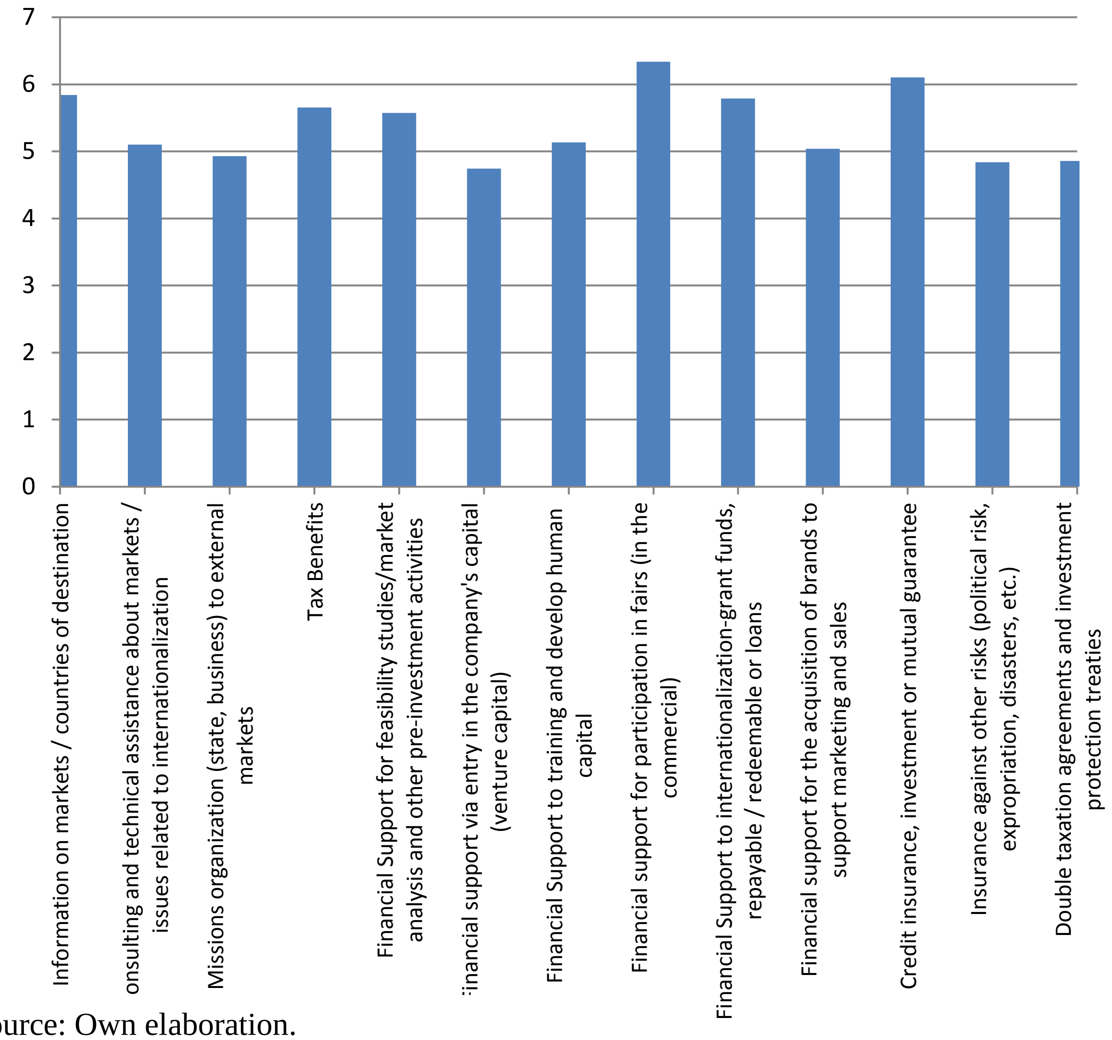
Figure 30. Have you ever used this type of measures?



Source: Own elaboration.

In order to understand the efficiency of such measures, from the point of view of the surveyed firms, they were asked to evaluate the importance of the use of those incentives for their internationalization, using a 1 to 7 Likert scale (1= no importance and 7= these support measures are crucial to internationalization). The incentives perceived as most important are credit insurance, investment or mutual guarantee and information on markets. On the opposite side is financial support via venture capital.

Figure 31. Importance of internationalization incentives



Source: Own elaboration.

In Portugal the main agency of support for internationalization is AICEP. This agency acts as an intermediary between firms and governmental support and firms and the host countries, in order to assist and facilitate the expansion abroad. According to the sampled firms, the performance of AICEP, on average, was classified with 4,23 (on a 1 to 7 scale, where 1= not effectiveat all to 7= extremely/could not be more effective). The main difficulties noted were the lack of financial resources. Other difficulties like the lack of organization and response time were also mentioned by respondents.

After this descriptive treatment of the data, and taking the analysis to a more formal level, an econometric application will be the object of section 4.3.

4.3. Econometric analysis

4.3.1. General formulation of the models and description of the variables

The econometric models used aim to test which are the determinants that affect the use of public incentives have the following general forms:

(1) **used_incentives**$_i$ = β1 + β2***family_owned**$_i$ + β3***foreign_owned**$_i$ + β4***size**$_i$ + β5***age**$_i$ + β6***%_employees__12_years_ed**$_i$ + β7 ***int_experience**$_i$ **+** u$_i$

Where

i, represents the firms in sample: with "i"= 1 to 118 of respondent firms;

These, as will be explained in the next section, are binary probit models that tell us what is the probability of the explanatory variables affecting the dependent variable (use of different outward internationalization incentives).

The different proxies used for the dependent variable (used incentives) and for the regressor international experience are explained below.

Table 6. Description of the variables, and respective expected signs

Variable	Description	Expected Sign
	Dependent Variable	
ALL_INC	Binary variable: The firm used incentives? yes=1; no=0.	
FINANCIAL	Binary variable: The firm used financial incentives? yes=1; no=0.	
FISCAL	Binary variable: The firm used fiscal incentives? yes=1; no=0.	
INFO_TECH	Binary variable: The firm used information and technical assistance? yes=1; no=0.	
RISK_MIN	Binary variable: The firm used risk minimizing measures? yes=1; no=0.	
OTHER_INC	Binary variable: The firm used other incentives? yes=1; no=0.	
	Independent Variables	
FAMILY	Binary variable: The firm is owned by a family? yes=1; no=0.	+
FOREIGN	Binary variable: The firm has foreign capital? yes=1; no=0.	-
SIZE	Natural logarithm of the number of employees of the firm.	+
AGE	Natural logarithm of the number of years since firm was founded	-
EMP_12_YR	% of employees with more than 12 years of education	+
YRS_EXP	Number of years since the firm started exporting	+
TURN_EXP	% of firm's turnover that is exported	+
N_MARKETS	Number of export markets	+

Source: Own elaboration

4.3.2. Proxies for the dependent variables

The dependent variables allow us to analyze which determinants of the firm affect the use to public incentives, in general and regarding the distinct kinds of incentives, and, among those determinants, which appear to be the most relevant. Here, we follow two different approaches.

The first approach considered the dependent variable "*ALL_INC*", a dummy variable that assumes the value 1 when a firm has used public support, regardless of the type of incentive, and 0 otherwise; the second approach provides a more detailed analysis, using the same procedure but discriminating among the five types of incentives identified in the typology presented before. Hence, five dummy variables are employed, that point to the use of financial, fiscal, information and technical services, risk minimizing measures or other incentives.

4.3.3. Proxies for the independent variables

The explanatory variables considered include firms´ structural characteristics that could influence the use of incentives in order to internationalize. *FAMILY* is a dummy variable that assumes the value of 1 if the firm belongs to a family and 0 otherwise. Given that for family businesses the internationalization process is doubly challenging (Cassilas, Moreno and Acedo, 2010: 16), we could expect that this variable influences positively the use of incentives. This assumption is encouraged by the fact that public support may improve the likelihood of firms moving on into foreign markets (Bannó *et al.*, 2010) and, thus, help family owned firms to overcome their main obstacles such as "limited financial resources, the possibility to take quick decisions, and the fear of losing control following internationalization" (Kotinen and Ojala, 2010: 105). Given these assumptions, we formalize the following hypothesis:

Hypothesis 1 (H1): Family ownership has a positive impact on the use of incentives.

FOREIGN represents a dummy variable, where 1 corresponds to a firm that has foreign capital and 0 otherwise. According to Smelt (1998), foreign owned firms may face some political problems when they require public incentives. Plus, often these incentives are specific to domestic firms, and so foreign ownership firms may not be likely to use as much as domestic companies. In line with these ideas, we raise the following hypothesis:

Hypothesis 2 (H2): Foreign ownership has a negative influence on the use of incentives.

The variable SIZE is proxied by the natural logarithm of the number of employees of the firm, in line with several authors that also considered this variable in econometric applications (Majumdar, 1997; Gomes and Ramaswamy, 1999; Kontinen and Ojala, 2010; Aschhoff, 2009). Firms' size is considered a crucial variable relating to the use for incentives but the direction of this influence is not consensual (Aschooff, 2009). On the one hand, a negative relation is expected between firm's size and the use of incentives, once SMEs have limited resources and are less capable to overcome the difficulties that the internationalization process involves without public support. There are also incentives that are geared exclusively to support SMEs. On the other hand, it is possible to assume that larger firms may have information advantages about the available incentives and higher managerial resources and therefore are more likely to apply for incentives (Aschooff, 2009; Bannò and Sgobbi, 2010). Even though we accept the two rationales, we are inclined, by knowing the Portuguese case, that probably the second argument will prevail. Thus, we posit the following hypothesis.

Hypothesis 3 (H3): The size of the firm has a positive impact on the use of incentives.

The age of the firm is other crucial measure affecting firms' performance (Majumdar, 1997) and is represented by the variable *AGE*, which corresponds to the log of the number of years since the firm was founded. One more time we operationalize using a natural logarithm because it is the most used proxy for age in the reviewed literature (Majumdar, 1997; Barbosa and Louri, 2005). Several authors defended the assumption that older firms are more experienced and thus, more prepared to overcome the challenges of internationalization, since they benefit from the knowledge, financial and structural soundness and solid networks that they may build through time (Majumdar, 1997). This would imply in principle that older firms would not need incentives as much theyr younger counterparts do. Plus, some incentives are specific for start-ups/young firms. According to these assumptions, a negative influence of age on the probability of using incentives is expected. Given the relevant research studies and the presented evidences, we formalize the fourth hypothesis as:

Hypothesis 4 (H4): Firm's age has a negative influence on the use of incentives;

The proportion of employees with more than 12 years of education (*%_of_employees_12_edu*) is a measure of the qualifications of the firm's employees, and thus of their skills (Aschhoff, 2009). It is expected that firms with a considerable proportion of qualified employees will be more able to apply more successfully to obtain incentives. In line with this position, we raise the following hypothesis:

Hypothesis 5 (H5): The % of employees with more than 12 years of education has a positive impact on the use of incentives;

There are three variables that proxy the firms' prior internationalization experience. These are, respectively: years of exports (*YRS_EXP*) that considers the number of years since a firm started exporting; % of turnover exported (*TURN_EXP*); and number of foreign markets for the firms' exports (*N_MARKET*). More experienced companies have more experience in dealing with bureaucracy (Bannò and Sgobbi, 2010) and are also more aware of the available international opportunities. In line with these ideas, a positive influence of these variables on the probability of using incentives is expected. Thus, the last hypothesis is stated as:

Hypothesis 6 (H6): International experience influences positively the use of incentives.

4.4. Estimation methodology, results and discussion

The models were estimated using the software programme Eviews 8. A total of 18 models were estimated (for all possible combinations of the 6 proxies for the dependent variable and of the 3 proxies of the independent variable representing international experience). Notwithstanding, we chose to report only six of them, after a selection of the most relevant models.

The models were estimated through a binary probit method (PROBIT). The proposed models estimate the probability of the explanatory variables, *FAMILY, FOREIGN, SIZE, AGE, EMP_12_Y, YRS_EXP, TURN_EXP and N_MARKET* affecting the use of incentives, in general (*ALL_INC*) or regarding each type of incentives (*FINANCIAL, FISCAL, INFO_TECH, RISK MIN, OTHER_INC*).

The presence of heteroscedasticity is a concern of first importance, given that it results in an incorrect estimation of standard errors (in most cases leading to underestimation) (Oliveira, Santos and Fortuna, 2011) and to “consistent but inefficient parameter estimates and inconsistent covariance matrix estimates” (White, 1980: 817). In order to correct the regressions and make our results more robust we use a covariance matrix estimator designate by Huber-White (or *robust standard errors*) (White, 1980).
The regression results (with the Huber-White correction) are presented in table 5.
The relevant correlation matrix is reported in Appendix 2.

Table 7. Descriptive Statistics

		ALL_INC	FINANCIAL	FISCAL	INFO_TECH	RISK_MIN	OTHER_INC
USED_INC	ALL_INC	-2,211889 (1,488727)					
	FINANCIAL		-1,592342 (0,848240)				
	FISCAL			0,440830 (0,744583)			
	INFO_TECH				-2,956115 (0,971710)		
	RISK_MIN					-0,554852 (0,801927)	
	OTHER_INC						-2,182539 (0,691558)
	FAMILY	0,079696 (0,579537)	0,582608 (0,372576)	0,275783 (0,352461)	0,732961 (0,434500)*	0,685737 (0,354255)*	-0,042546 (0,372844)
	FOREIGN	-0,509079 (0,506523)	-0,144456 (0,449468)	-0,164120 (0,461117)	-0,904985 (0,466186)*	-1,027958 (0,605612)*	0,114502 (0,458706)
	SIZE	1,158258 (0,303301)***	0,352462 (0,171727)**	0,282401 (0,167641)*	0,580851 (0,208927)***	0,584791 (0,160344)***	0,336640 (0,111943)***
	AGE	0,090883 (0,352020)	0,011856 (0,236763)	-0,552524 (0,259378)**	0,430233 (0,273445)	-0,975983 (0,405488)**	0,104980 (0,209324)
	EMP_12_Y	0,021132 (0,009006)**	0,013958 (0,006644)**	-0,003817 (0,005907)	0,026604 (0,007761)***	0,002643 (0,005853)	0,010310 (0,005164)**
	YRS_EXP					0,067036 (0,029630)**	
	TURN_EXP						-0,002240 (0,005101)
	N_MARKET	-0,060867 (0,022358)*	0,003539 (0,018294)	0,023867 (0,013299)*	-0,028989 (0,019623)		

Source: Own elaboration, based on Eviews (coefficients and standard errors reported).

Note: *Significant at 10% level; **Significant at 5% level; ***Significant at 1% level.

Concerning the general model (in which we consider the use of all incentives - ALL_INC) regardless their type, we confirm the third, fifth and sixth hypotheses. Regarding H3, our results confirm that size has a positive impact on the use the incentives, due to the fact that larger firms benefit from information and managerial advantages, which enable an easier applying for support (Aschooff, 2009; Bannò and Sgobbi, 2010). This model also confirms H5, i.e. the impact of the % of employees with more than 12 years of education on the use of international incentives is positive and significant. The managerial skills and specific knowledge, that higher levels of qualification could introduce, exert an important effect on the likelihood of a firm applying for an incentive, once specialized and qualified staff could be, firstly, more aware of the available incentives, secondly, more familiarized with the bureaucracy and the formalizing papers and thirdly more capable of submitting successful projects under the internationalization process. The number of markets of exports affects negatively the use of incentives, in general, and thus we reject hypothesis 6. In what concerns to the third hypothesis, the age of firm influences positively the use of incentives, in line with the arguments presented by Aschooff (2009) and Bannò and Sgobbi (2010). This result supports the stream of research that suggests that older firms benefit from the learning though time (and experience), which can be used to the successful apply and use of incentives (Majumdar, 1997; Aschhoff, 2009; Bannò and Sgobbi, 2010). H6 is also supported, as international experience (measured by the number of export markets) exerts a positive and significant influence on the use of incentives. This result is in line with the assumption that firms with prior international experience are more aware of international opportunities and benefit from a greater background concerning to the procedures and required bureaucracy that applying incentives involve (Bannò and Sgobbi, 2010).

The second reported model seeks to test which are the determinants of the use of financial incentives, and supports hypotheses 3 and 5. The influence of firm's size on the use of financial incentives is found to be positive and significant, in line with H3 and the respective assumption that larger firms may benefit from information and managerial advantages about the available incentives and consequently are more prone and aware for the use of incentives (Aschooff, 2009; Bannò and Sgobbi, 2010).

Furthermore, this model confirms H5 i.e. higher levels of qualification of firm's employees positively affect the use of financial incentives. In what concerns the model assessing the determinants of the use of fiscal incentives, larger firms are more likely to apply for this type of incentives (hence, confirming H3). The impact of firms' age on the use of fiscal incentives is negative and significant (in agreement with H4). In accordance with hypothesis 6, the international experience (proxied by the number of export markets) affects positively the use of fiscal incentives. Prior experience on foreign markets is an enhancer of the probability of success in future international activities and of the development of new capabilities (Delios and Beamish, 2001). In line with this evidence, firms with higher number of exportmarkets reveal greater experience and may be also more familiarized with the incentive's schemes and procedures (Aschooff, 2009).

Focusing on the model of the determinants affecting the use of information and technical services, family owned firms are more likely to apply for such incentives, confirming thus the first hypothesis (H1). In fact, family businesses reveal a real disadvantage on the access to resources and, as risk averse companies, the lack of information about foreign markets and the international process may constrain the step forward an international expansion (Fernandéz and Nieto, 2005). In this context, it is no surprise that family ownership affects positively the use of information and technical assistance, once this incentive reduces the uncertainty stemming from the internationalization process. In line with the second hypothesis (H2), foreign ownership negatively affects the use of information and technical assistance. We confirm also hypothesis 5, i.e. the impact of the % of employees with more than 12 years of education on the use of international incentives is positive and significant (for reasons already explained in other related models above). In what concerns firms' size, it was found that, for this model, size impacts positively and significantly the probability of use of information and technical assistance-related incentives.

Regarding the model specifically analyzing the probability of using risk minimizing incentives, in line with H1, we confirm that family ownership has a positive relation with the use of this type of incentives. Firms with foreign capital are not likely to apply for risk minimizing incentives, confirming H2. This empirical evidence may be supported by the fact that risk minimizing incentives mainly focus domestic firms

(Phung, 2009). On the other hand, the size of firm influences positively the use of risk minimizing incentives (supporting H3). In accordance with hypothesis 4, the negative relation between firm's age and the use risk minimizing incentives is confirmed. The international experience measured by the years of exports affects positively the use of risk minimizing incentives, in line with our expectations (H6) and according to the theoretical assumption, that the more years of exports, the greater is the prior experience on the foreign markets and relating to the applying for these incentives.

The last model, focused on the use of the residual category other incentives, yields support for H3 and H5. The influence of % of employees with more than 12 years of education and of firms' size on the use of other incentives is positive and significant.

Conclusion

This dissertation set an ambitious and difficult research programme, on an under-researched topic. All objectives set forth were a successfully accomplished, from this resulting several contributions worth highlighting.

After providing the relevant theoretical background on firms' outward internationalization, the appropriate, state-of-the-art, literature on policies to stimulate outward internationalization was thoroughly reviewed. The rationale for the existence and adoption of such policies was discussed as well. The synthesis of this literature represented a contribution in itself, as it is usually dispersed, and mainly focused on export promotion, neglecting considerably contractual forms and outward FDI.

Subsequently, this dissertation proposed a typology for internationalization policies - comprising financial incentives, fiscal incentives, information and technical assistance, risk minimizing measures and other incentives. Based on this typology two empirical applications were made: (i) an empirical research based on information on internationalization promoting agencies from all over the world and, (ii) an econometric analysis aiming to understand which are the most important factors explaining the use of outward internationalization policies/ incentives. A detailed statistical analysis was also provided, before the econometric models' estimation.

Regarding (i), and extremely thorough and effort-consuming research was carried out through the analysis of 220 internationalization promoting agencies websites (of agencies representing 205 countries), which enabled to understand which were the main internationalization policies implemented worldwide. To the best of our knowledge, such analysis was never made before, with this scale. From the outward internationalization perspective, this part of the dissertation points to the fact that incentives / policies are mainly designed to foster exports and among these, the provision of information and technical assistance is the most common measure.

Regarding the second empirical application, the empirical data was gathered through a large scale direct survey to firms situated in the North of Portugal, with some international experience.

A detailed statistical analysis characterized the companies in the sample, provided a great deal of information on the nature and timing of their internationalization activities, on the markets they approached, on the main difficulties and constraints they faced, and also evaluated the impact of their internationalization processes on different company variables, in their specific case.

Additionally, based on this custom-gathered primary dataset, econometric (binary probit) models were estimated. The empirical findings support the reviewed literature and are in line with the hypotheses advanced: older firms with more qualified employees and prior international experience are more likely to apply for internationalization incentives; the use of financial incentives is positively and significantly affected by the share of employees with more than 12 years of education and by firms' size; regarding fiscal incentives, firm's size and prior experience influences positively the use of these incentives, whereas firm's age exerts a negative effect; Larger firms, family businesses and firms with more qualified employees are more likely to apply for information and technical assistance; the use of risk minimizing measures is positively affected by family ownership and firms' age and international experience; finally, the % of employees with more than 12 years of education and firms' size have a positive relation with the use of other incentives.

In conclusion, the theoretical synthesis and the empirical findings of this dissertation justified our research efforts, by offering contributions to extant (theoretical and empirical) outward internationalization literature. Notwithstanding, this topic is still quite under-researched, and offers ample scope for further research, in the same topics here treated, and in complementary aspects such as the efficiency and effectiveness of outward internationalization incentives.

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Appendix

Appendix A: Matrix of correlation

	ALL_INC	FINANCIAL	FISCAL	INFO_TECH	RISK_MIN	OTHER_INC	FAMILY	FOREIGN	SIZE	AGE	EMP_12_Y	YRS_EXP	TURN_EXP	N_MARKET
ALL_INC	1													
FINANCIAL	0,576192	1												
FISCAL	0,349482	0,4905666	1											
INFO_TECH	0,787499	0,6162074	0,364082	1										
RISK_MIN	0,41382	0,5384202	0,584048	0,4195244	1									
OTHER_INC	0,297274	0,4241673	0,459717	0,2693216	0,5920503	1								
FAMILY	-0,10528	0,0749368	0,040686	0,0896333	0,1318617	-0,0749485	1							
FOREIGN	0,02537	0,0102222	-0,004795	-0,091689	-0,073544	0,04600568	-0,1241	1						
SIZE	0,311881	0,2390569	0,304761	0,2031255	0,4494145	0,38356648	-0,0618	0,16776	1					
AGE	0,147585	0,1173135	0,009156	0,1731108	0,2005884	0,18289586	0,14582	0,06931	0,5259	1				
EMP_12_Y	-0,03765	0,12415	-0,06061	0,0977366	-0,135844	0,05758796	-0,2655	0,08274	-0,2251	-0,25951	1			
YRS_EXP	0,112666	0,1622405	0,147537	0,1292907	0,3315374	0,23893834	0,15406	0,09606	0,5395	0,75467	-0,225432	1		
TURN_EXP	-0,09386	0,0753327	0,156661	-0,049327	0,1481326	-0,0381831	0,04953	-0,04923	-0,031	-0,01545	0,1103734	0,18225	1	
N_MARKET	0,098777	0,2358436	0,26985	0,1556112	0,3166985	0,34742841	0,14967	0,08014	0,5118	0,38463	0,1123609	0,70873	0,133045	1

Appendix B: Survey

Políticas Públicas de Promoção da Internacionalização Empresarial

Este questionário é confidencial e será apenas usado para efeitos de investigação no contexto da Faculdade de Economia da Universidade do Porto (FEP-UP). Agradecemos que tente responder a todas as perguntas. Por favor responda com um X às questões de escolha múltipla.

Parte 1. Dados gerais da empresa

1. Nome da empresa ______________________________
2. Responsável pelo preenchimento do questionário
   a) Nome ______________________________ Função ______________________________
3. Ano de fundação da empresa ____________CAE (actividade principal) ______________________________
   Outras CAEs ______________________________
4. Nº de empregados desta empresa __________ Nº de empregados com mais de 12 anos de habilitações ___________
5. Volume de negócios (milhares de euros)(média dos últimos 3 anos disponíveis) ______________________________
6. % do volume de negócios despendido em I&D (média dos 3 últimos anos disponíveis) ______________________________
7. Rácio de endividamento (Passivo/Capitais Próprios) (último ano disponível) ☐ %
8. A empresa é familiar? Não ☐ Sim ☐
9. Empresa tem capital estrangeiro? Não ☐ Sim ☐ Se sim, que % ______________________________

   i) Principais accionistas/sócios ______________________________ ☐ %

   ______________________________ ☐ %

   ______________________________ ☐ %

Parte 2. Actividades no âmbito da internacionalização

☐ Se nunca trabalhou com mercados externos, através de nenhuma das modalidades mencionadas nesta Parte 2, queira por favor assinalar com um X esta quadrícula e informar através do email pppie@fep.up.pt, pois este questionário não se aplica à sua empresa.

Exportações

1. Já exportou? Não ☐ Sim ☐

   a) Se sim, em que ano começou a exportar ______________________________
   b) Valor das exportações (milhares €/média dos últimos 3 anos disponíveis) ______________________________
   c) % do volume de negócios que é exportado (média dos últimos 3 anos disponíveis) ______________________________
   d) Número de mercados para onde exporta ______________________________
   e) Principais mercados de exportação (5 principais, por ordem decrescente de importância)

Mercado/ País	Ano de início da exportação	% da exportação total da empresa
1.______________________________		
2.______________________________		
3.______________________________		
4.______________________________		
5.______________________________		

Formas Contratuais (outras formas de internacionalização, através de contratos específicos, distintas de exportações e criação de filiais no estrangeiro)

1. Já desenvolveu estas actividades em mercados externos? Se sim, quando iniciou tais actividades e em que mercados (3 principais)?

Lista*	Não	Sim	Início (ano)	Países	Ranking em termos de importância para a sua empresa
1. Relações de Fabricação sob Contrato (Subcontratação)					
2. Contratos de Licenciamento					
3. *Franchising*					
4. Contratos de Gestão/Concessões					
5. Contratos chave na mão					
6. Alianças Estratégicas / Joint Ventures Contratuais					

***Legenda**:
Relações de fabricação sob contrato (Subcontratação): ocorrem quando a sua empresa contrata a uma empresa do país de destino produção, serviço ou processamento**; Contratos de Licenciamento:** contrato estabelecido por uma empresa internacional (licenciante)- neste caso, a sua, segundo o qual esta concede a uma empresa do país de destino, (licenciado) o direito de uso da sua propriedade intelectual, mediante o pagamento de *royalties*); ***Franchising***: refere-se a uma relação contratual onde uma parte (franqueador), neste caso a sua empresa, garante a outra (franqueado) o direito de usar a sua marca, sistemas e processos de negócios, para a produção de bens e/ou serviços; **Contratos de Gestão**: quando a sua empresa é contratada para efectuar a gestão, coordenar e supervisionar, em troca do pagamento de um certo montante, um projecto no estrangeiro; chamam-se **Concessões** quando, adicionalmente, a sua empresa recebe parte dos rendimentos gerados pelo projecto; **Contratos chave na mão:** Contratos que consistem em fornecer ao cliente uma solução integrada completa, "chave na mão" (ex: construção de uma estação de tratamento de resíduos, de uma unidade hoteleira, de uma fábrica, auto-estrada, etc); **Alianças Estratégicas /*Joint Ventures* Contratuais:** obrigação contratual segundo a qual é estabelecida uma relação entre duas ou mais empresas (a sua e pelo menos outra empresa estrangeira), com um objetivo em comum, envolvendo a e partilha de conhecimento, propriedade intelectual e também das despesas e do risco- mas sem criar uma nova empresa, trata-se de um acordo para um fim específico..

Investimento Directo Estrangeiro (IDE)

Internacionalização através de estabelecimento de filial no estrangeiro, de produção de bens e serviços, comercial, ou outra); pode ser através de investimento de raiz (filial não existia antes) ou de aquisição de empresa já existente

1. A sua empresa possui filiais no exterior? Não ☐ Sim ☐
   a) Se sim,
      i) Quantas (no total) ☐
      ii) Ano de início da 1ª filial no estrangeiro ☐
      iii) Em quantos países ☐

País (5 mais importantes em termos de filiais no estrangeiro)	Nº de filiais	Ano inicial de investimento
1.____		
2.____		
3.____		
4.____		
5.____		

Parte 3. Avaliação de impacto

1. Avalie o impacto na empresa-mãe/grupo em Portugal das seguintes atividades de internacionalização, nos seguintes indicadores.
   [Numa escala de 1 a 7: (1)-Impacto muito negativo ... (4)-Impacto neutro ... (7) – Impacto muito positivo]

	Emprego	**Produção**	**Nível Tecnológico**	**Valor Acrescentado**	**Solidez Financeira**	**Lucros**	**Pagamento de Impostos**
Exportações							

Formas Contratuais	**Emprego**	**Produção**	**Nível Tecnológico**	**Valor Acrescentado**	**Solidez Financeira**	**Lucros**	**Pagamento de Impostos**
Relações de Fabricação sob Contrato (Subcontratação)							
Contratos de Licenciamento							
Franchising							
Contratos de Gestão / Concessões							
Contrato chave na mão							
Alianças Estratégicas / Joint Ventures Contratuais							

	Emprego	**Produção**	**Nível Tecnológico**	**Valor Acrescentado**	**Solidez Financeira**	**Lucros**	**Pagamento de Impostos**
Investimento Direto / Criação de filiais no exterior							

Parte 4. Dificuldades na Internacionalização

2. Avalie o impacto das seguintes dificuldades à internacionalização.

[Numa escala de 1 a 7: (1) Nenhuma dificuldade; (7) Enorme dificuldade]

Dificuldades	Avaliação da sua importância
Lacunas de conhecimento/falta de informação sobre mercados	
Falta de recursos financeiros (em termos de recursos próprios)	
Falta de recursos financeiros (em termos de obtenção de crédito)	
Falta de recursos humanos qualificados/adequados	
Falta de planeamento/subestimação das exigências da internacionalização	
Complexidade em termos de lidar com as instituições do país de destino	
Complexidade em termos de lidar com as instituições portuguesas	
Falta de tratados de dupla tributação e de protecção do investimento	
Risco de crédito/risco comercial	
Risco político	
Outros (por favor especifique) ____________________ ____________________ ____________________ ____________________	

Parte 5. Medidas de Apoio À Internacionalização

1. Conhece este tipo de medidas?
   [Numa escala de 1 a 7: (1) Não conheço de todo- (7) Conheço totalmente]

Medidas	Avaliação
Informação sobre mercados/países de destino	
Consultoria e assistência técnica sobre mercados/ temas ligados à internacionalização	
Organização de missões (de Estado, empresariais) a mercados externos	
Benefícios fiscais	
Apoio financeiro a estudos de viabilidade/análises de mercados e outras actividades pré-investimento	
Apoio financeiro via entrada no capital da empresa (capital de risco)	
Apoio financeiro a programas de formação e desenvolvimento de capital humano	
Apoio financeiro à participação em feiras (de âmbito comercial)	
Apoio financeiro à internacionalização – concessão de fundos, a fundo perdido/reembolsável, ou empréstimos, incluindo através de acordos com bancos	
Apoio financeiro para aquisição de marcas, para apoiar marketing e vendas	
Seguros de crédito, de investimento ou garantia mútua	
Seguros contra outros riscos (risco político, expropriação, catástrofes, etc)	
Acordos de dupla tributação e tratados de protecção ao investimento	
Outros (quais, especifique por favor) ____________________ ____________________	
____________________ ____________________	

2. Já utilizou os seguintes tipos de medidas?
   [Numa escala de 1 a 7: (1) Nunca – (7) Sempre que realizei iniciativas de internacionalização]

Medidas	**Avaliação**
Informação sobre mercados/países de destino	
Consultoria e assistência técnica sobre mercados/ temas ligados à internacionalização	
Organização de missões (de Estado, empresariais) a mercados externos	
Benefícios fiscais	
Apoio financeiro a estudos de viabilidade/análises de mercados e outras actividades pré-investimento	
Apoio financeiro via entrada no capital da empresa (capital de risco)	
Apoio financeiro a programas de formação e desenvolvimento de capital humano	
Apoio financeiro à participação em feiras (de âmbito comercial)	
Apoio financeiro à internacionalização – concessão de fundos, a fundo perdido/reembolsável, ou empréstimos, incluindo através de acordos com bancos	
Apoio financeiro para aquisição de marcas, para apoiar marketing e vendas	
Seguros de crédito, de investimento ou garantia mútua	
Seguros contra outros riscos (risco político, expropriação, catástrofes, etc)	
Acordos de dupla tributação e tratados de protecção ao investimento	
Outros (quais, especifique por favor) ______________________________ ______________________________	
______________________________ ______________________________	

3. Como classifica a importância deste tipo de medidas?
[Numa escala de 1 a 7: (1) Nenhuma importância - (7) Estas medidas de apoio são cruciais para a internacionalização ocorrer]

Medidas	**Avaliação**
Informação sobre mercados/países de destino	
Consultoria e assistência técnica sobre mercados/ temas ligados à internacionalização	
Organização de missões (de Estado, empresariais) a mercados externos	
Benefícios fiscais	
Apoio financeiro a estudos de viabilidade/análises de mercados e outras actividades pré-investimento	
Apoio financeiro via entrada no capital da empresa (capital de risco)	
Apoio financeiro a programas de formação e desenvolvimento de capital humano	
Apoio financeiro à participação em feiras (de âmbito comercial)	
Apoio financeiro à internacionalização – concessão de fundos, a fundo perdido/reembolsável, ou empréstimos, incluindo através de acordos com bancos	
Apoio financeiro para aquisição de marcas, para apoiar marketing e vendas	
Seguros de crédito, de investimento ou garantia mútua	
Seguros contra outros riscos (risco político, expropriação, catástrofes, etc)	
Acordos de dupla tributação e tratados de protecção ao investimento	
Outros (quais, especifique por favor) ____________________ ____________________	
____________________ ____________________	

4. Classifique a actuação das agências responsáveis pelos incentivos utilizados.
[(1) Nada eficaz - (7) Extremamente/não poderia ser mais eficaz]

i) AICEP____________________

ii) Outras (quais) ____________________

____

5. Quais as principais dificuldades destas entidades?
   [1) Não apresenta de todo esta dificuldade – 7 Enorme dificuldade]

   1. Dificuldades na sua organização interna____
   2. Dificuldades na articulação com outras entidades____
   3. Falta de estratégia____
   4. Falta de recursos financeiros____
   5. Falta de recursos humanos____
   6. Outras (quais)____
   ____

6. Que outras sugestões/ recomendações dará para melhorar a qualidade dos incentivos à internacionalização existentes:

7. Deseja receber uma síntese dos resultados deste estudo?

Não
Sim

Muito obrigada pela sua importante participação.