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The not so invisible market barriers:
Macao case

by

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Biographical note

The candidate was born in 20th October of 1986 and in the year of 2011 was graduated in Universidade Católica Portuguesa in Business Management.

Working in 2011 as a sales commercial in a distribution company in Portugal, Rodrigues, Santos & Costa, Lda, in 2012 the opportunity of working in the Asian Market was presented by the Agency for the Investment and External Commerce of Portugal, E.P.E. - AICEP, provided by Inov Contacto, edition 2011/2012.
Macao was the country that was presented to a new working experience. Working as a Sales & Marketing Executive in Vang Kei Hong Trading Company, gave him the opportunity to know China and the Chinese business in a way that till that time was unknown.

In 2013 he has returned from Asia and started working with a new project in Rodrigues, Santos & Costa, Lda, and with a decision of completing his studies in Commercial Management in Faculdade de Economia da Universidade do Porto in order to one day go back to the Asian Market.

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Abstract

Purpose: This study aims to explore the extent to which the barriers of a country are a factor that still today in an era of information continuously being ignored and not taken deeply in account when it comes to approaching and engaging new markets. Studies in cultural barriers are available but further research is necessary in order to be fully aware of the visible and invisible barriers.

Design/Methodology/Approach: For that purpose it was collected primary data in the form of exploratory interviews. Interviews made to expatriate Portuguese working in Macao and China providing the perspective of the common and most visible and invisible barriers, and the secondary data using articles, reports and information provided from web pages. That information was coded and analyzed in order to provide valuable information.

Findings: The results show that all the barriers creating cultural distance reviewed in the literature are present in this research and fixe emerged categories can be creating distance. Retrieved information suggests that the challenges of the invisible barriers cannot be disregarded and will affect the performance of any kind of business and seriously affect the prosperity of an investment.

Research limitations/implications: The successful approach of a foreign market is affected by different factors according to the country in observation and this study provides a broader understanding focusing specially in the market of Macao.

Originality/value: The value of this dissertation can be of great importance by minimizing and helping to overcome and understand the inherent market barriers. Especially to the Portuguese entrepreneurs, extending the information that exists and reveling data that is completely available to the public concerning the approach of a market in Asia such as the market of the country of Macao. This dissertation pretends to increase the knowledge on that area considering that still today the business approach is not taking in account the barriers that are even deeper than what they seem.

Key Words: Barriers, Market, Macao

Resumo

Objectivo: Este estudo tem como objetivo explorar a medida em que as barreiras de um país são um fator que ainda hoje, numa era de informação continuam a ser ignoradas e não são tidas profundamente em conta quando se trata de abordar e envolver em novos mercados. Estudos em barreiras culturais estão disponíveis, mas são necessárias pesquisas adicionais a fim de estar plenamente consciente das barreiras visíveis e invisíveis.

Desenho/Metodologia/Abordagem: Para esse efeito, foram recolhidos dados primários sob a forma de entrevistas exploratórias. Entrevistas feitas a expatriados Portugueses trabalhadores em Macau e China fornecendo a perspectiva das barreiras comuns e mais visíveis e invisíveis, e os dados secundários usando artigos, relatórios e informações fornecidos a partir de páginas da Web. Essa informação foi codificada e analisada a fim de fornecer informações valiosas.

Resultados: Os resultados demonstram que todas as barreiras criadoras de distância cultural revistas na revisão de literatura estão presentes no caso e cinco novas categorias possíveis criadoras de distância emergiram. Informações retiradas sugerem que os desafios das barreiras invisíveis não pode ser desconsiderados e irão afetar o desempenho de qualquer tipo de negócio e afetar seriamente a prosperidade de um investimento.

Limitações/Recomendações: A abordagem bem-sucedida de um mercado estrangeiro é afetado por fatores diferentes de acordo com o país em observação e este estudo providencia uma compreensão mais ampla com especial enfoque no mercado de Macau

Originalidade/Valor: O valor desta dissertação pode ser de grande importância minimizando e ajudando a superar e compreender as barreiras inerentes ao mercado. Especialmente para os empresários Portugueses, estendendo-se a informação que existe e revelando dados que estão completamente disponíveis ao público sobre a aproximação de um mercado na Ásia como o mercado do país de Macau. Esta dissertação pretende aumentar o conhecimento sobre essa área, considerando que ainda hoje a abordagem de negócios não está a levar em conta as barreiras que são ainda mais profundas do que o que parecem.

Palavras-chave: Barreiras, Mercado, Macau

Abbreviations

AICEP: Agency for the Investment and External Commerce in Portugal

CAGE: Cultural Administrative Geographical Economic

CEPA: Mainland and Macao Closer Economic Partnership Agreement

CPA: Country Portfolio Analysis

GDP: Gross Domestic Product

IPIM: Macao Trade and Investment Promotion Institute

UN: United Nations

WTO: World Trade Organization

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1 – Introduction

More than 15 years have passed since Portuguese left Macao independent and signs of change are everywhere. Landmarks that 10 years ago were only dust are nowadays shiny buildings that move around more business that no one could imagine 20 years ago.

There seems to have no ending for a growth like that. Even land that did not exist is enlarged with more terrain in order to develop even more construction. A revolution of cement and gambling industry is growing at a constant growth. With an income that has proven to be bigger than Las Vegas (CNN, 2014) there is a great appetence to go in and conquer a bit of that market with any kind of business.

"In the last decade, the traditional part of territory while bridge between East and West has been explored as the concept of "platform" to the connection of China to the Portuguese speaking countries" (Mendes, 2013). This is the gate keeper to a market that has over 1.3 billion citizens. "With an average economic growth of 9.7% since the 70´s" (Warner, 2010) and even with the current slowing down of the economic growth to more sustainable pace, 6.8 per cent GDP growth in 2015, and 6.3 per cent in 2016, according to the International Monetary Fund's (2015) it is a growth that has to be taken under account and analyzed in a way everyone can take advantage.

And one of the platforms of access to this economy is Macao and cannot be underrated for a country as Portugal who was is colonizer till 1999.

With this dissertation is pretended to analyze the approach and maintenance of business relations in Asiatic territory. The focus will be on Macao. It is pretended to answer with this study what is the real impact of cultural distance in a business strategy or implementation, the barriers that should always be taken under account, and the main factor´s when dealing and interacting with foreign markets.

The existent literature already provides a good starting point on the barriers that exist, however due to the importance of the market the information is not enough.

The Chinese market in general has a series of potentialities and opportunities of business that are integrated with particular characteristics that can and will interfere with the medium and long term business relationships. According to Keegan (2005), there are characteristics that will impulsion or restrain the business integration in the

market. Characteristics that generally are connected with market behavior and management processes.

The reality shows us that enterprises and people face barriers even in a more in depth way and due to this happening we decided to extend the studies of the phenomenon's that are causing this.

After working in a Macao company in one of the biggest trading companies, one of the biggest difficulties and differences between the western market and the oriental market that I´ve found was in the way that normal business was made. Most of the criteria that are taught in western market are completely different in oriental market. Yes can be a no, and a tomorrow can be next month. There is just no way to predict. And it is okay. It is just their way. So the focus will be in Macao on account of being one of the gateways to mainland China and on account of being the most similar market with the Chinese one. One other reason is on account of the possible future business that can arise from the connections built in Macao, with Chinese companies and with companies that are approaching the Asian Pacific region.

Weidenbaum and Hughes (1996) have a perspective on the business entrepreneurs working in Macao regarding the present and future approach to the Asian Pacific area. The approach arises naturally due to the actual economic and commercial relations between the majorities of businessman working in Macao. As the majority is mainly of Chinese ethnicity and companies belonging to families of Chinese ethnicity in Singapore, Malaysia, Thailand, Indonesia and Filipinas constitute about 70% of the private sector on those countries – with growing influence in Vietnam and Australia, this connections conquer in Macao are attractive because in the same time provides an approximation to the southeast pacific region where a numerous Chinese community anticipates the possibility of commercial and investment relationship bounds in other countries.

To accomplish this study it was decided to use the qualitative approach. The literature that exists regarding this theme must be explored in a deeper way. This study will reinforce the existing theory. Exploratory research studies were necessary and the meaning of the data will be extracted and organized (Creswell, 2010). To accomplish the analysis of this study, it is used the systematic combining method as this method provides capability of going back and forth, direction and redirections with the

empirical data collected in order to consolidate the initial results and adjust to the new data acquired (Eisenhardt & Graebner, 2007).

The sample was defined using Portuguese people working in Macao as they can have a perspective of the real life situations. When analyzing foreign markets the expatriate have a comprehension of the foreign culture that is obtained by the interaction and experience of living and being in the market. Cultural patterns, consumer behavior, institutional behavior and the degree of similarity or difference comparing to their origin country are information's that are created throughout their permanency abroad. (Tanure, 2007)

The interviewed were chosen from different areas of work in order to wide up the possible information collected. After choosing the sample the possible interviews were invited to give their opinion on several topics of the daily life in Macao, in their work and on their daily life. Afterwards the interviews were treated and compared with the existing literature. The results match all the literature that exists and new results can now be added as barriers.

This thesis is divided into six main chapters. On the current chapter, a brief introduction and the aims of the research followed by chapter Two were it is exposed a literature review in order to analyze the dimensions and most relevant information for the study. Chapter Two where combines all the current information about the present barriers when entering a foreign market. Chapter Three includes the methodological research procedures that were adopted, regarding the qualitative methodology, the method of systematic combining and the practical implications of the chosen sample and data procedures. In chapter four the empirical framework related with Macao and Chinese market is presented. In this chapter statistical information and details concerning both markets will be analyzed. In chapter Five, the findings from data analysis are presented, followed by the presentation and discussion of the results.

This study ends with Chapter Six presenting the conclusion alongside with the limitations and recommendations for future research.

2 – Literature Review

The literature review will begin to describe the distance between countries. Thereafter it will focus on the distance framework of Ghemawat (2011), leading to the psychic and cultural distance involving the most important aspects concerning this study.

This section has the purpose to illustrate and clarify the available topics related to the cultural distance at the present moment.

2.1 Distance

When analyzing the distance between countries the main focus and the first though is how many miles/kilometers are necessary to reach the specific country. An estimation of the physical length is done. The mindset will use the metric system. Measure "how far", "what distance" from country A to country B. This rational behavior it is only normal but has a flaw of uniquely considering the geographical distance.

2.2 CAGE Distance Framework

The geographical distance is not the only distance to consider when measuring the distance between countries. It is necessary to consider other aspects. Distance also has cultural, administrative or political, and economic dimensions that can make countries be more apart. The bigger the differences are the bigger the distance.

Ghemawat (2011) was the creator of the cultural, administrative, geographic, and economic (CAGE) distance framework that helps managers to identify and assess the impact of distance on various industries. With his studies he has observed that when companies evaluate the attractiveness of foreign markets they routinely overestimate their value. and that the most common problem is the evaluation of the markets according to the analytical tools that managers rely when considering on making judgments regarding international investments.

By analyzing countries using the CPA(country portfolio analysis) and focusing on national GDP(gross domestic product) level of wealth and propensity to consume, all

analysis are only looking on the future possible sales and revenues and are disregarding all the costs and risks of doing business in a unknown market.

"And most of those costs and risks result from barriers created by distance" (Ghemawat, 2011, p. 3). The cultural, administrative or political, and economic dimensions can make foreign markets considerably more or less attractive to a company that is planning to go abroad.

So according with Ghemawat (2011, p. 3), distance between countries is fundamental and when companies want to start expanding globally the necessity of thoroughly account for distance is indispensable. The traditional country portfolio analyses can be a starting point to evaluate the value of a country but it needs to be combined with an evaluation of the many dimensions of distance and their probable impact on future opportunities in the possible foreign market.

2.2.1 Four Dimensions of Distance

According to Ghemawat (2011), distance between two countries can be evident along four basic dimensions: cultural, administrative, geographic, and economic. And each dimension can affect different business in different ways.

Geographic distance is the most apparent distance when a company wants to internationalize to a foreign market, in terms of measuring the distance it is quite easy, the further you are from a country the harder it gets to conduct business there, the more kilometers the more difficult, but geographic distance involves so much more parameters. Costs of transportation and communications, it is not the same distance when comparing going to a country in the same continent or in other continent, even the size of the country, distance to borders and access to waterways and topography will be important. For example companies that deal with products and need to take them from A to B will have more difficulty coordinating the logistic process until the product arrives at the final destination.

And when the product arrives to the destination Administrative and Political barriers can exist, not all countries desire to have companies exporting to their market products that can be competing with their own production so legislation may already be preventing products or even services from outside countries. Or in the contrary that

country has the need of a product and legislation and trading agreements may help companies to get installed in the market. "Historical and political associations shared by countries greatly affect trade between them. Colony-colonizer links between countries, for example, boost trade by 900%" (Ghemawat, 2011, p. 4). Common/different currency, trading arrangements, political union, or even hostility between countries are all factors able to create or diminish distance.

When analyzing the economic distance and according to Ghemawat (2011), the wealth or income of consumers is the most important attribute and has a marked effect on the levels of trade and the types of partners a country trades with. This creates distance between countries. An important factor retrieved from the studies conducted by Ghemawat (2011), suggests that rich countries most often will engage in activities with countries with the same economic size. For example when a company wants to replicate their existing model and implement it in another country and take advantage of their competitive advantage, most often the companies will rely in economies with the same economic profiles, the same scale and standardization and the same experience in order to remain with the same quality of resources and same quality on final product/services.

Cultural distance is a crucial consideration as affects consumer's preferences and has factors that most of the times are quite subtle. This is the distance that determines how people interact with each other and determines how companies do business. The culture of the country is determined by their language, social norms, religion, race are capable of creating or diminishing distance between countries.

"All other things being equal, trade between countries that share a language, for example, will be three times greater than between countries without a common language" (Ghemawat, 2011, p. 4).

Cultural distance has very sensitive attributes that companies need to exploit before entering the foreigner market. The type of product and the type of business will change the distance.

All this information presented in the CAGE framework exploits factors that sometimes are overlooked, and most of the time will be decision makers when it comes to the decision of internationalizing to a foreign market.

A frame provided by Ghemawat (2011) regarding information about factors creating distance between two countries and industries and products that are most affected by distance is shown in Table 1.

Table 1 – Examples on how to decide whether to expand into a particular foreign country

	Cultural Distance	Administrative and Political Distance	Geographic Distance	Economic Distance
Distance between two countries increases with. . .	•Different languages, ethnicities, religions, social norms • Lack of connective ethnic or social networks	•Absence of shared monetary or political association • Political Hostilities • Weak legal and financial institutions	•Lack of common border, waterway access, adequate transportation or communication links • Physical Remoteness • Different climates	•Different consumer Incomes • Different costs and quality of natural, financial, and human resources • Different information or knowledge
Distance most affects industries or products. . .	•With high linguistic content (TV) • Related to national identity (foods) • Carrying country-specific quality associations (wines)	•That a foreign government views as staples (electricity), as building national reputations (aerospace), or as vital to national security (telecommunications	•With low value to-weight ratio (cement) • That are fragile or perishable (glass, fruit) • In which communications are vital (financial services)	•For which demand varies by income (cars) • In which labor and other cost differences matter (garments)

Source: Ghemawat (2001, p.1)

The frame can help to decide the possible distance between countries and the possible impact in all the dimensions.

2.3 Psychic and Cultural Distance

Approaching a foreign market is always challenging and when it comes to dealing with markets that are not the same a new planning and new studies are needed in order to enter the market with the least difficulties possible.

Establishing in a market with different cultures and different language is a challenge, and over the year more and more valuable information is within reach of any company. Hofstede (1980) defined culture as "the collective programming of the mind which distinguishes the members of one human group from another" (Hofstede, 1980, p. 25) , and studied the importance of cultural differences and mentions culture as being more often a source of conflict than of synergy being the differences a nuisance at best and often a disaster (Hofstede, 2010).

Although cultures are different from each other, there is a general thought that deep inside all people are the same which in turn minimizes the value of other people´s culture and minimizes the cultural differences that in turn will lead to misunderstandings and misinterpretations between people from different countries.

So the convergence phenomena that should be expected with all the free and current information available, the cultural differences are still a significant factor. Which in order to prevent conflicts and misinterpretations, it is necessary to be aware of all the cultural differences (Hofstede, 2010).

When it comes to internationalization several studies were conducted on physical distance and cultural distance between the countries where the company is located and the country that the company wants to be. In the researches of Sousa and Bradley (2006) and Dow and Karunaratna (2006) both these terms, physic distance and cultural distance, were used interchangeably in order to explain the differences in cultural values between countries at a national or individual level.

The concept of physic distance was introduced by Beckerman (1956), when on a research study on the impact of economic distance on trade patterns he finishes his study with a speculation regarding the role of "psychic distance" as the observed tendency of countries to concentrate their trade on 'nearby' countries more strongly than economic distance alone could explain. When studying the patterns of purchase he speculates and provides the example of an Italian firm that imports raw materials from

Turkey and from Switzerland being the price of importation the same, the probability of the Italian firm doing more business with the Swiss exporter is higher due to the extent to which the sources have been personally contacted and cultivated. The Italian firm "is more likely to have contacts with Swiss suppliers, since Switzerland will be "nearer" to him in a psychic evaluation (fewer language difficulties, and so on), as well as in the economic sense that air travel will absorb less of his time" (Beckerman, 1956, p. 38).

Psychic distance has been difficult to measure as many authors (Conway and Swift 2000; Dow and Karunaratna 2006; Evans and Mavondo 2002; Johanson and Wiedersheim-Paul 1975; Swift 1999) suggest different factors that can influence the distance and there is a lack of agreement regarding this subject, and also because these factors are difficult to measure using statistical public data. Knowing these reasons many authors (Benito and Gripsrud 1992; Gomez-Mejia and Palich 1997; Morosini et al. 1998; Steensma et al. 2000) have focused only on measurement of cultural distance even though it is only one of the dimensions of psychic distance as highlighted in Dow and Karunaratna (2006) and Evans and Mavondo (2002). In the study of Evans and Mavondo (2002) a summary construct of the psychic distance is defined using the cultural distance and the business distance containing these two dimensions which will produce a perfect explanation as good as the dimension of the psychic distance.

Not all authors are in synchrony as theirs methods of studying cultural differences diverge, Kogut and Singh (1988) for example did not agree fully to the index of Hofstede's (1980; 2001). This index[1] had four dimensions, respectively labeled as uncertainty avoidance, individuality, tolerance of power distance and masculinity-femininity, Kogut and Singh (1988) used only two dimensions that derived from the study of Hofsted (1980), the composite index of Kogut and Singh (1988) was formed from a deviation along each of the four dimensions of Hofsted´s (1980), and in this order utilizing only two variables for their study, cultural distance and uncertainty avoidance. "the index of Hofsted can be criticized for a number of reasons especially

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[1] Nowadays Hofstede index has 6 dimensions. Hofstede and Bond (1988) developed a fifth dimension, "Long-term vs. short-term orientation". This dimension associates the connection of the past with the current and future actions/challenges; it refers to future values such as persistence and thrift, and short-term refers to past and present orientated values as respect for tradition and fulfilling obligations.
Hofstede, G., Hofstede, G. J. & Minkov, M. (2010) added the sixth dimension, "Indulgence vs. Restraint". This dimension relates to the gratification versus control of basic human desires related to enjoying life. "Indulgence stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun. Restraint stands for a society that controls gratification of needs and regulates it by means of strict social norms" (Hofstede, 2010, p. 15).

regarding the internal validity of the dimensions and the method of constructing the scale" (Kogut & Singh, 1988, p. 422). They concur with some attributes of Hofstede's (1980; 2001) study but consider their index much more conservative and safe.

There is a certain ambiguity regarding the impact of cultural distance. Robertson and Wood (2001) conducted a study were the cultural environment was the least important factor regarding the managers decision making process of approaching a target country. While other authors as Edwards and Buckley (1998) related the cultural familiarity as one of the most important factors o the decision of entry in a foreign market.

Sousa and Bardley, (2006) recommend that for a theoretically and operationally meaningful approach it is better to measure psychic distance directly and to subsequently enquire to all the details that can disturb the flow of information. Factors as culture, language, politic, level of education, among others will all be of extreme importance when measuring the psychic distance between countries. The concept of cultural distance of Johanson and Vahlne (1977) and other scholars at Uppsala University, considered the cultural differences as one aspect of psychic distance and in the last "two decades of international business research the distinction between 'psychic distance' and 'cultural distance' has become increasingly blurred" (Håkanson & Ambos, 2010, p. 195).

The concept of "psychic distance" grew and became popular after the international business scholars at the Uppsala University picked it up when studying the choice of export markets and firm internationalization patterns (Hörnell, Vahlne and Wiedersheim-Paul, 1973; Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975). The most important factors within the psychic distance were defined by Johanson and Wiedersheim-Paul (1975) as differences in language, culture, political system, level of education and level of industrial development, "factors preventing or disturbing the flow of information between potential and actual suppliers and customers" (Vahlne & Wiedersheim-Paul, 1973, p. 308). The group has reinforced that internationalization business transactions are not only determined by the objective economic realities but also by the availability of information and by the decision makers' cognitive capabilities. This group of scholars conceptualized the internationalization process as step-wise process where a firm starts its internationalization to countries that are "nearby" and only after gaining more

international experience they start to expand to countries more apart, within a bigger psychic distance, so the Uppsala Model consisted in "a process in which the enterprise gradually increases its international involvement" (Johanson & Vahlne, 1990, p. 11), and then gradually progresses into an interaction between the gained knowledge regarding the target market and the commitment to invest resources in that market, where this interaction pretends to minimize the critical factor associated to the internationalization process which is the uncertainty. According to this model two types of knowledge can influence the degree of internationalization of a firm, the objective knowledge and the experimental knowledge. Objective knowledge is related to the empirical data as statistics and market methods, information that can be generalized across markets, and Experimental knowledge related to endemic information as culture and customer characteristics. Experimental knowledge is more complex to understand which contributes to the low uncertainty and risk perception. The Uppsala Model considers the main limitation of the internalization process is the difficulty to acquire knowledge, especially experimental knowledge that only is created by the firm while participant in the market.

There is another knowledge that is formed through the connections between firms, knowledge that is obtained due to the sharing of information within those that are inside the circle, this is the basis line of the network knowledge and this is especially important in order for the firms that want and need to avoid the liability of outsidership.

The network knowledge can be based on a series of continuous connections, exchanges of relationships, between a certain numbers of players, different organizations, that by being connected to each other they have the knowledge that only share among each other (Håkansson & Snehota, 1989).

According to Johanson and Mattsson, (1988) an international network, when analyzing in an industrial system point of view requires a home head office and a foreign country to internationalize the firm, and that internationalization can be made by various forms as using agents, commercial subsidiaries, production subsidiaries, among others. The success of a firm will depend on the relationships made with all the players involved in this chain, the suppliers, the distributors, the clients, and there is interdependence between the firm and other firms, so that mutual benefit is implicit for everyone inside the network. It is a process of connection between the business and its context, they are

mutually influenced and it is a social process that is business and non-business related. It is a web of connections.

The Uppsala School didn´t approach all this range of connections so the necessity of revising the model was imperative, and in line with the network approach works Johanson and Vahlne (2009) revisited their original concept taking their focus from the market view (Johanson & Vahlne, 1990) to the network view, so that in this way all the aspects concerning network knowledge were included in that revisited view.

In 2003, Johanson and Vahlne started to give more value to the "business networks" than to the "physic distance", as business networks are defined as an interconnected set of trade relationships with other actors in business, suppliers and customers, affecting new internationalization processes and giving extra value to the relationships that are built with all the persons involved in the internationalization process.

In 2009, Johanson and Vahlne revised their process model and came up with more valuable information's about the internationalization process regarding the relationship networks inside the market. When in a foreigner market a firm needs to have a relevant position regarding the network. In the case of a firm that does not have a relevant position he will be consider as an "outsider", and will suffer from the liability of outsidership, which will complicate the process of becoming an insider on that specific market.

The liability of outsidership is a barrier that can make impossible for a business to develop initially but the fact of a firm being an outsider and trying to enter the market starts the process of internationalization and being on the inside of the network. In the future a potential partner inside the target market can request a product or service from the focal firm and the connection begins, and in this order creating an opportunity of being on the inside and the learning process and the relationship building will begin (Johanson & Vahlne, 2009).

According to Johanson and Vahlne (2009), markets are networks of relationships in which firms are linked to each other in various, complex and, to a considerable extent, invisible patterns. Hence insidership in relevant network(s) is necessary for successful internationalization, and so by the same token there is a liability of outsidership. Second, relationships offer potential for learning and for building trust and commitment, both of which are preconditions for internationalization. The role of networks of

relationships as an important vehicle of relevant business information between an internationalizing firm and the foreign market cannot be underrated. The network of relationships will therefore help companies to adapt and be aware of all the specificity of every market and every country pretended to approach.

It takes time – some data indicate as long as 5 years – and managerial effort to create working relationships, and many attempts fail (Hohenthal, 2001). Thus a working relationship is the result of considerable investment, and is an important firm resource (Dyer & Singh, 1998). While there may be some formal aspects, developing relations is in essence an informal process. Intentions, expectations, and interpretations are important. Relationships are basically socially constructed. The informal and subtle nature of relationships makes it almost impossible for anyone who is not personally involved to judge the scope of the investment that has gone into building it, or its value. The larger the psychic distance, other things being equal, the more difficult it is to build new relationships (Johanson & Vahlne, 2009).

2.3.1 Context

According to Edward Hall, "context", is the information that surrounds an event and is inextricably bound up with the meaning of that event. It is the information, the elements that combine to produce a given meaning to an event, a given meaning to a context. And these elements are in different proportions depending on the culture (Hall & Hall, 1987). Context is the information that exists in an event and that context must be evaluated depending on the culture of the country that the event is occurring. It is thus possible to order the cultures of the world on a scale from high to low context.

Cultures are different and everyone knows that all the countries have their own culture and their ways of communicating and their ways of life. Edward Hall was able to define two types of cultures, high and low context cultures.

High context cultures are cultures where the words have less importance than the context. A culture where the "given word/promise" is determinant, the paper documents have less value which in turn makes the negotiations much more slow. In this kind of countries the social position is determinant and the understanding of the culture is also very crucial in order to understand the unwritten rules of the country. Most part of

Asian countries is an example of these kinds of cultures. In these cultures businesses are much slower, as it is necessary to establish a personal relation so that a trust connection between the parts is formed. "A high context communication or message is one in which most of the information is already in the person, while very little is in the coded, explicit, transmitted part of the message" (Hall & Hall, 1987, p. 8).

In the other type of culture, low context cultures, the words transmit the major part of the information and the messages are explicit, the legal documents are indispensable, and the business details are analyzed very quickly. There is less chance of misunderstanding the communication.

According to Hall (1987) a low context communication has all the information vested in the explicit code which is just the opposite of a high context communication.

To know which type of culture a country has it is of extreme importance since it will dictate how the people will proceed most of the times in a determined situation.

2.3.2 Time

Hall (1960) not only studied the cultural context, but also the time itself. And throughout the years has consolidated even more the importance of time in a culture.

Every culture has its spoken language, and each culture has its own language of time, so time is a basic system that can show how both communication and organization is inserted in a certain culture.

Every culture and every country takes their own time system for granted and project it onto other cultures as if they were all the same, and when this happens the hidden messages in the foreign time system are not being understood.

All over the world time is used to communicate with each other and the value of time is not the same in all the cultures. As many different languages, as idiom, can exist, the same different languages of time exist. Every country has their own language of time and their interpretation is vital. So time, as a language communicates as much as words and the vocabulary of time is different from culture to culture. Time will have different meanings according to the country it is inserted.

Hall (1960) originated two terms regarding time depending on the culture they are insert. He established the terms of monochromic time and polychromic time, being

monochromic time characterized as linear, tangible, and divisible into blocks, consistent with the economic approach to time (Hall & Hall, 1987). Monochromic time can be noted and defined when doing only a task at a time and assumes a linear organized timeframe. It is the establishment of schedules and planning's, and the complete importance of maintenance of those established schedules. Polychromic time occurs by contrast when two or more activities are realized in the same timeframe.

If by one side monochromic time means paying complete attention and focus to and doing only one task at a time, polychromic time means being involved with many things at once.

According to Hall (1960) in monochromic cultures, time is experienced and used in a linear way, from A to B, to the past to future, divided into segments, scheduled and compartmentalized, so that the concentration and the task that needs to be realized has the complete focus. All the other things that are not planned in the schedule will have to wait till their time comes and the initial task is done. The schedule has all the importance, is treated as sacred and unalterable and will have priority above all.

Polychromic systems will be the opposite of monochromic time systems as polychromic time is characterized by the realization of many things at once and by a great involvement with people. There is also more emphasis on completing human transactions than on holding to schedules. In polychromic systems people are surrounded by information and feel they have to know the latest information about everything and everybody, be it business or personal, which makes them to be inquisitive.

It is important to have the awareness of these two time systems as in international business valuable sums of money can be lost due to the fact that monochromic and polychromic people will not understand perfectly each other or even realize that two such time systems exist and need to be understood (Hall & Hall, 1987).

Other perspective regarding time is the synchrony of people. Synchrony of people is not easy to measure and not tangible but that does not make synchrony less important. Language of time and spoken languages can tie people of a culture and the same goes for the level of synchrony. The rhythmic aspect can tie people of the same culture but at the same time can isolate them from other cultures.

Nature's cycles are rhythmic so it is understandable that rhythm and tempo might be two distinguishing features of any culture (Hall & Hall, 1987).

In a variety of cultures it is apparent the high velocity/speed and the amount of tasks that people from that culture can do at the same time, and just equivalent some cultures the low amount of tasks and the slower pace that people have is also notable. Consequently when this two type of cultures interact, it ise difficult to have a healthy work relation as in all their life they were accustomed to work at the pace/speed that they know. So they will be out of synchrony.

Synchrony is important as the ability to move together is vital to all collaborative efforts (Hall & Hall, 1987).

Therefore the shock between the cultures regarding the rhythmic aspect will not contribute to a pleasant and prosper interaction. It is impossible to ask someone with a fast pace to move slowly, as it is impossible the way around.

2.3.3 Language of Agreements

Language of agreements was studied by Hall (1987, p. 91) as one of the factors to take in account. It is necessary to understand the hidden messages and the symbolic meanings of any given culture, symbolic meanings of friendship rules, meanings of time, space, and of material possessions, which in this case is just as important as to know the rules for negotiating agreements in the cultures companies want internationalize to.

Evidently to know all the details of every country in the world, their ways and their commercial legal practices is impossible, but having the awareness of it and the information regarding the existence of differences in the target country will eliminate several complications and put in perspective the market approach.

According to Hall (1987), no society can exist on a high commercial level without a highly developed working base on which agreements can rest. A base of one or a combination of three types was considered.

"1. Rules that are spelled out technically as law or regulation

2. Moral practices mutually agreed on and taught to the young as a set of principles

3. Informal customs to which everyone conforms without being able to state the exact rules" (Hall, 1987, p.91)

According to the countries and theirs societies the use of this basis will follow one type or another. Nowadays in occidental society it is common to see the first type, with rules that are spelled out technically as law or regulation. The necessity of having a written contract is very common, but when dealing with other cultures that common base can change. The number two and number three bases are very difficult to deal and understand as nothing can be taken for granted. Only the persons working in that culture can analyze and have an enhanced perspective from what are the fundamental rules. For a foreigner the only thing that can be measurable in the first contacts and first relations is the number of times the meetings were made or the number of times one as talked to another. That is why it takes years to understand and develop a sound foundation for doing business in a foreign country. That is why when home offices find representatives who can get results their most common error is to not follow their advice regarding the amount of time they need to develop contacts and prosper in the future (Hall, 1987, p. 91). This in turn would eventually prevent of following the other fatal error of not being aware of the hidden messages on the language of agreements of that foreign culture.

According to Hall (1987), we can sum up that it is necessary to understand that to do business in foreign country the language as an idiom is not the only barrier, but only a starting point of barriers that will exist when in terms of communication.

According to Hofstede (2005) that has studied the cultural differences in the business area, cross-cultural communication requires being aware of cultural differences because what may be considered perfectly acceptable and natural in one country, can be confusing or even offensive in another. All the levels in communication are affected by cultural dimensions: verbal (words and language itself), non verbal's (body language, gestures) and etiquette do's and don'ts (clothing, gift-giving, dining, customs and protocol).

Hall (1987) also approaches this process and one other aspect regarding communication and language is the interfacing on communication one on one.

The problems to be solved when interfacing vary from company to company, but a few generalizations are possible. Two generalizations are concerning that it is harder to have

success in a foreign country that in the home country, and other is that top management of a subsidiary is crucial to the success of interfacing. So if the foreign subsidiary has to have success it is wiser to send abroad the very best employees and people available and let them work without interfering (Hall, 1987).

Hall (1987) was able to sum up the cultural interfacing in five basic principles. Regarding the context of the cultures, it will be proportional, the higher the context of the culture, the harder it will be for them to communicate and to understand each other. Relating with the complexity of the elements, the more complex the more difficult. This is parallel to the difficulties that will exist when dealing with the culture, the greater the cultural distance, the harder the interface. The levels of the system and the difficulty of the interface it will also be proportional, the bigger the number of levels the harder the interface. As to the context of the cultures when observing the very simple low context cultures, highly evolved, fewer interface problems will exist.

One apparent factor is that the greater the difference between cultures the harder is going to be the interface and the only point were interface won't be a difficult problem to overcome is on the low context societies were much more aspects of an agreement is discussed and written down which in turn has no hidden messages leading to fewer difficulties in understanding.

2.3.4 Negotiation

The 2003 studies of Graham and Lam have a research that covers almost the majority of the points reviewed this far. However they have focused on the Chinese culture and the American culture as the distance between both cultures was visible and the American and Chinese approaches were appearing to be incompatible. They have focused their studies in the Chinese culture in order to know the reasons why the negotiating process between the Chinese culture and the American culture was having as a final result so many breakdowns. Nevertheless this differential between cultures focused on the Chinese negotiation can provide valuable information for the current research.

Their work (Graham & Lam, 2003) with companies and thousands of Americans and Chinese executives over the past 20 years have demonstrated to them that a superficial obedience of the rules of etiquette it is not enough and only gets so far. Throughout the

years a relevant number of business breakdowns between American and Chinese people were one of the reasons of interest in to discover the root cause in the failures between the countries.

One of the causes was on the American side of not being able to understand the much broader context of the Chinese culture and the Chinese values.

Graham and Lam (2003) were able to give rise to a clearly defined set of elements that underpin the Chinese negotiation style. Most American businesspeople that they have worked with often find out those elements mysterious and confusing. It is safe to say that if Americans and the rest of the westerner ignore them at any time during a negotiation process the deal can easily fall apart. The eight important elements of the Chinese negotiation style that Graham and Lam (2003) were able to pick are personal connections, the intermediary, social status, interpersonal harmony, holistic thinking, thrift, face, and endurance. The important on these eight elements is to be aware of them and understand how much importance they have for the Chinese people, and knowing how to navigate between these different cultures will be mutually profitable.

Personal Connections (Guanxi)

Personal connections or Guanxi is the number one topic when it comes to dealing with cultural differences, Guanxi means good connections (Tsang 1998), Guanxi are the personal connections that are built throughout time between people.

While occidentals give extra value on networking, information and institutions, Chinese people give value on individual's social capital. Social capital related with family, friends, relatives and associates. Guanxi when in business related "encompasses the use of close friends and associates, a social network of intermediaries that assist the firm's business strategy and management" (Berger, 2013, p.33).

Guanxi can also depend on a strict system of reciprocity, the difference between occidental reciprocity to Chinese reciprocity is that in China the reciprocity it is not immediate. This difference in the long term reciprocity has relation to the differences of the cultural language of time studied by Hall (1960), every country has their own language of time, and in China "there's no hurry; agrarian rhythms run long. Favors are almost always remembered and returned, though not right away" (Graham & Lam, 2003, p. 5).

It is vital to endure the long term reciprocity as ignoring it is consider bad manners and will not lead to prosper businesses in the future.

The difficulty of analyzing Guanxi is that there is little theoretical basis. We can say that Guanxi, personal connections, are positive and throughout time can be the source of sustained competitive advantage for foreign companies doing business in China, but the only thing that can be defined is that Guanxi has to be valuable, must be rare, impossible to replicate, and only then it can lead to a sustained advantage (Tsang, 1998).

Yang (2011) argues that though the role of Guanxi is fading a bit since China's opening-up and reform policies have reached an advanced stage it would be important to discuss whether Guanxi continued to have relevance, and if Guanxi importance had declined or not, to multinational companies in China. And they have reached to the conclusion that Guanxi continues to be very deeply rooted in Chinese culture, so it remains significant to multinational companies in China" (Dunfee & Warren, 2001).

Guanxi is still a part very present in Chinese culture which "reflects the values and behaviours shared by Chinese people" (Fan 2007, p.499).

Guanxi has a long history in China and it is an important component of the Chinese culture so despite the opening-up of the Chinese market, the personal connections are still one of the most important factors when it concerns to negotiation in China.

The Intermediary (Zhongjian Ren)

Not all business can be done according to the Chinese culture, and creating personal connections take time. That is why when conducting a business deal for the first time with a Chinese it is impossible to succeed without having an intermediary. In the occidental countries it is normal for trust to be hand given to one another till that one another breaks that trust, as in China distrust is present from the start. Suspicion will characterize all meetings with new people. New people are strangers and Chinese do not trust strangers. So it is necessary to create a personal connection in order to conduct any kind of business. And that can only be done by the utilization of an intermediary, someone who can introduce and vouch for the newcomer. Only after being passed along trust can be created through time. So it is necessary, and this is the crucial step, called nontask sounding, to find someone who is, connected to the foreign company and

connected to the company the foreigner desires to address. This has to be a trusted business associate of the Chinese company that can pass along to his other trusted business associates.

One of the benefits of the intermediary, is regarding the understanding of the culture as only a "native Chinese speaker can read and explain the moods, intonations, facial expressions, and body language Chinese negotiators exhibit during a formal negotiation session" (Graham & Lam, 2003, p. 6).

Social Status (Shehui Dengji)

The formality of business people is on a different level to the occidental formality. Chinese people tend to follow rules of obedience and deference to one´s superior in a much superior level than occidental. When business related it is necessary to consider that the same level of ranks must be equal in order to proceed positively. On the contrary if the levels are not equal they will not be positive. If by chance the ranks of the foreigner are inferior to the Chinese intervening in the meeting that fact would be considered as an offense and the business meeting would begin with a negative impact. The sincerity of the foreigner would be questioned and the deal would die before it began. Negotiations may require the same equality in the hopes of stimulating more cooperation. One fact to take note is that the top level rank Chinese present in the meeting are not there to negotiate or to bargain, but are only present to measure and evaluate if the intentions of the foreigner are good, to measure the sincerity of the relationship (Graham & Lam, 2003).

Interpersonal Harmony (Renji Hexie)

For a healthy negotiation the importance of harmonious relations between business partners is essential. Interpersonal harmony, friendships and positive feelings will hold relationships of equals for years. In China interpersonal harmony will create a bond between partners that will be the key of future success. Without interpersonal harmony the personal connections will be very difficult to exist and without them there is no trust, and by that order with no trust there is a chance of not preceding any business. In China as mentioned above it is necessary to proceed to a non task sounding where it is necessary to find someone or/and create a trusty relation with someone that can

introduce the foreign company to the Chinese company. Contrary to occidental where the nontask sounding is made in minutes, in China the nontask sounding may take weeks or even months. "…it includes home visits, invitations to sporting or other events, and long dinners during which everything but business is discussed. There is just no other way" (Graham & Lam, 2003, p. 6).

It takes time because for the Chinese, trust and harmony have a higher value than any piece of paper. Good faith and spirit of the deal is still today more important than a written contract (Graham & Lam, 2003).

Holistic Thinking (Zhengti Guannian)

Chinese negotiators tend to think as a whole and so tend to talk about the issues of a certain business all at once, going back and forth, debating in the middle of the meeting some topic that was debated in the beginning. Occidentals are the opposite, thinking and acting in a linear, sequential way. This difference is due to what was mention above on the studies of Hall (1960) concerning Polychromic and Monochromic cultures, when they meet they will shock and "this difference in thinking styles is the source of the greatest tension between negotiations teams" (Graham & Lam, 2003, p. 7).

Thrift (Jiejian)

Chinese people have a history of economic and political instability so all the generations were taught to save their money. This practice is known as Jiejan. This focus on savings has its consequence when it comes to negotiations where the Chinese tend to dispute all the prices and do a lot of bargaining. So one common tactic used by them is to pad their offers with a lot of room to maneuver which in most of the cases is beyond unreasonable. And even so they will haggle and make concessions on a price after long times of discussion and with great reluctance (Graham & Lam, 2003).

Social Capital, "Face" or (Mianzi)

According to Graham & Lam (2003) in Chinese business culture, a person's reputation and social standing rest on saving face. The notion of saving face is parallel to the occidental concepts such as dignity or prestige. For Chinese people it is their most

valuable asset when it comes to social market worth. Occidental thinking sees prestige or dignity in absolute worth, one has it or not.

The Chinese think about social capital in quantity terms, so that can be measured and it can be obtained by different sources. The "sources of face can be wealth, intelligence, attractiveness, skills, position, and of course, good guanxi" (Graham & Lam, 2003, p. 9). Face can be gained, lost, given or taken away. So when an occidental business man does something that embarrasses the Chinese, even if it is accidental, it can make the Chinese lose "face" and that is an element key that can turn off the business negotiations.

Endurance, Relentlessness, or Eating Bitterness and Enduring Labor (Chiku Nailao)

The last topic relates to the Chinese capacity in their work ethic. Chinese are raised in a culture that gives extra value to the endurance than to the talent. Comparing with occidental children, the Chinese children have much more days spent in school, this makes Chinese work much harder and prepares them for life in that way. So for them endurance is an element that was raised with them. In the business perspective it can be extrapolated, the Chinese will have worked harder in preparing negotiations than occidental businessman, and so they will expect longer bargaining sessions and as they don´t do concessions right away, and use persuasive tactics of negotiation involving delay, endurance will be put to the test and measured accordingly so it is wise to be patient with this element (Graham & Lam, 2003).

Hofstede (2010) shares the major points reviewed and analyzing deeper when it comes the language of agreements related with international negotiations, reinforces the importance of communication style, the expectation from side to side, issue ranking and the goals that will change according to the negotiators' countries of origin. Hofstede (2010) also reiterates that if applied properly, the understanding of cultural dimensions should increase success in negotiations and reduce frustration and conflicts.

2.4 Conclusion

After reviewing the literature explanation regarding the most important topics of a business internationalization, it is safe to affirm that psychic distance introduced by Beckerman (1956), cultural factors explored by Hofsted (2005) and Hall (1987), Håkanson and Ambos (2010) and Johanson and Mattsson, (1988), value of business networking and the challenges of overcoming the initial position on a foreign market as the liability of outsidership (Johanson &Vahlne, 2009) an even the hidden rules of a simple negotiation (Graham & Lam, 2003) still dictate the importance and have a valuable position when it comes to approaching foreign barriers. Some of barriers are pretty much invisible and other barriers are only quite subtle. Value of time and language of agreements and negotiation are details that still dazzle some researchers who already focused their studies on the subject of this thesis.

The foreign barriers must be taken in account and when internationalizing it is necessary to give focus to all the cultural differences.

"All acts, all events, all material things have meaning" (Hall, 1987, p. 35)

Despite the difference of years since the beginning of the first studies till nowadays the international business barriers are continuously an object of research and are still present in the market approach. The only change is on the speed that it is possible to retrieve information about how to proceed when dealing to a specific barrier in a specific country. When internationalizing to a foreign market the companies must overcome all the barriers reviewed above.

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3 – Methodology

The approach idealized to achieve the findings and results of this project will be explained at this point. It will be provided the reasons of choice of the samples and a description of the sort of investigation that was made and the method that best serves the case. It will also explain how the data was collected and analyzed. The study aims to understand the barriers that are being neglected and the experiences that combined the end results on the foreign market, therefore a qualitative method is fundamental.

3.1 Qualitative Approach

According to Creswell (2012), the fundamental idea of the qualitative method is to learn about the problem with the participants and to guide the research in a way to obtain that information, in an interpretative way, *i.e.*, the researcher makes an interpretation of what he observes. In the end a broad framework emerges, which compiles a report of the different perspectives and the factors identified. This is the perfect approach in this case. Eisenhardt and Graebner (2007) study also mentions that when the existing theory does not address completely the study research question, the researcher should decide on theory building approach rather than the theory testing. And in this case statistical hypothesis will not suffice and the qualitative research "is the best way to examine a real-life scenario, especially when the boundaries between phenomenon and context are not yet clear" (Yin, 1994, p. 138).

So in order to a researcher to unwell and conduct research, in the qualitative approach, "he collects open-ended emerging data with the primary intent of developing themes from the data" (Creswell, 2012, p. 18). He organizes it into categories, creating their own standards, categories and subjects, from bottom to top, organizing the facts in units of information, working from one side to the other, between the subjects and the information collected, until a consistent set of themes establish itself (Creswell, 2012).

As this research aims to find and show the singularities and experiences that outline the invisible barriers in the market, statistical or quantitative methods will not offer the best approach, as adopting a qualitative method "offers insight into complex social processes that quantitative data cannot easily reveal" (Eisenhard & Graebner, 2007, p. 26).

3.2 Systematic Combining

To accomplish the analysis of this study, it is used the systematic combining method in an abductive approach. This method has the characteristic of a "continuous movement between an empirical world and a model world" (Dubois & Gadde, 2002, p. 554) and the "abductive approach is fruitful if the researcher's objective is to discover new things" (Dubois & Gadde, 2002, p. 559).

This method provides capability of going back and forth, direction and redirections with the empirical data collected in order to consolidate the initial results and adjust to the new data acquired. It suggests a review of the literature that follows the process of data collecting and analyses, *i.e.*, it implies an open-minded attitude of continuous adjustment to the literature available and therefore free of the straitjacket regarding the classical deductive approach (Eisenhardt & Graebner, 2007).

To achieve a clearer view of the phenomena and to prevent premature or even false conclusions it is crucial to look at the data in many different points of view and think out of the research question and literature review avoiding the leverage to identified pre-known relationships between variables and theories (Eisenhardt, 1989).

So, according to Dubois and Gadde (2002), the systematic combining method comprises two processes. In the phase one the process is regarding the matching of theory and reality, and on the second phase of the process is regarding the direction and redirection. Four factors affect these two processes, what is happening in reality, available theories, the evolution of the case and the analytical framework (Dubois & Gadde, 2002).

For the research of this project to go forward, the samples to be observed are of high importance and all the sample choices will be justified according to the goals to be achieved.

3.3 Sample

In the first phase for the sample observation of this systematic combining method in an abductive approach it was conducted interviews. The rest of the information has been obtained in document forms and files.

The sampled interviews were done using expatriates as they are citizens that have been exposed to various national cultures, at least they´re own culture and the Chinese culture, and are real sources of knowledge regarding norms, values and more accurate assumptions regarding the culture they are living. They´re familiarity and understanding of the norms, value and beliefs of a particular region will contribute to a higher gathering of valuable information. According to Earley and Peterson (2004) a person can become familiar with another culture by interacting with someone from that culture. It is a complex cultural understanding can be obtained via multiple cues provided by analyzing others and analyzing their reactions.

Evidently the understanding of the culture will depend on how much level of interaction and experience that someone has with that particular culture. Extensive interaction to another culture will provide a better understanding of that culture (Chen & Isa, 2003).

Expatriates are important as they are someone who is able to work equal to equal with people from different cultures and different professionals from different educational experiences and cultural experiences than him, so the aptitude of being able to work outside their culture provides an experimental knowledge related to business and international negotiation aspects (Caligiuri et al., 2001).

According to Phillion (2002) an individual can learn how to behave by observing and experience different situations in the culture that he is inserted, and when individuals go abroad they learn the norms and what it is considered appropriate and what it is not appropriate in the culture they are now. Exposure to other cultures allows individuals to ''learn to select and apply the appropriate tools, adapting them when necessary'' (Johnson et al., 2006, p. 534).

In the entire sample, for the study is valuable, information was collected from different expatriates from different market areas as each experience is considered significant because all the sampling combined may lead to a new cultural understanding.

The sample does not aim to be representative of the population in order to generalize the findings and therefore test the theory; it is based on particular cases that can better offer insights regarding the research questions framed (Eisenhardt & Graebner, 2007).

Following such methodology the existing literature is taken as starting point for research, from which new data is systematically collect and analyzed for the emergence of new concepts and categories until saturation is reached (Goulding, 1999). Evidently, to achieve a clearer view of the phenomena and to prevent premature or even false conclusions it is crucial to look at the data in many different points of view and think out of the research question and literature review avoiding the leverage to identified pre-known relationships between variables and theories (Eisenhardt, 1989).

In this order and according to Yin (1994), the number *per se* is irrelevant because what really matters is the number of replications that are aimed to achieve, *i.e.*, the necessary to detect an effect. Off course, the number of cases depends on the degree of certainty that we want to accomplish, and in the cases where theory is subtle a greater amount of certainty is necessary in order to achieve replications (Yin, 2013). Also and according to Yin (1994), the use of multiple data sources to build a case study allows the researcher to consider a more diverse set of topics for analysis and simultaneously to corroborate the same phenomenon.

It is all about the cases that best help to understand the problem and the research question framed (vs. a sample or a random selection), for example, by a semi-structured interview, in a small number, that aims to raise questions and opinions of the participants (Creswell, 2012).

The objective at the end of this section is to consolidate the results obtained from each of the Portuguese Expats and readjust the theoretical basis.

The reason for selecting the following interviewed was to be able to collect feedback from different working areas, in different sectors and different work positions to cover as much as possible. The criteria for the interviewed was the permanency, actual or past in the Asian Market for a period not shorter than 9 months.

The theoretical sample is constituted by 15 interviews which were all contacted via telephone. The first interview was conducted in April 21 till the last interview on September the third. Data saturation was achieved on the 9th interview. The rest of the interviews were conducted to achieve theoretical saturation.

Table 2 – Table of the Interviewed

Name	Employer
Marta Mourão	**Lawyer** Rato, Ling, Vong, Lei & Cortés - Advogados Macao
Rita Carvalho	**Graphic Designer** Topwines Ltd Macao
Ana Costa	**Sales & Marketing** Nam Kwong NKG Wines & Spirits Zhuhai
Daniel Yan	**Project Engineer** EFS Consortium Macao
Pedro Sanches	**Assistant F&B Manager** at Sands Macao Hotel
João Madureira	**Trade Officer / Project Manager**- AICEP Portugal Global Beijing
Hélder Freitas	**Sustainability Engineer** The Venetian® Macao-Resort-Hotel Macao
Daniela Pinto	**Project Manager** DOC DMC Macau & Hong Kong Macao
Ana Esteves	**Training & Development Officer** Sands China Ltd Macao
Tomé Silva	**Quality Control Trainee** Hovione-Macao Macao
Márcia Guerreiro	**Business Development Manager** AICEP Portugal Global Macao
Débora Madeira	**Commercial** Biyao Foof co. Ltd Guangzhou
Ana Antunes	**Sales Manager** Top Wines Macao
Rúben Pereira	**Export Commercial** Noahs Trade Group Beijing
Pedro Alves	**Export Manager** ATP **-** Asia , Import & Export Shanghai

Table: Own elaboration

The interviews were conducted via on line Skype calls and normal telephone calls due to the fact that the interviews were all abroad. The calls had permission to record and were all transcribed with the intention of being coded and analyzed. The interviews are available and can be accessed for everyone.

In order to understand and categorize the collected data, it was used the computer program QSR NVivo 10.

This program is a software application that supports qualitative and mixed methods research. The information was gathered and coded, and the contents of the interviews were organized in folders and categorized.

This process of intersection of data collected from the different interviews enabled the crossing of the information that provided the results present in the Findings Chapter.

3.4 Data Procedure

According to Yin (1981) the qualitative data should be organized in a specific framework consolidating segments of different interviews that address the same topic but with some flexibility in order to adjust it as the research progresses.

Relating the qualitative data coding there is the need of not creating categories that are too small or to big. Regarding the codes, not everything must be coded. Codes without interest can be distractive and unmanageable (Yin, 1981).

The final purpose of the coding is to extract meaning from the data and prepare the data for analyses and in the end to be able to perform a broad interpretation. The process of analyses needs the full reading, coding, imputing themes descriptions, interrelationship of themes and descriptions and finally the interpretation (Creswell, 2012).

The primary sources of data were the semi-structured interviews which captured the market barriers that the interviews felt they existed. This approach enables the point of view, the perspective of the expatriates in the market.

The interviews were conducted initially with indirect questions to gradually approach the core of the subject and lastly direct questions about the real life experience (Qu & Dumay, 2011) .

The interviews were conducted in a relatively spontaneous speech, an expression of what the person lived, in relation to something (Bardin, 2009). The interviews had the function of show visible and invisible barriers which are only found after living and working sometime in the country.

The rest of the sources considered for the study, research studies, presentations, web pages, newspaper articles, were used to bring more assurance on the quality of the data and all the information (Eisenhardt, 1989).

3.5 Conclusion

In the case on discussion, the use of the qualitative research in order to value theory suggestions is considered the best option. "Case studies emphasize the rich, real world context in which the phenomenon occurs" (Eisenhardt & Graebner 2007, p. 25). Qualitative methodology is being gradually more recognized for its value on theory suggestions and more used and accepted in the academic world (Yin, 1981; 2009, Kovács & Spens, 2005, Eisenhardt & Graebner, 2007).

According to the subject under investigation, this study will use the Systematic Combining (Dubois & Gadde, 2002), together with an analysis of the semi structured interviews made to each expatriate which can provide the "continuous movement between an empirical world and a model world" (Dubois & Gadde 2002, p. 554).

The abductive approach is necessary as it aims on the study phenomena in a new perspective using for that purpose a new conceptual framework (Dubois & Gadde 2002, Kovács & Spens, 2005).

In the case study presented it is imperative to constantly question the theoretical framework and it is important to analyze the research as the route of going "back and forth" is above all relevant to theory suggestions which are grounded on the abductive logic (Kovács & Spens, 2005).

4 – Empirical Framework

As China becomes more integrated and active as a global policy setter, managerial relationships between Western and Asian countries are receiving heightened interest (Barnes et al., 2011; Song & Schein, 2011), globalization and the opening to the global economy as benefited enormously the great China. Open trade policies worldwide have helped the sustaining of the global demand for Chinese products as the opening of the markets sustained Chinese demand for global products. While China imports global practices in a host of areas that range from banking regulation to product standards they´re economy efficiency grows (World Bank, 2013).

Already in 2007, the presumably shifting away of the global balance of economic power to move away from the US and Europe towards Asia was being analyzed. China had all the attention as one of the major countries to possibly bail out Europe from the financial institutional economic crisis. Already in 2007 economists forecast that Chinese consumers would mitigate the effects of the present slow down in the Western developed economies (Tsalikis et al., 2007).

Nowadays, China has one of the largest markets worldwide with an everyday growing middle class prepared for consumption. It is now the world's second-largest economy and its largest exporter. Its foreign exchange reserves are the highest in the world, and they provide a large amount of sovereign debt financing for the United States and European countries. The market opportunities, along with greater openness and clarity in FDI's (Foreign Direct Investment) legislation in China, dramatically increased the number of foreign companies operating in the market, and going forward, this mutual dependence between China and the world economy will only increase. China's large and growing middle class will become an even more important source of global demand, the country's industrial upgrading and expanding trade will lead to further specialization and increased efficiency in world markets, and its increasingly educated labor force will become a force for global innovation (World Bank, 2013).

Off course the doubt regarding the pace of evolution and growth of China is nevertheless of great importance.

The uncertainty is sure as no one can predict the future, and even now on the short run, as turmoil in financial markets has the potential to seriously disrupt global activity

(World Bank 2013), the doubt about the future has the major relevance. Off course that long run trends are easier to predict but even so they cannot be taken as granted.

For that reason the World Bank (2013) illustrated two scenarios involving three types of countries, low-and-middle income countries, high-income countries and the United States. When comparing to China the three types of countries, it can help to reduce the uncertainty. In the first scenario technological progress within sectors will continue at the same rhythm and in the second scenario, it were forecast further domestic reforms and more rapid innovations in the services sector that lead to higher productivity growth than in the past.

For the higher productivity scenario, the globalization of both production and consumption of services will presumably enhance innovation, competition, and economies of scale which as a result, volume growth is higher than in the first scenario in both high-income and developing economies.

Table 3 – Past and Future Growth Trends

Time period	Low- and middle-income countries	China	High-income countries	United States
1990–2000	3.3	10.4	2.7	3.4
2000–10	5.9	10.5	1.6	1.7
2010–20[a]	5.6–7.4	7.4–10.1	2.0–3.1	2.3–3.5
2020–30[a]	4.2–6.6	4.2–7.8	1.3–2.7	1.5–3.0
Average annual per capita GDP growth				
1990–2000	1.6	9.3	2.0	2.3
2000–10	4.6	9.8	1.0	0.7
2010–20[a]	4.4–6.1	6.8–9.5	1.6–2.6	1.5–2.7
2020–30[a]	3.4–5.8	3.9–7.6	1.1–2.4	0.9–2.4

Source: World Bank calculations (2013, p.369) using Envisage Model

Per cent

a. The lower and upper bounds reflect average growth rates in the low-growth and high-growth scenarios.

Analyzing table 3 is evident that in both scenarios the growth will come down from the pace that has in the present. In the low growth scenario by the year of 2030 the low-and-middle income countries will fall to 4.2 per cent in the low growth scenario and in the high growth scenario fall to 6.6 per cent.

Average annual GDP growth in the two scenarios during the next years 2010-2020 in low-and-middle income countries (4.4% - 6.1%) and high-income countries (1.6% –

2.6%) demonstrate a possible raise only in high-income countries when comparing to their 1.0 average GDP in the years of 2000-2010. Low-and-middle income countries will not get much lower than the value they obtain in 2000-2010 which was 4.6 average results on GDP.

In 2020-2030 in both scenarios both GDP averages will slow down. In high-income countries it will range from 1.1 per cent in the low-growth scenario to 2.4 per cent in the high-growth scenario while in the low-and-middle income countries will range from 3.4 per cent in low- growth scenario and 5.8 per cent in high growth scenario (Table 3).

Figure 1 – Growth Trends
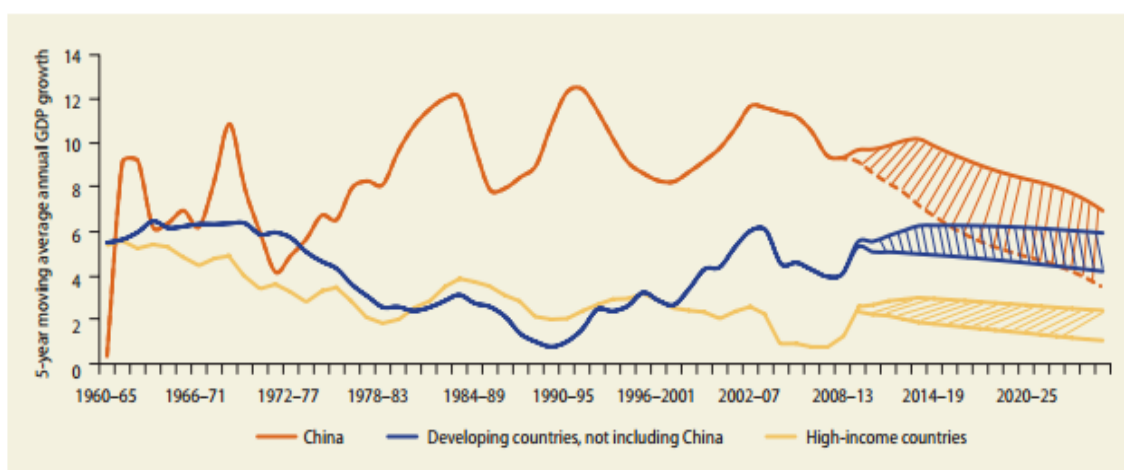
Source: World Bank calculations (2013, p.370)

After the year of 2025 the decline will be notable but nonetheless China is probable to continue one of the fastest growing economies in the world. 4.2 per cent in a low growth scenario and 7.8 per cent in a high growth. Regarding the high income-countries most likely they will remain their substantially lower growth, 1.3 per cent in a low growth scenario and 2.7 per cent in a high-growth scenario (Table 3). Comparing to United States it is visible that the possible growth it is not even close to the Chinese one. United States will have on a low growth scenario 1.5 per cent and high growth scenario 3.0 per cent. That states China as more likely to have no less than the double growth of United States (Table 3).

Evidently in China the decline in growth will be more notable when comparing to the rest of the world, but that is due to the super high growth in the last years which are difficult to maintain (Figure 1).

Analyzing Figure 1 can also be retained that in both scenarios, China and the developing countries are going to grow more than the double of high-income countries (World Bank, 2013).

According to the sample of sources provided for this study, being the sample constituted by Portuguese nationality citizens, some data of the interactions between Portugal and China and Macao is provided as it can be important information.

Analyzing the China growth with the countries that it interacts and has relations Portugal is an example of the win-win commercial trades. As Portugal relations with China go it can only be measured as a positive growth in the last years. Nevertheless exportations to China are still beyond the importations and it would be desirable to increase that number (Table 4).

Table 4 – Commercial Balance of Goods between Portugal and China

Commercial Balance of Goods between Portugal and China								
	2010	2011	2012	2013	2014	Var % 14/10[a]	2014 jan/jul	2015 jan/jul[b]
Exportation	233,1	396,6	778,0	657,5	838,8	44,6	476,7	565,9
Importation	1.578,3	1.526,0	1.391,3	1.370,4	1.598,6	0,8	920,0	1.013,4
Balance	-1.345,2	-1.129,4	-613,3	-712,9	-759,8	--	-443,3	-447,5

Source: Portuguese National Institute of Statistic

Units: Millions of €;

(a) Arithmetic average of the annual growing in the period 2010-2014

(b) Year on Year rate

Table: Own elaboration

Table 5 – Portuguese Operators Exporting to China

Portuguese Economical Operators						
		2010	2011	2012	2013	2014
Exporters to China	Number of Companies	846	911	1.031	1.111	1.187

Source: Portuguese National Institute of Statistic

Table: Own elaboration

The number of companies exporting to China has been growing at a steady pace throughout the years (Table 5), as even with the slowing down of the growth (Figure 1), it is still important to accompany China´s evolution.

As the economic evolution progress, Chinese market is becoming increasingly competitive and therefore a need for a deeper understanding of Chinese managing style. What constitutes good managerial practices are not universally shared around the world. The barriers of the market can be seen at first glance but others will remain quite invisible. As China is emerging as a dominant economic power, understanding the direction in which its management theory is developing is of high importance. Companies that wish to enter China market will face with the unavoidable challenge of how to take benefit of on its enormous market potential and navigate its institutions and markets (Paine, 2010). The Chinese institutions are not the same as in the west. They have their formal organizations, their social norms and their rules. China has unusually different ways of managing businesses (Yen et al., 2011).

The Chinese have historically tended to rely more on the development of social relationships. So the use of social networks, in China, in the managerial area is seen as a product of the period of the economic reform, a period of uncertainty (Yang, 1994), so it is not surprising the managerial mindset still prevailing. This is why there is less emphasis on written contractual forms contrary to the western societies where all the institutional systems are highly developed and governed through written contracts (Li et al., 2009; Paine, 2010; Yang et al., 2011). Hall (1987) had his studies focused on this topic when analyzing the cultural context.) The differences between the way of working and the contrast of the structural differences and social differences are overwhelming and are the reason why research must be extended.

The focus on Macao is due to some important factors. According to an evaluation carried out by the World Trade Organization (WTO), Macao's trade and investment remain as one of the most open in the world. Projects' concerning a continuous investment environment and several construction projects being created at full speed are rapidly establishing Macao as regional trade and economic service platform. This platform is of great importance especially in the promotion of the economic and trade cooperation between enterprises in Mainland China, Portuguese-speaking countries and overseas Chinese entrepreneurs.

This type of platform is helpful in two points. The first concerns the economic and trade cooperation between Chinese enterprises and Portuguese speaking countries. The other point is that commercial activities are carried out in accordance with international practices, so it can provide an ideal environment for investors to develop their businesses. Also the procedures to investment and company formation are relatively simple and the same procedures apply to both foreigners as local investors (IPIM[2], 2015).

The close relationship with the Portuguese-speaking countries is a tool that should not be undervalued and the implementation of the Mainland and Macao Closer Economic Partnership Agreement (CEPA) can provide a better possibility of entering China.

Associations like IPIM (Macao Trade and Investment Promotion Institute) help to introduce potential investors to the local investment environment and opportunities and provide the "One-Stop Service" which is helping in information enquiries, project assessment, company registration assistance provided by IPIM's notary, guidance on administrative procedures concerning license applications, project follow-ups and assistance in the implementation of projects. Another agency that helps the Portuguese investment in Macao is AICEP. AICEP[3] (aicep Portugal Global - Trade & Investment Agency) is a government business entity, focused in encouraging the best foreign companies to invest in Portugal and contribute to the success of Portuguese companies abroad in their internationalization processes or export activities. AICEP also provides

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[2] IPIM (2015), Macao Trade and Investment Promotion Institute - last access 20-09-2015 from
http://www.ipim.gov.mo/business_macao_list.php?type_id=19

[3] AICEP (2015), Agency for the Investment and External Commerce in Portugal - last access 20-09-2015 from
http://www.portugalglobal.pt/pt/aredeaicep/paginas/ARedeAicep.aspx?idPontoRede=25

"one-stop-shop" agency whenever a company wants to invest or buy Portuguese services or products.

Table 6 – Portuguese Economical Operator Exporting to Macao

Portuguese Economical Operators						
		2010	2011	2012	2013	2014
Exporters to Macao	Number of Companies	298	329	397	347	364

Source: Portuguese National Institute of Statistic

Table: Own elaboration

The number of operators in Macao has been growing and has a relevant number of Portuguese companies in the market but it is necessary the sustainability on those companies in the market. In 2012 the number of companies was 397 but then 50 companies left the market. The permanency of Portuguese companies in Macao market is needed and vital because one important aspect is the connection of Macao to China. The Chinese 12th Five-Year Plan for the National Economic and Social Development of the People's Republic of China, which is a 5 year plan where three of the main priorities in this plan are, sustainable growth, industrial upgrading and the promotion of domestic consumption had a deep impact on the business landscape, both within China and with the countries that do business with China. The Chinese 12th Five-Year Plan intends to support Macao's development into a world tourism and leisure centre and accelerated development as an economic and trade co-operation platform for China and Portuguese-speaking countries (IPIM, 2015).

Table 7 – Contribution of Macao for the Growth of International Portuguese Goods

Contribution of Macao for the Growth of International Portuguese Goods							
	Unit.	2010	2011	2012	2013	2014	2015 jan/may
Macao – contribution for the growth of global exportation of Portugal	**pp**	0,00	0,01	0,01	-0,01	0,01	0,01
Portugal – Global exportation	**YoY %**	17,6	14,9	5,6	4,6	1,8	4,9
Macao - contribution for the growth of global importation of Portugal	**pp**	0,00	0,00	0,00	0,00	0,00	0,00
Portugal – Global importation	**YoY %**	14,1	1,5	-5,3	1,1	3,2	3,7

Source: Portuguese National Institute of Statistic

Units: pp – per cent points; YoY % - Year on Year rate in per cent

Table: Own elaboration

This plan also supports Macao's economic diversification and the policy to expedite the development of the leisure tourism industry and many other services. This plan has provided a solid foundation for maintaining Macao's long-term stability and prosperity as well as sustainable economic growth. The contribution of Macao in the growth of global exportation of Portugal in 2014 is not significant as it has been slowing down since 2010 from 17.6 per cent to only 1.8 per cent in 2014. But even so it intends to rise as from January to May of 2015 the value was already in 4.9 per cent (Table 7). Nowadays Macao is enjoying excellent development opportunities through regional co-operation due to the 12th Five-Year Plan. And Macao as being a regional trade and economic service platform to China, the companies from Portugal are welcome to invest in Macao and should take advantage as it is provided high quality and efficient services to foreign and Mainland enterprises, and investors are assisted in exploring business openings and accomplish common benefits (IPIM, 2015).

The commercial balance of goods between Portugal and Macao has been growing (Table 8) when considering the exportation of Portuguese Goods, 23.7 millions in 2014.

This value of exportations has the possibility to be higher if the platform of Macao-China is well worked by the Portuguese companies.

Table 8 – Commercial Balance of Goods between Portugal and Macao

	2010	2011	2012	2013	2014	Var % 14/10[a]	2014 jan/may	2015 jan/may
Exportation	13,6	15,6	21,4	18,0	23,7	17,0	9,4	11,1
Importation	0,5	0,2	0,4	0,7	0,6	21,8	0,4	0,3
Balance	13,1	15,3	21,0	17,3	23,1	--	9,0	10,8

Source: Portuguese National Institute of Statistic

Units: Millions of €;

(a) Arithmetic average of the annual growing in the period 2010-2014;

Table: Own elaboration

When analyzing the number of visitors in Macao (Figure 2), overnight visitors and same-day visitors, it is visible the constant growing since 2008, which goes accordingly with the tourism visitor spending from the last years (Table 9).
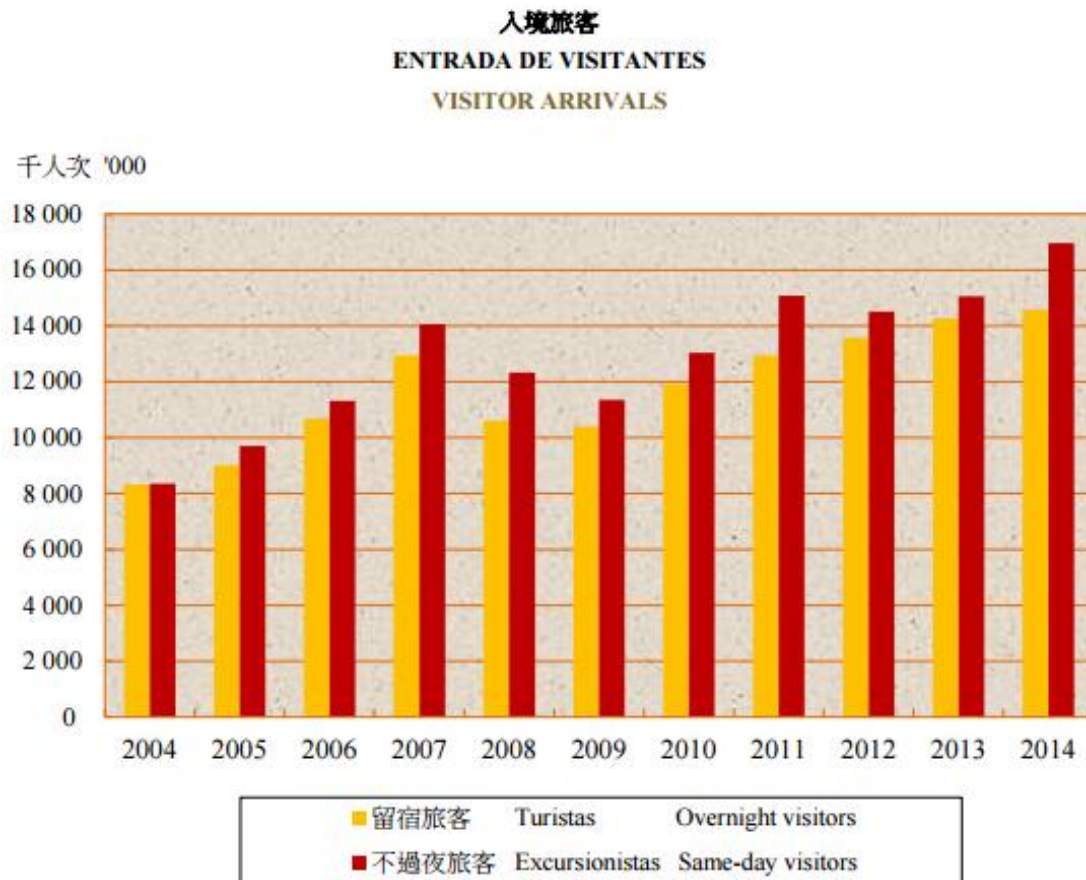
Table 9 – Total visitor spending in Macao

	2012	2013	2014
Total visitor spending (Million MOP)	52 345	59 541	61 749

Source: Yearbook of Statistics (2014, p.158)

Table: Own elaboration

Figure 2 – Visitor Arrival

入境旅客
ENTRADA DE VISITANTES
VISITOR ARRIVALS

千人次 '000

| 留宿旅客 | Turistas | Overnight visitors |
| 不過夜旅客 | Excursionistas | Same-day visitors |

Source: Yearbook of Statistics (2014, p.155)

When analyzing (Figure 3) the origin of the tourism of Macao it is safe to say that this bigger sum comes from Mainland China who represents 67.4 per cent of the visitors, and Hong Kong 20.4 per cent of visitors in Macao in 2014 (Figure 3).

Parallel to Macao in income revenue of tourism in the last years Portugal is been gradually rising more tourism income that comes from Macao. In 2014 it obtained 6.7 millions, which was more than the double of 2012, 3.2 millions (Table 10).

As concerning to the revenues of tourism that come from China the average of annual tax growth in the period 2010-2014 is from 84,2 per cent which is a number that outlines the growth of the Chinese tourism income, a growth from 6.5 millions in the year of 2010 to a number of 54,0 millions in 2014 (Table 10).

Figure 3 – Visitor Arrival by Place of Residence

2014年按原居地的入境旅客
ENTRADA DE VISITANTES POR LOCAL DE RESIDÊNCIA, 2014
VISITOR ARRIVALS BY PLACE OF RESIDENCE, 2014
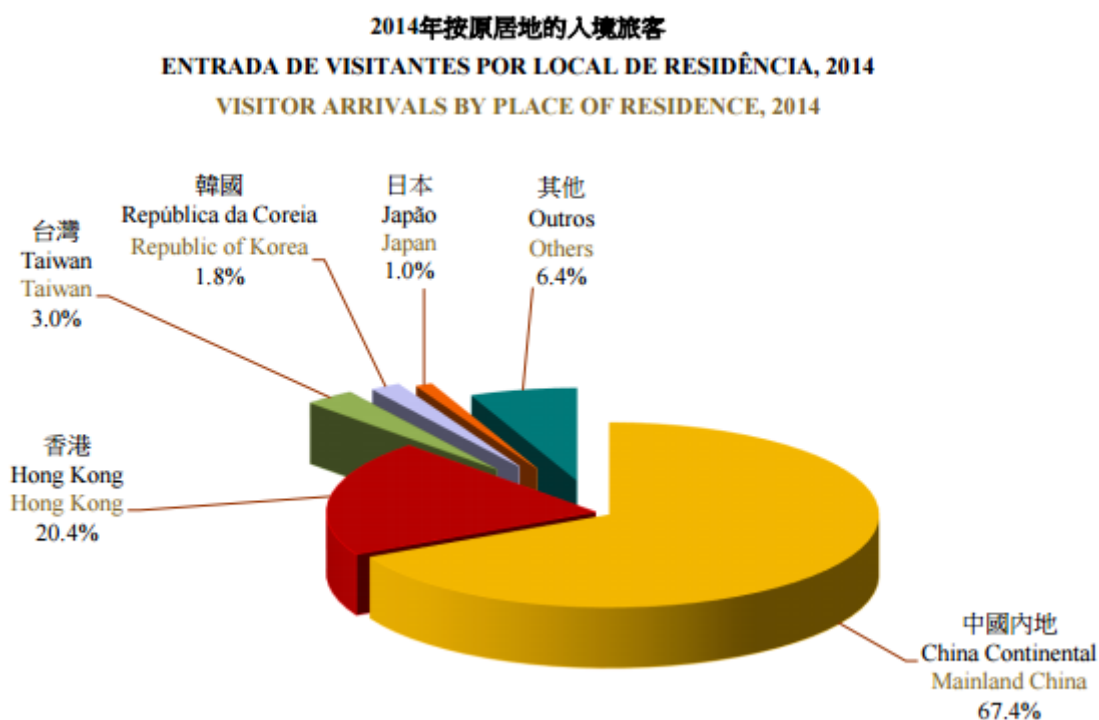
Source: Yearbook of Statistics (2014, p.155)

Table 10 – Macao and China Indicators Tourism in Portugal

Macao Tourism Indicators in Portugal									
			2010	2011	2012	2013	2014	Var % 14/10 [a]	Var % 14/13 [b]
Revenues [c]			4,0	3,9	3,2	6,4	6,7	20,9	5,4
% Total [d]			0,05	0,05	0,04	0,07	0,06	--	--
China Tourism Indicators in Portugal									
			2010	2011	2012	2013	2014	Var % 14/10 [a]	Var % 14/13 [b]
Revenues [c]			6,5	12,0	11,4	34,2	54,0	84,2	57,9
% Total [d]			0,1	0,1	0,1	0,4	0,5	--	--

Source: Bank of Portugal

Unit: Millions of €

(a) Arithmetic average of annual tax growth in the period 2010-2014; (b) Year on Year rate 2013-2014; (c) Only includes global hospitality; (d) foreigner total

4.1 Conclusion

"At a time when the search for alternative solutions to the Portuguese economy becomes imperative and where the government's priority is to foster exports, design a strategy for the internationalization of the Portuguese economy and encourage companies to compete globally is a national resolution" (Amaral, 2012).

This research aims to analyze facts that are sometimes not assimilated properly and may skew some strategies used when implementing a product or a service in a new territory. The personal view of the world is sometimes not the best evaluated and the intended objectives are to reduce the possibility of this happening and raising the awareness for the companies pretending to target Macao.

Analyzing the last years of Portuguese economic scale checks easily that there is a need to export materials and services for the rest of the world in order to restore the economic balance that requires Portugal to rebuild economic health. China and Macao are two good options of exportation.

According to Pereira (2012), the increase in exports of goods and services is a prerequisite for emerging from the crisis, which ultimately implies direct exports to emerging markets. China stands out as inescapable economic and trade partner.

Miguel Frasquilho, President of AICEP (2015), mentions that the level of investment and for purposes of trade, Portugal connections to China have never been as strong as now and also that China is among the top 10 trading partners of Portugal and has been rising from year to year.

Macao is a country that should not be underestimated on account of its evolution and its connection platform to Mainland China, which makes researches like the current a valuable information asset.

5 – Findings

As a result of the literature review and the empirical research, this chapter will describe the initial results, and following a minutia analyses focused on the interviews conducted. The categories and sub categories will show their validity regarding the main aspects of this thesis.
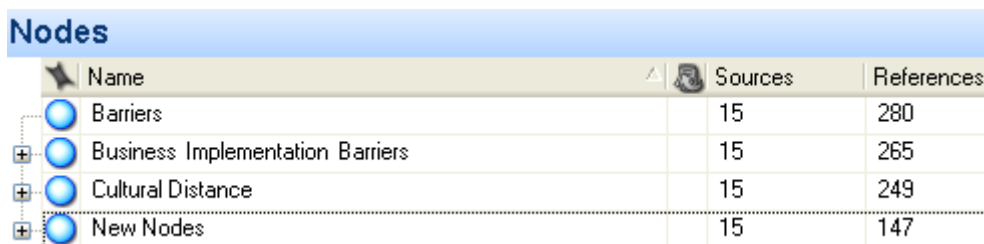
Finally the discussion of the findings will be addressed. The most visible patterns and categories identified will be displayed and the new categories that have emerged.

5.1 Findings presentation

The initial categories that were used and shown in Figure 4 were the ones that shared a major impact between all the interviewed. The initial categories are the aspects where the distance between the cultures would be instantly noted and emphasize. *Barriers*, *Business implementation barriers, Cultural distance*, and *New Nodes.* These were the important aspects that emerged from the interviewers.

The empirical evidence that supports the categories and therefore the distance between countries is visible and it can be measured by the number of times that it was referenced.

Figure 4 – Initial Categories

Nodes			
Name		Sources	References
Barriers		15	280
Business Implementation Barriers		15	265
Cultural Distance		15	249
New Nodes		15	147

Source: Own Elaboration (exported from QSR Nvivo 10)

In almost every interview the word "*barrier*", "*language*" and "*culture*" was said in the first paragraph. And in almost all interviews the words were said by that precise order and repeated in a considerable amount of times which goes accordingly by the high

number of times the category *Barriers* was referenced (Figure 4). It was consider in this category any scenario where the interviewed demonstrated to have difficulty in their everyday life. Being his everyday life every aspect of their socially and work related experience.

The category of *Cultural distance* has aggregated five sub-categories (Figure 5). The sub-categories were created accordingly with the number of times these topics were referenced and the relevance they had to the interviewed. All of these topics were related to the cultural distance: *Context, Guanxi, Language, Product Perception* and *Time* (Figure 5). It is safe to show that the more referenced sub-categories regarding the *Cultural Barriers* category were *Guanxi, Language* and *Time.* All of these barriers were mention in all of the fifteen interviews conducted.

Figure 5 – Cultural Distance

Source: Own Elaboration (exported from QSR Nvivo 10)

In this *Cultural Distance* section *Language* was by far the most common and most visible barrier. Inside the *Language* category another relation sub-subcategory was created, *Language of agreements,* which was linked due to the existing connection between both (Figure 6).

The *Language of agreements* sub-subcategory is a barrier focused by the interviewers as a not so visible barrier from an outsider perspective, therefore only being noted after some time interacting amongst the culture and amongst the market. It was referenced by all the interviewers and it was mentioned one hundred and twenty five times (Figure 6).

Figure 6 – Cultural Distance - Language – Product Perception - Time

Name	Sources	References
Barriers	15	280
Business Implementation Barriers	15	265
Cultural Distance	15	249
Context	14	77
Guanxi	15	124
Language	15	140
Language of Agreements	15	125
Product Perception	14	95
Country of Origin Effect	11	92
Time	15	183
Polychromic	14	62
Monochromic	14	62
Holistic Thinking	12	43

Source: Own Elaboration (exported from QSR Nvivo 10)

The second most visible aspect of the *Cultural Distance* category is *Time. Time* was mention by all sources and it was referenced one hundred and eighty three times. The sub-subcategories of *Time* are not apparent to capture nor referenced in an explicit way, but they were referenced in fourteen of the fifteen interviews. The presence of the *Holistic Thinking, Polychromic Time* and *Monochromic Time* is relevant even with the sub-subcategory *Holistic Thinking* being only referenced forty three times by twelve sources.

The third most visible aspect of *Cultural Distance* is *Guanxi. Guanxi* is the subcategory that has the most sub-subcategories (Figure 7). All of this sub-subcategories share the same degree of relevance by the number of times they were referenced and by the number of sources. The only sub-subcategory with minor visibility is *Rank*, with only eight sources and twenty references.

Figure 7 – Cultural Distance - Guanxi

Nodes			
Name		Sources	References
Barriers		15	280
Business Implementation Barriers		15	265
Cultural Distance		15	249
Context		14	77
Guanxi		15	124
Intermediary		15	102
Outsidership		14	122
Personal Distance		15	124
Rank		8	20
Status		15	126
Values		15	163

Source: Own Elaboration (exported from QSR Nvivo 10)

The *Context* subcategory was the subcategory where it was spotted the difference between high contexts cultures vs. low contexts cultures. Comparable to the sub-subcategories of *Time* it is also not apparent to capture nor referenced in an explicit way by the interviewed, nevertheless it was captured in fourteen sources and referenced in a considerable value.

Product perception was a sub-subcategory that was visible and exposed and it was able to identify how the interviewed sample thinks and responds to the goods and services in the market (Figure 6). Most of the sample interviewed was working in Macao and China which by the experience they have on the market they were able to provide information from an inside market perspective and also provide the relevance to include a sub-subcategory as *Country of Origin Effect*[4]. The *Country of Origin Effect* was referred for the most part of the interviews when the flow of conversation was direction to the analyses of the Portuguese products in the Macao market.

The last category with visible barriers retrieved from the literature review is regarding the *Business implementation barriers*. This barrier with five sub-categories is the most noticeable and more measurable category. Most of the interviewed sample referred the subcategories of the business barriers as completely normal, perceptible and reachable of learning for everyone who desires to approach the market. Only on the subject of the

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[4] It is called Country of Origin Effect, when on evaluating a product, a positive or negative effect is provided by the nationality of the manufacturer on the consumer's decision making (Cameron, 1994).

sub-categories of *Geographic distance* and *Administrative distance* there was a higher number of references and a call of attention from the sources to the sensibility of these two sub-categories (Figure 8).

Figure 8 – Business Implementation Barriers

Nodes			
Name		**Sources**	**References**
Barriers		15	280
Business Implementation Barriers		15	265
Legal distance		13	69
Political distance		13	57
Administrative		15	102
Economic distance		13	66
Geographic distance		15	157
Cultural Distance		15	249
New Nodes		15	147

Source: Own Elaboration (exported from QSR Nvivo 10)

Regarding the *New Nodes* category (Figure 9) the information was gathered as a single category and thereafter divided in five subcategories. *Barrier unawareness, Business impatience, Conformity, Confrontation and Nationality overconfidence.*

Figure 9 – New Nodes

Nodes			
Name		**Sources**	**References**
Barriers		15	280
Business Implementation Barriers		15	265
Cultural Distance		15	249
New Nodes		15	147
Barrier unawereness		12	51
Business impatience		6	29
Conformity		13	90
Confrontation		10	37
Nationality overconfidence		10	31

Source: Own Elaboration (exported from QSR Nvivo 10)

In Table 11 it is provided information regarding the most relevant categories.

The table includes a short definition of categories that were created according to the literature review, the number of sources that have spotted the category and the number of references detected. The table also includes the emergent categories.

Table 11 – Literature Review Main Categories

Category	S[a]	R[b]	
Cultural distance	15	249	Cultural distance represents the shared beliefs, norms, and values that two different cultures possess. Attributes of a society that are sustained by interactions among people. Cultural differences between countries generally tend to reduce economic interactions between them (Ghemawat, 2001).
Context	14	77	Context is the information that exists in an event and that context must be evaluated depending on the culture of the country that the event is occurring. (Hall & Hall, 1987).
Guanxi	15	124	Guanxi means good connections (Tsang 1998). Personal connections that are built throughout time between people (Graham & Lam, 2003).
Intermediary	15	102	Intermediary is a trusted business associate in the foreign market that will introduce the outside organization along to his trusted business associates in order to create a positive connection (Graham & Lam, 2003).
Outsidership	14	122	Outsidership is the difficulty related with the entrance to a new foreign market where the firm does not have any position in business-relevant networks (Johanson & Vahlne, 2009).
Personal distance	15	124	They are the human perceptions of space that are molded and patterned by culture (Hall, 1966).
Status	15	126	Status is the position of an individual in relation to another. The formality of business people is on a different level to the occidental formality. Chinese people tend to follow rules of obedience and deference to one´s superior in a much superior level than occidental (Graham & Lam, 2003).
Values	15	163	Value is the relative worth, merit, or importance. When personal values are on focus they provide an internal reference for what is good, beneficial, important, useful, beautiful, desirable, constructive, etc. Values generate behavior (Rokeach, 1973).
Language	15	140	Language as an idiom. Differences between languages are the most common creator of distance (Ghemawat, 2001).
Language of Agreements	15	125	The hidden messages and the symbolic meanings of any given culture, symbolic meanings of friendship rules, meanings of time, space, and of material possessions, hidden rules for negotiating agreements (Hall, 1987).
Product	15	95	Product perception is a term that is used to identify the way that consumers

	(a)	(b)	
Perception			think and ultimately respond to different types of goods and services (Johnson, 1981).
Country of Origin Effect	11	92	Country of origin effect is the range of characteristics used by consumers in the process of quality evaluation. The characteristics are both intrinsic and extrinsic, where intrinsic being the products features such as color, weight or shape, and extrinsic including the brand, the retail platform or warranty associated to the product. The extrinsic characteristics are any effect, positive or negative, provided by the nationality of the manufacturer on the consumer's decision making (Cameron, 1994).
Time	15	183	The value of time is different for each culture and each culture has its own language of time. Time as a basic system of both communication and organization to be understood (Hall & Hall, 1987).
Holistic Thinking	12	43	Holistic thinking is the analyses of the wholes, the analysis of the complete systems rather than the dissection or analysis into parts. It is generally performed in a reductionist manner but is required for developing a complete understanding of a subject. Chinese negotiators tend to think as a whole and so tend to talk about the issues of a certain business all at once, going back and forth, debating in the middle some topic that was debated in the beginning (Graham & Lam, 2003).
Emergent Categories			
Barrier Unawareness	12	51	Lack of knowledge related to the cultural barriers. Disregard of the impact of cultural difference. Unconsciousness related to the barriers of a foreign country.
Business Impatience	6	29	Impatience related to business. The difficulties of the waiting period. Urge and impatience that leads companies to fail.
Conformity	13	90	Conformity can be defined as yielding to group pressure (Crutchfield, 1955). The term conformity is often used to indicate an agreement to the majority position, brought about either by a desire to 'fit in' or be liked or because of a desire to be correct, or simply to conform to a social role (McLeod, 2007).
Confrontation	10	37	Confrontation is a conflict of opposing ideas and it differs from culture to culture and if in one culture confrontation can be constructive in other cultures it can be destructive (Meyer, 2014).
Nationality Overconfidence	10	31	It is the overconfidence about the accuracy of one´s knowledge and judgment regarding own products or services when internationalizing.

Table: Own elaboration

(a) Sources; (b) References

5.2 Findings Discussion

The discussion of the results will analyze if the information retrieved from the sources follows the importance given by the literature review and will also provide information regarding the new information that was not mention in the literature. The new information combined with the existent literature will make available a wider extension of knowledge on the cultural distance barriers. The discussion will commence by the categories that showed the least relevance to the ones that showed the highest relevance. Finally the emergent categories will be approached.

When it comes to the Business implementation barriers category, the main aspects follow the studies of Ghemawat (2011) concerning the CAGE distance framework. Except the *Cultural dimension* which will be discussed later on all the other dimensions, *Administrative, Geographical* and *Economic*, did not have the relevance it would seem to exist. The *Economic, Political* and *Legal* dimensions were the least focused aspects. The reason for this is due to the fact that all the interviewed when going abroad conducted their studies of the market and were able to retrieve the necessary information for the healthy connection to the market in those aspects.

Geographical distance is only focused by the interviewed who conducted in their line of work businesses that had connections to European countries and the ones that use the Macao platform to conduct business with mainland China. Example of Rita Carvalho who was working on a company specialized on the exportation of wines to mainland China with their base in Macao that mentioned the difficulties to cover all the Chinese market and the example of João Madureira, working in the Portuguese Embassy in Beijing, dealing with several companies already implemented in the market and with other that wanted to implement he considers that "*China is hard.*"… "*And it is hard on account of the size that China has*"..."*Dealing within a certain area of China can be completely different of negotiating in other part of it"… "Size matters".*

As for the *Administrative distance*, the main aspects mentioned as high relevance by the interviewed was related to the time necessary to achieve administrative procedures. Marta Mourão, lawyer in Macao defines their procedures as "*antique and slow*", "*things take time*"…"*things are not practical, there are too many services that are not digital*".

Evidently the other dimensions cannot be disregarded as they are important, for example in the *Political dimension* observed by João Madureira, "*there are areas super protected by the government with laws that do not let outside companies to produce because they do not want direct competitors*". This goes accordingly to the opinion of Pedro Carvalho concerning the protectionist's politics of the Chinese government, "*they make some products fail in an early stage of growth. Products that would be successful… and they are successful when it is China to produce them. But off course…the government always takes care of the national interests.*"

One common feature in all the sources that referred the *Legal dimension* was regarding the implementation of business and the almost mandatory necessity of contacting local lawyers. João Madureira mentions the different laws that China has and the necessity of contacting specifically to the targeted city. *"It is necessary to have extreme caution in any business, people have to contact locally*".

The *business implementation barriers* subcategories are nevertheless of great relevance as they can predict if a future approach to a specific market has a bigger or smaller distance but for this research the cultural distance provides much more relevant information.

The *Cultural distance* category is by far the most relevant category as it involves every aspect of the main barriers presented in this research. The word "*Culture*" as a barrier was referenced two hundred and forty nine times. The *Culture distance* category aggregated 5 sub-categories.

These 5 sub-categories are of extreme importance, they are the *Context, Guanxi, Language, Product Perception* and *Time*.

The *Cultural distance* elements were mention by all the sources, and the distance between cultures was plain visible, indeed of the entire interviewed sample this category was by far the most visible aspect. Catch phrases as "*life posture being completely different from ours*", "*cultural respect and the local tradition that are not always easy for us*", "*a hostile terrain, not our terrain*", are examples of how the difference between the sources and the local culture were creating distance between them.

Off course that considering culture as the most visible aspect of discrepancy between countries is easy and practically common sense and being aware of that would save a

thousand of failed attempts of going abroad with any kind of business that could sell to that "billion residents" number. But that is not as simple to interiorize or as easy desired, or else everyone would want to be in China. The sub-subcategories provide relevant and valuable information about the aspects of the cultural distance.

The most referenced sub category in the *Cultural distance* category was *Time*. This sub category involves every aspect that was recalled in relation to the value of time, the speed of tasks, the waiting period of a determined situation and every scenario where "*Time*" was referenced.

Language of *Time* has different meanings all over the world and in Asian countries like Macao it is a factor that will dictate the success or failure of a business, either it is a big business or a simple transaction. In some countries some business will carry on in 1 day, other in 1 month, and other in 1 year, there is just no way to quantify or measure the extent of the value of time that one person has.

Pedro Carvalho who was working in Shanghai had similar experiences mostly related with the speed of certain businesses, which as an European he considered them as "*taking too long and in that in our culture would never follow through*", but they would go upward and when Pedro asked the companies that waited so long for the reason of the waiting period, their response was plain simple as a completely normal waiting time, "*if it is not now, it is next year*". This waiting period of time, for westerners as Pedro Carvalho was not making any sense. When considering companies that want to enter the market, *Time,* has not got a defined interval and that makes it harder to wait without knowing if they are going to succeed or fail, and that question ultimately decides if a company has the money to cover the waiting costs. Pedro´s Chinese company is not having much success with new Portuguese products as they do not wait the necessary amount of time for a decision of his working company, "*the future says sooner or later we will need that product that the Portuguese companies are offering to us, but most of the time those companies stop contacting us*"… "*There are business propositions that are good but the Chinese take too long to follow through*". In this type of cases the endurance would be of great value, but the cost of doing it is very high and not all companies can afford the waiting. And off course never forgetting that the waiting is not always a sign or assurance of future success.

The "*Time*" sub node is divided into two sub-subcategories which are "*Polychromic Time*" and "*Monochromic Time*", in these sub-subcategories the references and sources are equal as the interviewers mainly describe the situations that happen on that culture that while comparing it to the culture that they know it was creating some distress. Some of the invisible pattern that it is possible to retain is that in completely different areas of work of the interviewed, the same difficulties appear in a systematic way.

For Daniela Pinto working with the tourism of Macao has found it "*strange*" while working with her team "*I can say that the Chinese aren´t easy to deal with…they do not have any perception of what it is team work…*".

One common aspect retrieved by the sources is the fact of everyone mentions that leaving work for the next day is pretty standard for the most citizens of Macao. "*If I can leave it to tomorrow what I don´t feel like doing today I will. If I can discard something I do not want to do to someone else I will. That makes ordinary tasks of the daily life to be delayed every time. It takes time to get an answer, you ask for information and get an answer 3 days later with only two sentences in response. Which is…something so easy to be done takes 3 working days.*" And this example given by Marta Mourão working with legal cases is one of the many references. Ana Esteves working in the human resources of a Macao Resort Casino compares her work approach completely different from the Chinese, "*by one side sometimes my way of work was seen as to much aggressive, for me the way they work was seen as to passive*"… "*You depend on others, others depend on you, collaboration must exist and it is not easy when people have so different and opposite approaches*". This statement goes accordingly with Hall (1960), when accordingly from this perspective when the two cultures collide one of them may view those who do not subscribe to the same perception of time as disrespectful. Ana Esteves also mentions that is just not a question of diversity and complementary because in fact they do not even complement, "*they are completely different styles and there is a shock*". When comparing to Europe, Hélder Freitas, Sustainability Engineer talks about being able to produce well in one day, while in Macao you need four days or even one week to produce the same. "*First they do not have the know-how, then it is their culture, the culture of "let us get going let us go doing", and if we do not do it today because it is already 6´o clock let us go home and the rest is done tomorrow. It is*

different from our culture". Rúben Pereira working in the distribution of a Chinese company relates to this and sums this aspect as a "*wasting of time*" when comparing Europe to China.

So analyzing this kind of feedbacks it is translated that the value of time and the way that workers do their tasks is a shock for the occidental workers that deal with Chinese people. If in one side Chinese people value their breaks anytime during work, that phenomenon is not seen with good eyes by the westerners that start working with them, especially because all the critics are negative relating to the work speed. But when listening and interrelating both cultures we can see that for the Chinese people the work time can be put on hold because tasks are not going to go away till the next day and the work will be done sooner or later. Time itself has a completely different value from one culture to another. Feedbacks of team work and discipline lacking, procrastination, are reviewed with some previous statements that follow accordingly with the other side of "*Time*" which is the Rhythm. As Hall (1960) had reviewed, the other side of time being the rhythmic aspect, in some cultures people will move slowly as in others, they will move rapidly and when this two such cultures meet, they are apt to have difficulty relating because they are not in synchrony. Evidently this causes an initial shock but after a couple years all the interviewed had adapted to their pace of tasks and their pace of doing business.

 The *Holistic Thinking* sub-subcategory was included in this sub-category of *Time* as Chinese people tend to talk about the issues of a certain business all at once, going back and forth, which has relation with the polychromic and monochromic cultures, when they meet they will shock. It was only referenced forty three times by twelve sources but even so it is important as the way the communication is made.

General rule after talking about *Time*, the category of cultural *Context* was detected but with not so many references. Fourteen sources have reported situations relating to the context but only seventy seven references were captured. *Context* was mainly retrieved when negotiation of businesses was being approached by the interviewed. João Madureira focus on the necessity of awareness concerning all the aspects of conducting business, especially on the normal contract business signing "*the normal value of a written contract in China it is not the same*", and it is indispensable to understand the hidden rules.

The *Language* subcategory has a number of references that reflect relevance. It was referenced by the fifteen interviewers and references one hundred and forty times.

Evidently this is one of the first known barriers that everyone mentions. All the interviewed related the top difficulties related to the language and the culture. The language is the most measurable indicator of difficulties when going to a foreign country. This barrier is even more notable when most of the people do not know a common language. Foreign people use the English language as a common ground but sometimes that is not enough. The English language will be a powerful tool as according to Qu (2007) an estimate number of English speakers in China are over 200 million and rising, with 50 million secondary schoolchildren now studying the language.

That means that a lot of people nowadays are still learning the English language but even so most of the Chinese companies did not had the contact with the English language. This means that most of the people that are in charge of companies, the decision makers, do not have the urgency of learning the English language because they are already in the market and if they are, they are having success with the language they know. Most of the bad experiences related to business or daily life is related to language. "*When we think that the level of English is not possible in the century that we are living, we are proved wrong*" according to Rúben working in China.

With Daniela Pinto it was already well known in her company the necessity of having someone that talked mandarin as first language. Manny times when she had to organize events with Chinese people the difficulties were clear, "*they did not understand half of my English, I did not understand half their English*"…"we *can count how many millions are speaking correct and perfect English or even other languages so it was essential to have Chinese in our company for being able to deal with that side of business*"…".

Marta Mourão working mainly in Macao even speaks about the evident language barriers even being the Portuguese an official idiom in Macao, "*truth is, the most people does not talk any more languages other than Mandarin and Cantonese, naturally we do not know to speak Mandarin, so the communication gets very difficult here, few people speak English in their daily basis*".

Other references as *"fundamental barrier is the language", "principal barrier is the language", "language as maximum barrier", "linguist barrier as the most notable of the barriers"* and others alike were retrieved in all the sources.

In the *Language* subcategory it was aggregated the *Language of Agreements* sub-subcategory regarding the communication between cultures. Language as an idiom differs from country to country, but it is even more difficult to succeed in a foreign country that as unspoken signs that dictate the success or failure of a business. Márcia Cordeiro works at AICEP Macao and reinforces the necessity of using agencies like AICEP or IPIM or an intermediary so that the details of a negotiation do not be neglected.

Pedro Carvalho only deals with the "occidental" part of the work, and the rest of his Chinese co-workers deal with the office department where *"imperatively is a "must" to know everything about the language and protocol"*. So there are meetings and business that Pedro can be present but only is present to show the "occidental face" of the company and even being in the negotiation table in fact he is really far away from what is happening. *"There are always things that I miss right through! Situations when I think that the business is going downhill and going to fail because someone has talked louder, and then in the way out the feedback of the meeting it is completely positive. Same way I have seen some meetings where we have everyone smiling the whole time and then the business is adjourned "ad eternum""*. João Madureira working in Beijing Portuguese Embassy considers the language as an "ultra *barrier*" especially when it comes to doing business with well implemented companies. According to his experience most of the big companies' administrators only few of them speak English and that even sometimes not even the translator can translate the messages in perfect conditions. *"And when you are negotiating you lose a lot of information. You are negotiating with someone, and in a translation, in a bad translation, or a not translated word, you end up losing vital information"*.

Product perception was a sub-category created on account of in all fourteen of the sources conducted the interviewed mention the fact that what has success it is not only the product itself but all the aspects behind the product as the brand, the seller, the company, Ana Costa working in Zhuhai, the Chinese city neighbor to Macao, mentions the necessity of promoting the product in order for it to *"gain status"*. João Madureira

refers to the fact that the majority of people are not well informed about the products that are available, so they only buy the ones that are expensive "*the price says if it is good or bad*". By this sub-category it was created a sub-subcategory relating to the *Country of Origin Effect*. The *Country of Origin Effect* is the range of characteristics used by consumers in the process of quality evaluation. In this case the extrinsic characteristics were being evaluated. The effect happens when a positive or negative decision on the consumer decision depends on the nationality of the manufacturer. Eleven sources mention the effect relating to the beverage and food products. Mainly when the wine industry was referred and the comparison of Portuguese Wines to other wines of the world were made. References as "*French wine will always be French wine*", "*lacking of wine knowledge*", "*outside of Portugal the Portuguese wine is not so famous*", "*just because it is French is good*", "*Portuguese wines do not have the status they deserve*", and others references alike were made.

Guanxi is one of the more relevant sub-categories of *Cultural Distance*. It was linked with six sub-subcategories that show the more significance for the research. *Outsidership, Intermediary, Personal Distance, Rank, Status, Values.*

All the sources referred the existence of *Guanxi*, and except for the *Rank* sub-subcategory all the sources have more than a hundred references referring to all the sub-subcategories. The sub-subcategory with more references is *Values.* That is due to all the topics related with cultural values being aggregated in the sub-subcategory. The positive attribution of cultural values and negative attribution of cultural values are together in the one hundred and sixty three references provided by the sources. The high number shows the relevance and the existing cultural value difference.

The other sub-subcategories are all similar in the relevance, all being referenced in a high number of times, and by almost all the sources, except *Outsidership* which had one source who did not mention it.

Outsidership, *Personal Distance* and *Status* are barriers reviewed on the literature as complex to overcome and by the data collected it is easily verifiable that difficulty and the complete existence of the barrier. The problem with this sub-subcategories is that, even if there is the desire to be part of their daily basis, in an informal way so that the relations star to grow and stop being an outsider, it is a difficult thing to happen as

Marta Mourão says that , *"they do not have that desire of going out, of socializing, of being in a table with people and only talk, maybe they do other kind of programs, they are very fond of games, they like sports too, but I confess that no, I do not have that habit of going out with them at the end of a work day"*. Ana Esteves, shares the same opinion as Marta regarding the impossibilities of creating a friend zone with Chinese people, *"There were no connections after work"*. So that makes the mission of being on the inside even more difficult. Off course that persons like Hélder Freitas which has a team at his responsibility, after two years of being in the market was able to start to have a relation with some of them, *"which is normal, the years go by and you start to make more connections and can have a friendly environment or a relation outside of work with them"*.

In business related the *Personal Distance*, the *Outsidership*, the *Status*, Ana Costa refers a market where what it sells is the person who is selling, the one that is behind the product, the contact. Businesses work everywhere in China by the strength of the network, business works everywhere depending on good connections but in China that is more valid than anywhere else. They work more with a basis of trust in the person that in the product. Trust in the seller more than in the product. So being part of the connections is very difficult because it is a difficult circle to go in. *"It is difficult to reach them! They protect themselves a lot! Off course that after they open their circle and being inside, a lot of doors are open! Sometimes the business is not even made with who open the door but with the ones that are already on the inside, and on the inside they apply different values, the papers do not count that much and a word given on a lunch or a dinner it has the worth as a signed paper reviewed by a notary"… "the "saving face", not letting anyone down after they had given their word it is very important to them! And then they know that if someone is on the inside it is because they have value. And if this business is not as good as they tough it does not matter, other businesses will be better. The important is to do what they committed to do because that has an unquantifiable value on that culture"*.

This is a point which we have to have special care, João Madureira talks about the importance of the numbers, and off course that for the Chinese the financial number of any kind of business are truly important. But in the final instance, and in a minimalistic vision of the business, *"if they do not like you, they are not going to do business with*

you. You can be selling the best product, the cheapest product that they want and need, however if they do not like you, you, the human being that you are, not on the professional side but on the human part, if they do not like you, the business will not follow on. It will not follow through". Pedro Carvalho had witnessed precisely equal cases like this in his company "…*I was there and was able to see some simple conflicts in the meeting room. And in that kind of meetings, when they are like that, rarely it has success. They can try again in a couple of years and with new people and a clean slate, but it is very difficult*". That is a situation that is not very explicit and very difficult to crack. Rita Carvalho mentioned about the fact that the foreigner will always have to be very sensitive when approaching the Chinese people and have extreme caution and cultural relations with them *"because from the moment you give a false step it is way more difficult to go backward than it would be in an occidental culture*".

The last sub-subcategory is related to the *Intermediary*. The *Intermediary* will try to overcome the barriers such as *Personal Distance* and *Outsidership*. The I*ntermediary* is a trusted business associate in the foreign market that will introduce the outside organization along to his trusted business associates in order to create a positive connection (Graham & Lam, 2003). All the sources mention the necessity of having someone in the terrain that already knows the market and has the necessary connections. Pedro Pereira working alone in the market mentions the necessity of coming to the market with already made connections and someone to help in the beginning, "*coming to this market without any contacts is a no deal*". Márcia Cordeiro provides the intermediary function to the companies that approach AICEP Macao and want to enter the market, and mentions the fail rate of the companies that try to approach the market alone "A *lot of business that arrives at Macao we are not aware and do not have contact with them, but I do know that their success rate diminishes for not having the right contacts*". And also mentions the positive factor of introducing the Portuguese companies to the Chinese companies in the events AICEP promotes "*the known person, the intermediary, we try to put people in connection with each other, try to close the fail gap of not having the right connections, because after the introductions are made everything flows much better*".

It is visible by the barriers presented in the *Guanxi* sub-category that the range of connections is of extreme relevance and a creator of distance between cultures. The higher the sources and references collected the higher the *Cultural distance*.

Emerged Categories

Regarding the existing literature all the nodes/categories presented were evaluated and confirmed their relevance concerning the study. Conducting the research new categories was found that can be creating distance between cultures.

They were defined as *Barrier Unawareness*, *Business Impatience*, *Conformity*, *Confrontation* and *Nationality Overconfidence*.

Barrier Unawareness was considered every time the sources refer the initial lack of knowledge related to the cultural barriers they were interacting. If by one point of view the awareness of cultural differences and their impact on behavior is the beginning of intercultural effectiveness which includes the recognition of the cultural values, the beliefs, the norms and the work culture of the foreign country (Winkelman, 2005), the *Barrier Unawareness* is the complete opposite when the person is not truly conscious about the barriers that will face in the foreign country.

Pedro Pereira dealt with this difficulty in the beginning of his experience. "*Prepare yourselves to forget everything you know because the rules here are others. Forget what you have learn in college*", it is vital to study if it is the best market to go as "*not everyone adapts and after a few months they go away*", Débora Madeira has worked in Macao and currently works in China and as a parallel opinion regarding China, *"China it is not a country for every one! We all have our visions and our limits"*… "*China is not what it seems! We imagine China when we were never here, but in the real world is completely different*" and also recommends possible new comers to "*really study what they want to do! But do not home study! Go to the market! That way it can be analyzed and see how it really is. After two months in China, the great business idea after all it is not as great.*" Márcia Cordeiro mentions the companies that have the wish of conducting business in China and suppose that as Macao being as ex-colony it will be easy "*due to the fact that the east needs the west"… "This is a mistake because they do not even care how much western we are".* Most of the time companies are analyzing

something that in the truth it is the complete opposite, "*nothing is what it seems*". And also recommends to "*lookout for the competition in the market. Come to Macao with time and speak with the people who are already here. Ask for opinion and listen carefully because the opinion will be valuable*". The barriers change and are not the same, Hélder Freitas mentions the different market reality and the difference between Macao and China "*you have a business well implemented in Macao and think that going to China is the same thing. But it is not. The market is different, government is different, people act and react different*" so it is necessary to be aware of the barriers that exist and that change accordingly.

Ana Costa recommends similar studies concerning the markets and the countries, "*to try to know a little more about the culture and the consumer habits*" but also confirms the existence of "*things that you can only know when you get to the market*".

The second emerged category is *Business Impatience*. The value of *Time* (Hall, 1960) and the different meanings between the countries reviewed in the literature are creators of distance that were referenced by the sources. One other factor allied and retrieved from the sources is the impatience of the entrepreneurs in conducting business, the difficulties of the waiting period. Even knowing beforehand that it will take *Time* to have success and conducting business, the sources referenced the urge and impatience that leads companies to fail. Six sources reference the emerged category twenty nine times.

Rúben Pereira mentions the necessity for the companies to have much more patience and calm that what it seems, "*according to my feedback whoever is trying to win the market from one day to another, the most certain to happen is for them to return home with less money and a failed attempted*". Ana Antunes describes the culture as "*different*" as they don´t have the urge of doing things so suddenly and recommends for the companies to be prepared to fail more than once, "*so that when dealing with the first barrier you will not have to return home…every barrier you can read before coming to Macao, rise it up to five times more and you will have a real perspective of what you are going to find and to be aware*"… "*The ones who wait one day can wait a day more, if not today maybe next week*". Pedro Pereira speaks of the normal business delay as "*too much and too often*" and mentions the fact of already being on the market for years and still to this date had not got the right opportunities. Even being in the market with

monthly objectives to follow through the permanency is always at risk as he knows he has to "*sell the fastest possible*" or else he will have to leave the market and return home. Márcia Cordeiro always advises newcomers to the necessity and existence of the normal waiting period that as an extensive period and refers "*companies think they come prepared but then when they arrive they have supposed wrongly. Because when they tough two months would be a big waiting period for a simple reply they are confronted with more time than that…and for the small and medium companies a lot of times the money for the permanency in the market is not enough*".

The third emergent category is *Conformity*. *Conformity* was detected in all the thirteen interviews and with a number of references that shows relevance, it was referenced ninety times. *Conformity* can be defined as yielding to group pressure (Crutchfield, 1955). The term conformity[5] is often used to indicate an agreement to the majority position, brought about either by a desire to 'fit in' or be liked or because of a desire to be correct, or simply to conform to a social role.

In the information retrieved there are sources mentioning attitudes and ways of work that go accordingly to this category. References such as "*Yes…I don´t even care anymore*" ; "*In the beginning I would stay upset and shocked to see how they work here, but nowadays I miss right rough, don´t even care when I see amazing flaws and mistakes*" ; "*Just stop caring and started trusting their system*" ; "*I do not even bother to the fact that half that times they don´t get me*" ; "*we aren´t accustomed to work like this but even so it does not matter if someone tells them to do differently because they will do just the same*" ; "*even me, sometimes I see myself delaying certain tasks I have to do, it must be the adaptation*" ; "*waiting time is pretty standard, it is almost a rule*" ; "* The ones that are here for at least six months realize that it does not matter to try to change the people so the better is to adapt to them*" ; "*Obviously we are the ones who need to accept that behavior, we are the ones in their country so we need to accept in order so everyone get along*"; "*They don´t have to change…we are on their land. If people cannot integrate the different cultures, if someone has to change it is the ones*

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[5] The term conformity is often used to indicate an agreement to the majority position brought about either by a desire to 'fit in' or be liked (normative) or because of a desire to be correct (informational), or simply to conform to a social role (identification).
McLeod, S. A. (2007). What is Conformity? Retrieved in 23-09-2015 from www.simplypsychology.org/conformity.html

that come from the outside…"; "If we want to enter China is for our own benefit, it is a hostile terrain. We have to follow their rules".

These references were retrieved by different sources and all relate to the conformity aspect. This aspect can be a barrier as it can lead foreigners to conform and not take full advantage of their own abilities in order to "fit in".

The fourth emergent category is *Confrontation*. *Confrontation* differs from culture to culture and if in one culture confrontation can be constructive in other cultures it can be destructive (Meyer, 2014). By the sources it was retrieved information concerning the two aspects, every time the sources mention confrontation they mention the cases where confrontation did not exist and if it exist it would not have a positive feedback. The constructive confrontation can be a beneficial on account of the great diversity of inputs and the helpful critique. However due do the cultural environment *Confrontation* is being seen as a negative and unproductive approach. In this category it is important to detect the no-confrontation attitude of the culture as accordingly with the sources every confrontational situation was avoided. If the discussion had the possibility of making someone raise his voice, or lose temper, the confrontation would not take place and would be avoided. There would not be the possibility to have a constructive confrontation. One of the reasons for this category to emerge can be the issue related to the "social capital" or "face" studied by Graham and Lam (2003) as confrontation can have the typical result of someone "losing face". Ten sources referenced *Confrontation* thirty seven times.

Rita Carvalho talks about the fact of existing details that we do not approve but we will not address that subject on account of not wanting to upset no one and therefore "*it is created a distance for not existing confrontation*"…"*The no-confrontation of the superior, of not questioning…that posture is visible*". And when they are confronted Débora Madeira refers the fact of being completely ignored "*I tried to talk to them, and off course, they do not listen to me, they turn their back on the conversation*". Ana Esteves attributes their absent confrontation posture as "*for them confrontation is to "lose face", so when they want to tell you something that you did incorrectly they are not direct, and that is not what we want. General rule we want feedback and have no problems dealing with it since it will be constructive for the future*"…"*if in our side it*

generated impatience for not having confrontation, from their side it is difficult to define…I do not know… I think it generated fear, but I do not know for sure because they did not react very well most of the times, they felt intimidated".

Hélder Freitas was in charge of a team and when they proceed incorrectly, confrontation was necessary, but by his experience it was not helping in his work, "*they would look at us and not say a word, for them it is completely normal how they act, they would look as "we work like this. What do you want me to do? It has always been like this and it will always be." So for them confrontation would not help because they would not listen and would continue to act the same*". Ana Costa worked directly with her superior but mentions that when it was necessary to tell her some task she did not execute perfectly and it was necessary to confront her with that fail, the superior did not address her, but send someone else to tell her what she did wrong, "*he did not tell it directly to me, he would say it through the secretary or other person*". On account of *Confrontation* Pedro Carvalho was witnessed some business deals that did not follow on a positive path "*in those type of business meetings where confrontation of any subject was present, rarely the business were positively conducted.*"

The fifth and last emergent category is *Nationality Overconfidence*. This category was detected when the sources describe the current market status in relation to the business implementation of Portuguese products in Macao. It is the overconfidence about the accuracy of one´s knowledge, their belief and judgment regarding their own products or services when internationalizing. The awareness of the sources present in the market shows that most of the times the outsiders do not have the consideration of the market demand and therefore suppose that the product or service that they have or sell is necessary to the market and it will evidently succeed because in that country it is still not implemented. It was referenced thirty one times by ten different sources.

Rúben Pereira mentions the events and international fairs that take place in Macao and in China with products from all over the world and gives the example of the wines, "*we see hundreds of companies trying to implement their products here, but with great difficulties and a high fail rate. In the fairs we have more than fifteen shacks with Portuguese wines*" … "*Even in the supermarkets the Portuguese wines are the cheapest. They do not get the proper value and in the consumer´s decision they will*

always opt for the "not-Portuguese" due to the lack of information"…"According to the cultural status they measure the value of wine by the price"…"It is a lack of cultural knowledge of this population". Márcia Cordeiro refers specifically *"We are not that special as we think. I deal with people who suppose that everything we got (in Portugal) it is good and it is just a matter of putting the product in the market that it would succeed…That is a terrible mistake. They do not care about our culture. They care about theirs.";* "diversity is not as need when it comes to Portuguese products as one thinks".*

Daniela Pinto refers to the fact of the companies that she dealt thought and had the presumption that the culture of the market could be easily overcome, ""*we will learn the costumes in half a dozen days and we can get an idea of it." No. It is not like that".* João Madureira indicates that even there are in China "brand aggregators that sell "Portugal" as one brand in order to make "Portugal" strong, but China is still a difficult path to go because companies keep on failing individually because they recognize it is complicated and return to their home market".*

5.3 Conclusion

The information retrieved from the interviewed was able to provide the verification of the theoretical data assumptions.

The main author research studies, Ghemawat (2001) Graham and Lam (2003), Hall (1960; 1987), Hofstede (1980; 1991; 2010), Johanson and Vahlne (1977; 2003; 2006; 2009) regarding cultural distance and the related barriers were found.

The Ghemawat (2001) CAGE distance framework was notable in all of the interviews conducted and therefore the majority of information had in one subject or other a connection to this framework. Evidently this framework involves all the aspects relating distance so it is only normal that the topics would eventually go accordingly with the dimensions proposed. From the four dimensions of the framework it was possible to retrieve that the cultural dimension is the one with more emphasis given in all the sources. The other three dimensions have their proven value and all the sources were aware of the barriers created by the administrative, geographically and economical situation of the specific country, but for the current study it is significant the dimensions

where the distance is not as visible. It is a matter of proportionality, the bigger the difficulty in the visibility of the dimension the valuable the information collected.

Thus the cultural dimension aspects retrieved by the analyses of the sources provided a significant amount of data. The data is difficult to analyze as it cannot be measurable but the fact of all sources mention aspects relating to specific behaviors, to language signs, and personal relations it can translate their existence and their degree of relevance.

Data as the relevancy of business networks (Johanson & Vahlne, 2003) and the imperative necessity and difficulty of having non-market relations in order to succeed (Johanson & Vahlne, 2009) was information that the sources transmitted in a practical way. Evidently the sample as an enhance perspective due to their time on the culture, and as reported the cultural differences are still strong. The necessity of knowing the cultural aspects is necessary to have respectful relations (Hoffsted, 2010).

Hall (1960) studies on the cultural context were also detected as the difference between high context cultures and low context cultures is visible. The contrast of cultures was more visible especially when business implementation barriers were being approached and negotiation (Graham & Lam, 2003), language of agreements and work speed (Hall, 1987) were being discussed.

Withdrawing from the literature review the comparison to the present sources it was retrieved new emergent categories that help to reveal the full extent of the cultural distance between cultures.

The emergent categories defined as barrier unawareness, business impatience, conformity, confrontation and nationality overconfidence have recognition by the sources as relevant factors in relation to cultural barriers.

Barrier unawareness concerning lack of knowledge related to the cultural barriers, conformity associated to the consequent yielding to group pressure, confrontation and the lack of constructive feedback, and finally the nationality overconfidence regarding the assumption of being special are emergent categories that will disturb and elevate the cultural distance between countries.

6 – Conclusion

The purpose of this research aimed to understand the knowledge regarding the market cultural barriers that are available at the present literature and therefore expand the research in order to recognize the visible and invisible barriers.

It aimed to show the challenges that companies face when they pretend to internationalize and approach foreign markets with different cultures.

From the starting point of the literature review to the exploratory interviews where the investigation of all the data collected, coded, analyzed and interpreted was made, the cultural barriers have become clear as distance creators between countries. The cultural distance proved to be a challenging and decisive factor on the success or fail of a market approach.

The existing knowledge and the new information retrieved from the sources enriched the level of cultural awareness. It confirms the existence of subtle barriers that can influence the market approach and that are only noticeable once acquiring market experience after a period of time on the market.

One of the most influential factors to the distance between countries is not measurable or quantifiable in a perfectly numerical account which is cultural distance. With this research five supplementary cultural aspects emerged as to extent of the relevance of the cultural distance.

They were defined as Barrier Unawareness, Business Impatience, Conformity, Confrontation and Nationality Overconfidence. These five emergent cultural barriers can help to understand all the extension of the cultural market barriers and help to minimize the distance between countries when connected to all the information reviewed in the literature. These emergent categories as Barrier Unawareness and the fact of being uninformed on the current era where information flows instantly and is available for anyone cannot be overlooked. By this research and always accordingly with the cultural aspect of the targeted market, in this precise case China and Macao, patience and endurance can work better than the high speed business. Conformity, Confrontation and Nationality Overconfidence are three aspects that are not usually discussed when approaching cultural differences but when analyzed in the context of this study indeed they are creators of distance.

With this study there is not the pretense to establish if one´s culture is better than another as there is no cultural values better than other cultural values, and in this study there is no cultural judgment. There are only findings of facts and data and the differences between cultures. Differences that if not identified and accepted can become barriers otherwise can also be complementary to a positive relation market or non-market orientated.

6.1 Limitations and Recommendations

For future research, it would be useful to include more pertinent and specific questions to the interviewed in order to better understand the studied barriers. Results on this exploratory study do not confirm a tested hypothesis as the results are supported on the qualitative analyses to retrieve and explain the topic and on the personal interpretation of the data retrieved.

A questionnaire would be of great value as it would be able to access the degree of relevance of a determined barrier in a measurable statistical account.

One of the limitations concerns the nationality of the sample. The entire sample is from Portuguese nationality and it would be recommendable to the sample to be extended to other interviewed from different nationalities other than Portuguese in order to provide a broader view of this reality. By having a sample of the same nationality consequently the results of the research cannot be generalized as the sample is bounded to the culture it was raised, to the economic status, to their social norms, education, values of their own country, and their ways of conducting business. On a positive note the sample being constituted from the same Portuguese nationality and therefore the same culture, presented the chance to understand the main aspects creators of distance between these two cultures in specific.

Other limitation concerns the sample size. Fifteen interviews conducted for the sample is a modest number and justifiable by the reached theoretical saturation but nevertheless a higher number of interviewed in order to retrieve focused information about the new categories it would be valuable.

It is recommended that this study also be made in other countries in order to access the general barriers reviewed in the literature.

The contribution of this study presents new categories of barriers for which it would be recommendable an even more extended study to validate the categories.

The main focus on this study was to have a better knowledge on the subtle market barriers and with this research it is hoped that the fail rate, the unsuccessful approaches, and the unawareness of the cultural market barriers is now diminish.

The reviewed literature and the new categories can help to explain in a bigger dimension the causes of cultural distance, however the companies that desire to approach foreign markets should not undervalue the contributions of the normal economic country analyses as the conditions of the market, the growth of GDP, the legislation, the political situation, the financial perspectives of the future and all the information that can give an initial knowledge of the potential of the country.

6.2 Final considerations

With this study it was able to provide an answer to what it is the real impact of cultural distance in a business strategy or business implementation. The existing literature provides the information necessary to approach a market more safely. But even so companies keep on approaching markets without the necessary knowledge and without the necessary ability to interact when the culture of the specific market it is different from his own.

In this study it was focused specially on a sample of interviews that dealt on a daily basis with the Macao market and the Chinese market, and in both markets they were able to show evidence that the attempts of the foreign companies in the market are not studied to their full extent and in this order are facing difficulties.

There are details at plain sight that the interviewed sample can state as obvious, and for the companies approaching the market they just do not reflect on them or are not aware of them.

It is necessary for the companies that desire to go abroad to build wider studies and in-depth analyses that can evaluate all the possible implications of entering a market such as the one in this research. The Chinese market has a series of potentialities and opportunities of business that was demonstrated by the growth rates that will endure for the next couple of years therefore it cannot be disregarded. The necessary studies before

and after entering the market are equally important as well as crucial for the successful approach. The unawareness of the not so invisible barriers will dictate the outcome of any enterprise.

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