



UNIVERSIDADE CATÓLICA PORTUGUESA

Internationalization of Portuguese Management Consulting Companies.

**Case study of GTBC performance potential and
internationalization opportunities in Angola, Brazil and
Mozambique**

Written by: Marina Ishchenko

Supervised by: Dr. Leandro Pereira

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Abstract

Title: Internationalization of Management Consulting Companies: Case Study of GTBC performance potential and internationalization opportunities in Angola, Brazil and Mozambique

Author: Marina Ishchenko

The objectives of this dissertation include the development of two practical models: first, to estimate external Management Consulting markets' attractiveness and second, to understand potential for successful performance of a Portuguese Management Consulting SME¹ on these markets.

The two objectives are approached through the development of theoretical and practical platforms. Theoretical platform is based on academic and business literature. Practical platform is constructed through methodological choice and planning. Importantly, the methodology of qualitative case study is used in order to examine formulated hypotheses in practice and derive theory from real life situation. The main focus of case study is GTBC²- a firm that is considered to be a typical Portuguese Management Consulting SME³. In addition, we select external markets of Angola, Brazil and Mozambique in order to facilitate our analysis and test assumptions in practice.

Our findings suggest that among the analyzed external markets, Brazil is considered to be the most attractive destination for internationalization of Portuguese Management Consulting SMEs. Importantly, the potential for successful performance in this country is estimated to be higher in comparison to the one on other markets, including Portugal.

Resumo

Título: Internacionalização das Empresas de Consultoria de Gestão: Estudo específico das oportunidades de internacionalização e do possível desempenho da GTBC nos mercados de Angola, Brasil e Moçambique.

Autor: Marina Ishchenko

Os objectivos desta dissertação incluem o desenvolvimento de dois modelos práticos: primeiro, avaliar o potencial mercado externo em consultoria de gestão para o investimento das empresas PME Portuguesas de Consultoria de Gestão e segundo, estimar o seu potencial sucesso.

Estes dois objectivos são abordados através do desenvolvimento de plataformas teóricas e práticas. A plataforma teórica é baseada na literatura académica e empresarial. A plataforma prática é construída através de uma escolha metodológica e planeamento. Um facto importante é que a metodologia do estudo qualitativo é usada para examinar hipóteses formuladas na prática e a sua teoria deriva de situações reais. O foco principal deste estudo é a GTBC – uma empresa PME [3] Portuguesa típica na área da Consultoria de Gestão. Além disso, são seleccionados os mercados externos de Angola, Brasil e Moçambique, de forma a facilitar a análises práticas.

Os resultados obtidos sugerem que entre os mercados estudados, o Brasil é considerado o destino mais atraente para a internacionalização das PME Portuguesas no ramo de Consultoria de Gestão. Um ponto importante é o facto do potencial sucesso neste país ser considerado maior em comparação com outros mercados, incluindo Portugal.

¹ Here and after small and medium enterprises.

² Global Technologies and Business Consulting- here and after GTBC.

³ **Important note:** this study is focused on Portuguese Management Consulting SME. In order to reduce the repetition, Portuguese Management Consulting SME can be called just “company”, “consulting company”, “consulting firm”, “firm” etc. Any of these terms refer to Portuguese Management Consulting SME. Accordingly, Portuguese Management Consulting industry can be called “consulting industry” “Portuguese consulting industry”, but will always refer to Portuguese MC industry.

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LIST OF ABBREVIATIONS

BA	Business Analysis
BI	Business Intelligence
FEACO	European Federation of Management Consultancies Associations ¹
GRC	Governance, Risk and Compliance
GTBC	Global Technologies and Business Consulting
IT	Information Technologies
KT	Knowledge Technologies
MC	Management Consulting ²
PM	Project Management
SME	Small and Medium Enterprises

¹ See Appendix A on brief overview of this organization.

² For definition of Management Consultancy as well as brief explanation of the differences between Management Consulting and Consulting in general, see Appendix A.

CHAPTER 1:

INTRODUCTION

1. INTRODUCTION

The main objective of this very first Chapter of our work is introductory. We overview the background and justify the formulation of problem that is intended to be solved by this dissertation. We construct the objectives that our investigation is going to accomplish, reveal the key issues that are going to be approached and construct study's hypotheses. Finally, we demonstrate dissertation's significance and contribution to academic and managerial research in internationalization field and admit some possible limitations.

There is only one economy now- global market

Tony Blair

1.1. BACKGROUND

The word “internationalization” has become a close synonym of the globalization era we are living in nowadays. Internationalization means opportunities (Carvalho and Lima 2010). In corporate world they are the opportunities of growth, options of risks diversification and possibilities of increased profits. These opportunities together with other reasons for internationalization became the main driving forces that stimulate companies to go outside home country's frontiers. Each year the number of purely local companies decreases (Ferreira 2011). Portuguese firms are not an exception. Interestingly, Portugal was one of the countries that started globalization with its 15th century discoveries (Pereira 2007). Yet, colonial times have passed. Nowadays, feeling limitations of national market, Portuguese companies seek solutions outside the national borders.

Internationalization is not only about opportunities (Carvalho and Lima 2010). It brings challenges as well. Before commencing internationalization process, firms need to clearly define and plan it, starting with the best destinations to explore and finishing with market entry mode, way of financing and differentiation strategy.

The significance of internationalization and its inseparability from globalization has been attracting attention of academic and business world for a long time. Who internationalize, why, where and how- all these questions were addressed and analyzed. Respectively, issues of internationalization decision-making, reasoning, motives, destinations, modes of entry and internationalization strategies have been studied extensively (Acs et al. 1997; Bell, Crick and Young 2004; Freeman 2000; Knight 1994; Luís 2003; Santos 2009).

No matter, which internationalization concept stays in spotlights, it is always internationalization firm that becomes the main focus of studies. (Armagan, Ferreira and Li 2007; Carvalho and Lima 2010). Firms that are discussed in internationalization literature can be divided into three categories dependently on their size, industry they belong to or country of origin. Nevertheless, this categorization is conventional since the majority of firms that are studied in regards to their internationalization belong to two or three referred groups simultaneously. For instance, Teixeira (2003) concentrates his attention on Portuguese firms in national the shoe industry, Hunttu, Forsman and Kock (2002)- on Finnish SMEs, Gustavsson and Lundgren (2006)- on Swedish SMEs in the wood industry.

According to Mujtaba and Suhail (2009), SMEs importance on international arena has been highlighted by numerous recent studies. Indeed, two of above presented examples observe SMEs in regards to internationalization. The same two examples reveal another curious fact- as it has been noticed along the research work, authors tend to choose firms of their country of residence to perform internationalization studies. Interestingly, these firms are often active in the industries that are considered to be “typical” for their country of origin. Looking back to presented examples, we can confirm that shoe industry for Portugal and wood industry for Sweden can be considered, in fact, typical.

Despite of extensive studying, internationalization is still a field, where research gaps can be found. When observing the existing examinations on internationalization, we have discovered that firms in one industry- Management Consulting- are left outside research boarders in the overwhelming majority of cases. When digging deeper, we concluded that such a finding appears to be, at last, surprising. Management Consulting is a highly globalized industry (Bernard and Byrne 2007) offering vast variety of interesting cases that could (but have not) become a focus for internationalization investigator.

As soon as we revealed the fact that Management Consulting firms have been understudied in regard to internationalization, we followed the above mentioned tendency¹ and looked closely at Portuguese Consulting industry. It was found out, that Management Consulting is not a traditional Portuguese industry, but this fact did not make it less interesting to explore, on the opposite, the gap in Portuguese research on this topic has substantially raised the author’s interest in the subject and motivated her to compose a study in that field.

1.2. PROBLEM STATEMENT

Having accessed Portuguese Management Consulting industry, we saw that the majority of its niches are found in the stage of maturity, which forces market players, including small and medium enterprises, to go outside the national boarders and explore benefits offered by internationalization. Interestingly, our findings showed that the majority of market players on Portuguese MC market are, in fact, small and medium enterprises. Importantly, we were able to confirm that they are actively internationalizing, contributing to the raise of SMEs’ importance on international arena.

We remember that internationalization is challenging and that commencing internationalization process, firms need to clearly define and plan it. While companies in other industries are able to benefit from patterns developed by internationalization studies in regard to industries they are active in, interviews that were held along the dissertation’s preparation process (Fernandes, Ferreira Jerónimo, Oliveira, Patrício, Pereira, Teixeira 2011), revealed that Portuguese SMEs suffer from the limitations of research in the field and are often forced to construct their international experience from zero.

Before going to external markets, any internationalizing SME needs to study them carefully. Accordingly, some particular concerns of internationalizing MC SME include decision on

¹ Authors tend to choose firms of their country of residence to perform internationalization studies.

opportunistic and attractive internationalization destination choice and estimation whether firm's potential for successful performance on home market would be transmitted to host markets. These concerns stimulated the author to dig deeper and perform a research that would attempt to fill in the remaining theoretical gap in regards to different aspects of internationalization of Management Consulting industry in general and MC firms in particular. Remembering that Portuguese MC industry consists mostly of SMEs as well as that SMEs importance on international arena is growing, we have decided to focus our study on a typical Portuguese MC SME.

The search for such a company ended up with the choice of GTBC considered to be an exemplar of internationalizing Portuguese MC SMEs. The company was founded in 2004 and has grown drastically during 7 years of its existence. It has already entered the Spanish market that is a typical move for any Portuguese firm and, understanding the limitations of national market, is now looking for new opportunities abroad.

GTBC could become a good example for case study development. First, it was considered to be a typical internationalizing Portuguese SME and second, the internship that was offered to the author facilitated information collection, allowing her to perform a deeper study.

Case study is considered to be a characteristic approach towards internationalization subjects (Kock and Lain 2000). Performance of a case study would allow us to merge theoretical research with practical examination, contributing to the reduction of research gaps in both dimensions.

Importantly, the dissertation did not choose one object (a firm) to perform the case study. Three external markets were selected in order to allow us to test our theoretical assumptions in practice: markets of Angola, Brazil and Mozambique¹. Our reasoning can be explained by the following example: it would be much easier for us to test whether firm's successful performance would be continued on host markets, when we look at concrete host markets. First, we would be able to test our assumptions on real examples. Second, our real examples would increase the validity of our assumptions.

1.3. RESEARCH OBJECTIVE

The key objective of this dissertation was formulated as the following:

- Through the comparison of home and selected external markets' conditions, develop a practical model that will allow us to understand potential for successful performance of a Portuguese MC SME on these markets.

Another, complementary and interrelated objective was formulated as the following:

- On the example of the selected markets, develop a practical model that would allow us to estimate whether they are attractive and opportunistic or not.

¹ For more on host markets selection process, see 4.1.1.1. of this dissertation

These objectives would allow us to see first, which are the markets that are opportunistic, investor-attractive thus, worth entering and, second, to foresee firm's potential for successful performance on the selected host markets.

1.4. RESEARCH HYPOTHESES

Any research work is a laboratory of hypotheses (Pereira 2011). Having stated the research problem and demonstrated its key and complementary objectives, we can now formulate the hypotheses that this dissertation would attempt to test and, consequently, confirm or oppose. They are three and all are closely connected:

1. Will the strengths and opportunities of Angolan, Brazilian and Mozambique markets outweigh their weaknesses and strategic issues, making them an attractive and opportunistic internationalization destination for Portuguese MC SME?
2. Will the internationalizing Portuguese MC SME that has a successful performance on home market have potential to perform successfully on external host markets with comparable or facilitated market conditions than the ones of home market?¹
3. Will the difference in between home and selected external markets' conditions have positive impact on the internationalizing SME's potential for successful performance?

It can be seen first, that we have detailed our hypotheses in comparison to study's objectives, making them less absolute and more concrete and, second, that the outcome of testing of the last two hypotheses would attempt to achieve the key dissertation objective. Consequently, the outcome of testing of the first Hypotheses would attempt to achieve the complementary dissertation objective.

As it can be seen, we take a concrete real life situation to achieve the first objective (and confirm or oppose the second hypothesis). First, we have a firm that performs successfully on home market (GTBC). Second, we know that it wants to continue its internationalization process, third, we know the markets where it wants to go to (in our case the markets were selected by the researcher). Fourth, we compare the markets (home and host) in between each other and continue our investigation in case host markets have similar or facilitated market conditions² (we develop comparison criteria). Fifth, integrating all the outcomes, we confirm or oppose the second Hypotheses.

Third Hypotheses is closely interconnected with the second one. There can be situations when home and host market conditions can be found to be similar, but still, there could exist differences that could negatively affect firm's potential for successful performance. For this reason, through the third hypothesis' testing (that looks at the concrete examples where differences in between home and selected host markets are expected to have positive impact on GTBC) we would be able to complete the achievement of our key dissertation objective and develop a practical model that would allow us

¹ The objective here is practical model development. We develop a model and after test it on GTBC. The estimation of "positive or neutral" impact was made after the interviews with market experts (Fernandes, Ferreira Jerónimo, Oliveira, Patrício, Pereira, Teixeira) and only in the research purposes. What is important here is not the impact itself, but the practical model that would allow to foresee the impact.

² We leave outside the research borders the situations when home and host market conditions are much different or host market conditions appear to be more complicated accordingly to our comparison criteria.

to understand potential for successful performance of a Portuguese MC SME on selected external markets.

First hypotheses itself proposes a practical model that allows us to confirm that host markets are opportunistic in case if their strengths outweigh weaknesses.

Having formulated the three hypotheses in such a way, we can conclude, that we would be able to achieve our dissertation objectives only if the first and the second hypotheses are answered positively.

1.5. STUDY JUSTIFICATION AND SIGNIFICANCE

We have already demonstrated the theoretical deficiency in the field of internationalization in regard to MC industry, firms in general and Portuguese Management Consultancy and firms in particular.

The ongoing research is innovative: it would explore the internationalization of Portuguese Management Consulting firms and prove the theoretical findings with the case study of GTBC company applied to three selected external markets.

Importantly, theory and practice are closely interconnected in our work. Our dissertation objectives represent attempts of development of two practical models that would allow us to understand potential for successful performance of a Portuguese MC SME on external markets and foresee whether these markets are opportunistic. The selected hypotheses detail and concretize these objectives, adjusting them to our case company and to the selected markets. In case if we are able to achieve dissertation's objectives, we would contribute to managerial practices by developing the two named practical models. Yet, by doing so, we will also contribute to the reduction of gaps in internationalization research field. If our hypotheses' testing shows positive results, some original theoretical concepts would be created:

- Positive balance between external markets' strengths and weaknesses creates opportunities for internationalizing Portuguese MC SME;
- Through the comparison of home and host countries conditions and evaluation of impact of differences between home-host countries on Portuguese MC SME, it is possible to anticipate its potential for successful performance on external markets;

The author does not intend to generalize and it is hard to explore the whole Portuguese Management Consulting Industry, nevertheless, many of the results of current analysis could be applicable to other medium-sized Portuguese Management Consulting firms, for this reason could contribute to the raise of interest in the field.

1.6. DISSERTATION STRUCTURE

Following the recommendations given during Research Methodologies Workshop (Coelho do Vale 2011), typical case study structure was chosen in dissertation building process.

Dissertation commences with the *first Chapter- "Introduction"* aimed to familiarize the reader with the problem that is going to be approached along the investigation as well as to demonstrate the objectives this work attempts to achieve. Next, the *second Chapter "Case Study"* continues with the case study itself, where the main characterizing aspects of the selected case company are presented and external environment it functions in- is analyzed. Importantly, Portuguese MC market is not only an external environment for GTBC, it is its home market that is lately going to be compared to the selected host markets in order to test the developed hypotheses. Furthermore, the analysis of Portuguese MC market is made, attempting to create a learning platform that would be used along the examination of host markets due to the lack of information on these markets' MC industry. As the work progresses, the reader would be able to explore the theoretical platform- in *Chapter three, "Literature Review"* that was build in order to perform hypotheses testing. To facilitate the reading, researcher divides the examined literature accordingly to the formulated hypotheses. After presenting the theoretical basis for this study, the author demonstrates the practical fundamentals of dissertation, namely- the "*Methodology*" used- in *Chapter four. Chapter five- "Results Analysis"*- takes into account all that has been developed so far (home market analysis, GTBC case study, theoretical and practical platforms) in order to finally test the three hypotheses. Following that, in *Chapter six- "Teaching Note"*- we explicate deeper practical relevance of our work, proposing that the developed case study can be taught for both students at the universities and business people, proving in this way both managerial and academic relevance of the performed research. Finally, we finish our study with *Chapter seven- "Conclusion"*, where the summary of key results is made and proposals for future research are offered. Importantly, the same chapter admits some limitations of performed examination. Complementary parts- Bibliography, Appendixes, Table of Contents, Figures etc. - complete our dissertation structure.

CHAPTER 2:

CASE STUDY

2. CASE STUDY

The second chapter is divided into two parts. First represents an examination of Portuguese Management Consulting market that would serve as external environment analysis and creation of learning platform that would be used for the analysis of selected host Management Consulting markets. As the study progresses, the reader would be represented with the overview of the most crucial characteristics of the firm selected for the case study. Furthermore, strategic assessment of the company based on internal interviewing and surveying process as well as on author's own observations would be demonstrated. Finally, internationalization strategy of GTBC would be described

"There are no nations anymore. Only companies, international companies..."

"The Interpreter" (movie)

2.1. ASSESSMENT OF PORTUGUESE MANAGEMENT CONSULTING INDUSTRY

2.1.1. PORTUGUESE MANAGEMENT CONSULTING MARKET: OVERVIEW

Growing effect of exports in Portuguese consulting industry in recent years shows the increasing level of competitiveness of this national sector and proves the growing need to expand business activity outside the national borders (Fernandes 2011; Ferreira 2011; Oliveira 2011). Deep analysis of Portuguese MC market that does not appear to be as attractive as it was some years ago (Jerónimo 2011; Pereira 2011) is inevitable and should be performed in order to understand first, the characteristics of the market that influence the growth of internationalization of national consulting firms, second, to study the overall environment dominating in Portuguese consultancy¹ and finally, third, to create a learning platform that would be useful when studying the selected internationalization destinations. All of the three chosen host markets (Angola, Brazil and Mozambique) are emergent, consulting markets are found at the stage of their development, thus, there is little information available on the matter. The creation of such learning platform would be crucial for the formation of a "consulting point of view" that would be used as a filter for information selection and analysis during further investigation of Angolan, Brazilian and Mozambique markets.

2.1.1.1. Introduction

Being born later than the European or American MC markets², Portuguese consultancy equaled the pace of development in the mid-80th, when Portugal entered the European Union (Jerónimo 2011; Patrício 2011). This entrance resulted in the increased level of globalization of national economy and made consultants think of internationalization.

¹ This approach allows us to understand better the environment, surrounding GTBC's business life

² Some of the European States: Belgium, Netherlands, Germany, France, United Kingdom, Nordic Countries. The emergence of American and stated European consulting market goes back to 1886. Freire (2008)

The more MC market grew up, the tighter the national borders were becoming. Over the 90th various multinational MC market players entered Portuguese market and, although the national market was gradually raising its level of attractiveness until the beginning of 2000^{ths}, the increased number of competitors together with a relatively unchanged client portfolio, made national consulting companies not just think, but take an action and internationalize (Ferreira 2011; Teixeira 2011). The need for internationalization escalated at the beginning of 2000^{ths}, when Portugal entered into economic crisis. This crisis brought a complete understanding of negative effects of Portuguese economic and political instability on MC. Consequently, search of attractive international investment destinations was intensified not only by big consulting companies, but also by medium and small ones (Oliveira 2011; Pereira 2011).

Another economic crisis hit hard Portuguese economy after just 4 years of 2004th recovery. Global credit crunch affected strongly the national market, which, after entering into 2011th recession, was not able to recover without an external help.

Consulting market was and is suffering from current crisis and recession as well: the overall demand for services declined and the clients' budget for consulting services was substantially decreased if not eliminated (Jerónimo 2011).

The hope for recovery is still distant. According to the International Monetary Fund, Portugal can expect to start the recovery in 2013 in case if the country fulfills all the objectives defined together with the monetary help¹. Right now Portugal is considered the European underdog that would pursue the worst pace of development followed only by Greece in 2012². This unenthusiastic news together with the knowledge of the existence of outside rapidly growing and developing markets, stimulate consulting firms' restructurings, strategy reconsideration and internationalization (Oliveira 2011; Teixeira 2011).

The limitations and downsides of the Portuguese MC market can be better understood now, however a deeper analysis of demand and supply sides of the market as well as its strategic issues would reveal more details of this limitation, creating a full comprehension of the "why" Portugal is not enough anymore and the importance of internationalization for Portuguese consulting firms.

2.1.1.2. Analysis of Portuguese demand for MC services

2.1.1.2.1. European demand dynamics³

The twentieth century has left critical mark on modern history. This century gave emergence to several phenomena the world cannot live without: industrialization, automatization, technologization

¹ Anonymous, 2011. *FMI: Portugal começa a recuperar em 2013*, Expresso, [online] (last updated on 15:44 PM on 6th of May 2011) Available at: <<http://aeiou.expresso.pt/fmi-portugal-comeca-a-recuperar-em-2013=f647373>> [Accessed 27 February 2011]

² Anonymous, 2011. *Portugal será único país da Europa em recessão em 2012*. [online] 16 May. Available at <<http://www.opais.co.mz/index.php/economia/38-economia/14100-portugal-sera-unico-pais-da-europa-em-recessao-em-2012.html>> [Accessed 15 May 2011]

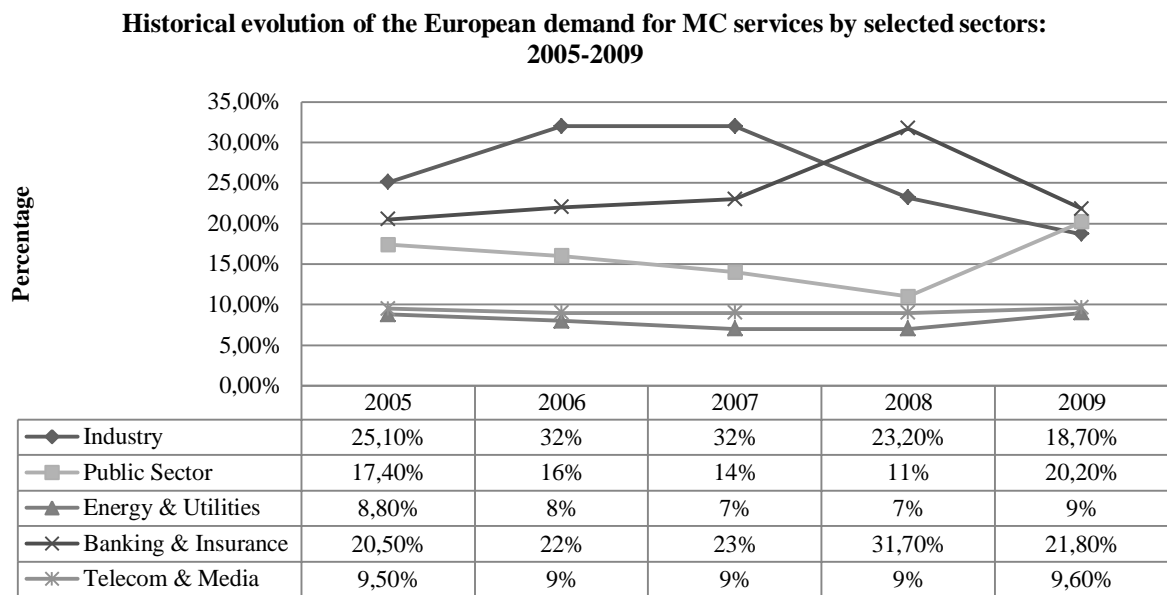
³ We look at Portuguese demand for MC services' dynamics through the prism of European demand. The statistical data on the evaluation of demand in Portugal is scarce. However, according to FEACO, there is a high similarity between the evaluation of European and Portuguese demand, which allows us to undertake the named approach.

and globalization. As the development of these phenomena progressed, increased the need for management consultancy- a professional service dedicated to value creation through the usage of diverse practices and tools.

Over the years demand for consulting services fluctuated: changed the clients as well as their needs. The evolution of this change is called demand dynamics; it is crucial to examine it in order to understand which opportunities the market can offer¹.

The analysis of the yearly surveys of the European MC market performed by the European Federation of Management Consultancy Associations² shows that demand for consulting services comes primarily from the following industrial sectors: Energy and Utilities, Financial Services, Industry, Public Administration and Telecommunications³. These sectors dominate consulting clients' portfolio, demanding the major part of consulting services. The percentage of demand distribution changes over the years, however the leadership of these sectors remains stable.

Figure 1: Historical evolution of the European demand for MC services by selected sectors: 2005-2009



Source: Personal contribution based on FEACO Surveys of the European Management Consultancy Market: 2005-2009

The Figure 1 shows us that demand for consulting services of Financial Institutions dropped significantly in 2009, confirming the level of severity of the started financial crisis. Same happened in Portugal and, unfortunately for Financial Institutions as well as for consulting companies, is continuing now (Ferreira 2011; Pereira 2011).

Portuguese demand side has a similar structure as the European one; however, the existence of few

¹ In the examined case- Portuguese market.

² Here and after- FEACO

³ Including Banking and Insurance sectors

highly competitive market players in the sector of Consumer goods as well as Wholesale and Retail¹ have led to the increased demand for consulting from these industries in Portugal².

Examination of FEACO surveys' results concerning consulting services of the highest demand in Portugal demonstrates that Business³, IT Consulting, Operations Management and Outsourcing are the most necessitated ones. The percentage correspondent to the yearly demand of each service fluctuates annually as does the total amount of services demanded; nevertheless, overall picture remains unchanging⁴: for instance, the reduced amount of the provided consulting services during the on-going economic crisis did not change the structure of demand (Oliveira 2011; Patrício 2011).

2.1.1.2.2. Demand drivers

Demand for Portuguese MC services is driven by two factors: customer's budget and confidence (Fernandes 2011; Oliveira 2011). The two are closely interconnected and both are related to the overall national economic situation.

It was seen that national economic and political instability has been constantly working against Portuguese consultancy. This instability creates uncertainty on the overall market and affects the demand side: clients avoid long-term projects and tend to use internal forces instead of consulting companies (Ferreira 2011; Pereira 2011). Importantly, these negatives effects result in the rise of demand for innovation-related, productivity-oriented and cost-reduction concerned consulting services⁵.

2.1.1.2.3. Demand segmentation

Segmentation of consulting industry has become a difficult task for a number of reasons. First, "key service lines"⁶ have become complexly structured. Second, consulting companies often take an advantage of portfolio's naming. For instance, Human Resources Management can be called Talent management, nevertheless, de facto be the same service (Oliveira 2011; Teixeira 2011).

A number of variables can be used for consulting market segmentation. The one of the major importance is the content of consulting services. The usage of this variable leads to the following segmentation of consulting industry⁷:

- Business consulting including Strategy, Operations Management, Project Management, Change Management and HR consulting;
- IT consulting;

¹ Both Sonae and Jeronimo Martins are Portuguese market giants that have spread their activities outside the national borders.

² See FEACO Surveys of the European Management Consultancy Market: 2000-2010.

³ Business Consulting includes: Strategic Consulting, Organizational Management, Project Management, Change Management and Human Resources Consulting.

⁴ See FEACO Surveys of the European Management Consultancy Market: 2000-2010.

⁵ See FEACO Surveys of the European Management Consultancy Market: 2000-2010.

⁶ The term used by FEACO for the major groups of consulting services.

⁷ See FEACO Surveys of the European Management Consultancy Market: 2000-2010.

- Development & Integration;
- Outsourcing;
- Other services

In Europe the majority of the market is dominated by Business Consulting with 42% market share.¹ Data for Portugal is not that concrete however, it is clear that Business Consulting stays on the leadership position as well, followed by IT consulting, Development & Integration and Outsourcing².

2.1.1.2.4. Trends in Portuguese demand for MC³

The economic crisis of 2001-2003 created uncertainty on the consulting market for the first time. A trend for Cost Reduction Management appeared and has been growing ever since. Ongoing economic and political crisis (2008-on) accentuates the need for Cost and Risk Management. Cost Reduction needs to merge with productivity, as companies want to reduce costs and stay competitive at the same time. Demand for Innovation Management as for an excellent tool for competitiveness increase, continues to grow. Competitiveness concerns lead to constant procurement of technological upgrades and improvements thus, increased knowledge in these spheres is required.

Importantly, many industries⁴ are subject to constant legal amendments thus, area of Compliance is highly enquired.

2.1.1.3. Analysis of Portuguese supply for MC services

2.1.1.3.1. Geographic distribution of supply

Portuguese consulting market has become highly concentrated with the majority of companies localized in Lisbon (46.8%) and other important industrial centers- Porto (16.0%), Funchal (5.1%), Setúbal (5.3%), Aveiro (3.7%)⁵. Such distribution of supply can be explained by the geographical characteristics of Portugal: it is a small country thus, the advantages of centering the activity in Lisbon or Porto and dislocating whenever project requires are higher than the ones of opening an office in other Portuguese cities (Patrício 2011; Pereira 2011). Figure 2 represents geographical distribution of supply with more details.

Figure 2: Geographical distribution of Portuguese MC companies as on January of 2011

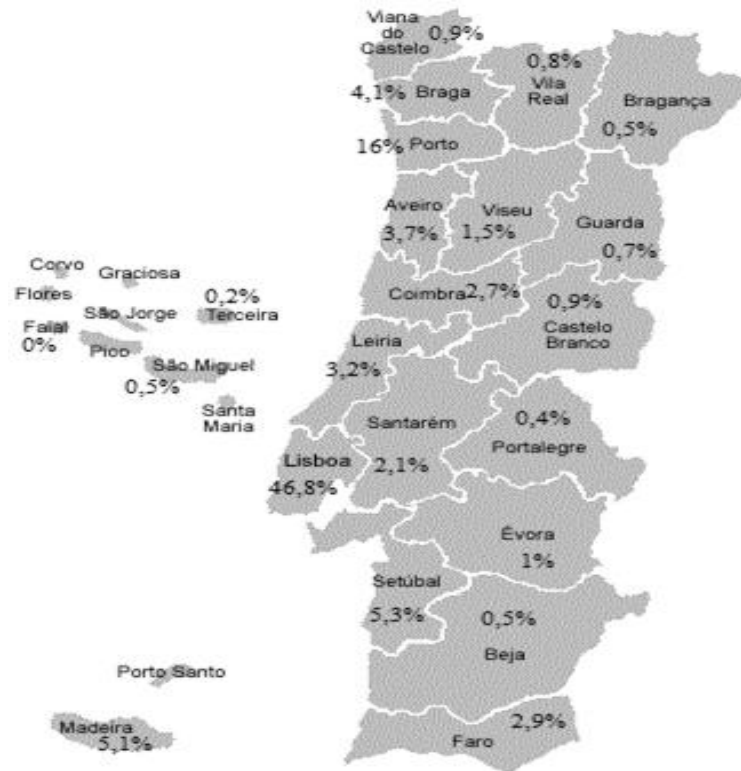
¹ See FEACO (European Federation of Management Consultancy Associations), 2008. *Survey of the European Management Consultancy Market 2007/2008*. [online] Available at <<http://www.feaco.org>> [Accessed 28 February 2011]

² Such situation remained at least for 5 years: 2005-2009 inclusively. Unfortunately, from 2010 on FEACO surveys are unavailable for free access.

³ Written based on the information from FEACO Surveys of the European Management Consultancy Market: 2000-2010 and information collected along the interviews with GTBC directors.

⁴ Example: Banking & Insurance

⁵ There are 6062 companies with the indicated CAE functioning in Portugal as on January 2011.



Source: Personal contribution based on data provided by the Portuguese Chamber of Commerce and Industry.

2.1.1.3.2. Trends in Portuguese MC supply

Consulting supply follows the development of demand (Oliveira 2011; Teixeira 2011). According to FEACO, consultants in Portugal need to be flexible in order to satisfy the needs of demand¹. When demand shifts towards specialization, consulting companies follow strategy of niching. In case clients require wider range of services, supply adjusts to these changes as well. Significant decrease of demand during the current crisis forced consulting companies to readapt their financial strategy, restructure or reduce their human resources (Ferreira 2011; Pereira 2011).

2.1.1.3.2. Categories of suppliers

Two factors can be used for categorization of suppliers: their home country and size (Oliveira 2011; Patrício 2011; Teixeira 2011).

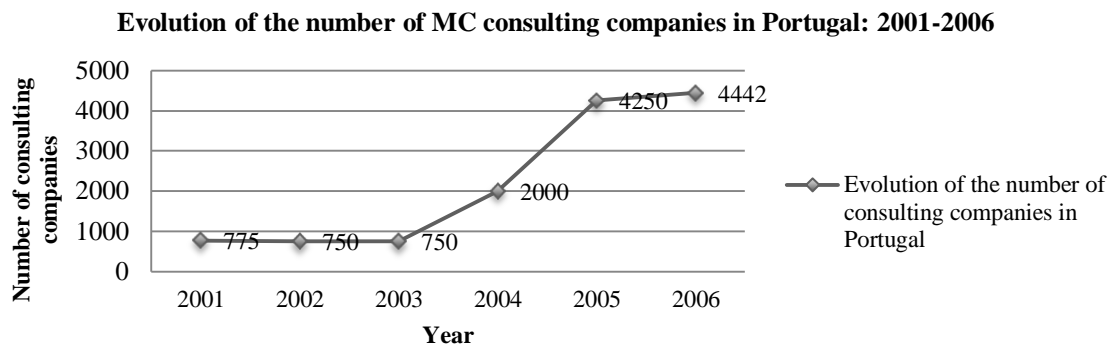
Portuguese market is home to foreign as well as national companies. These companies are big multinationals as well as medium, small and micro sized enterprises² with the first offering broad range of services and latter- highly specialized.

¹FEACO (European Federation of Management Consultancy Associations), 2002. *Survey of the European Management Consultancy Market 2001*. [online] Available at <<http://www.feaco.org>> [Accessed 23 March 2011]

FEACO (European Federation of Management Consultancy Associations), 2008. *Survey of the European Management Consultancy Market 2007/2008*. [online] Available at <<http://www.feaco.org>> [Accessed 28 February 2011]. The factors of categorization are defined by the *Recommendation 2003/361/EC of the European Commission of 6 May 2003 on the SME Definition*. [online] Available at <http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm> [Accessed 23 March 2011]

Figure 3 shows the evolution of the number of consulting companies in Portugal.

Figure 3: Evolution of the number of MC companies in Portugal: 2001-2006



Source: Source: Personal contribution based on FEACO Surveys of the European Management Consultancy Market: 2001-2006

It can be seen, that the market is highly saturated, with the majority of firms being small or micro sized. In 2006 there were 466 medium or large companies out of 4442 consulting market players.

2.1.1.3.3. Impact of innovation and new technologies

Innovation and new technologies are the main drivers of supply in national consulting (Fernandes 2011; Ferreira 2011; Pereira 2011). Portuguese clients are demanding: consulting companies need to correspond to their expectations and satisfy needs in order to keep the loyalty high (Oliveira 2011; Patrício). In our rapidly changing world, technology and innovation are undividable parts of business life, thus, suppliers of consulting services need to be technologically sophisticated and innovative.

New technology is a source of innovative consulting services: many business intelligence applications have being developed along with technological achievements. Technology facilitates internationalization of MC companies: since the appearance of the Internet, it has been used for distant supply of MC services, facilitating in this way the globalization of the market (Oliveira 2011; Teixeira 2011).

2.1.2. PORTUGUESE MANAGEMENT CONSULTING MARKET: STRATEGIC ASSESSMENT

2.1.2.1. Structural return

Porter Five Forces model (Porter 1979) is a perfect tool for the analysis of consulting industry's attractiveness¹.

It was proved that consulting industry is vastly dependent on its clients. Buyers' needs and their perception of consulting services have become the key elements in the determination of suppliers' pricing strategy and discount policy (Patrício 2011; Pereira 2011). This was intensified especially by

¹ See Appendix A for a brief overview of Porter's five forces model.

the current economic crisis. For these reason *bargaining power of buyers*¹ is considered to be *medium-to-high*, mostly *high* in times of uncertainty.

On the contrary, *bargaining power of suppliers is low* due to the fact that only few suppliers are necessary for the successful functioning of consulting industry (Fernandes 2011; Ferreira 2011). Consulting associations, IT, office equipment and cleaning services are the examples of required supplies needed to satisfy needs of consulting firms. The highest power is obtained by Consulting associations, which provide necessary training and certification.

Portuguese consulting industry has become very concentrated. There are big international players with vast range of activities and niche players, which occupy and defend specific segments on the market. Portuguese consulting market is saturated with a *high level of rivalry*. Expectedly, *threat of new entrants is low*: first, the level of rivalry is high, second, the market growth rate has substantially slowed during the last years and finally, third, Portuguese economy is and will stay unattractive in the next 2 years and it is the best case scenario².

During the 20th century up to the late 90th consulting services were easily substituted by the activity of CEOs, CFOs, Executives, Managers, Accountants, and Lawyers (Freire 2008). Nowadays consulting has become an independent and essential service in business life of national and international enterprises (Fernandes 2011; Teixeira 2011). For these reasons, *the threat of substitutes is low*, particularly in highly specialized areas of consultancy such as Business Intelligence or Project Management.

The combination of the Five Forces forms the attractiveness of the MC industry. Portuguese MC market can be still considered attractive, however one more time due to the crisis, only for those consulting companies, which, first, are already present on the market and, second, have a stable client database. In addition, the level of this attractiveness is slowly decreasing in comparison to other markets. Brazil represents an illustrative example.

2.1.2.2. Attractiveness drivers

Conjoint analysis of the attractiveness' drivers and Porter's five forces draws a complete picture of the attractiveness of Portuguese consulting for short, medium and long term.

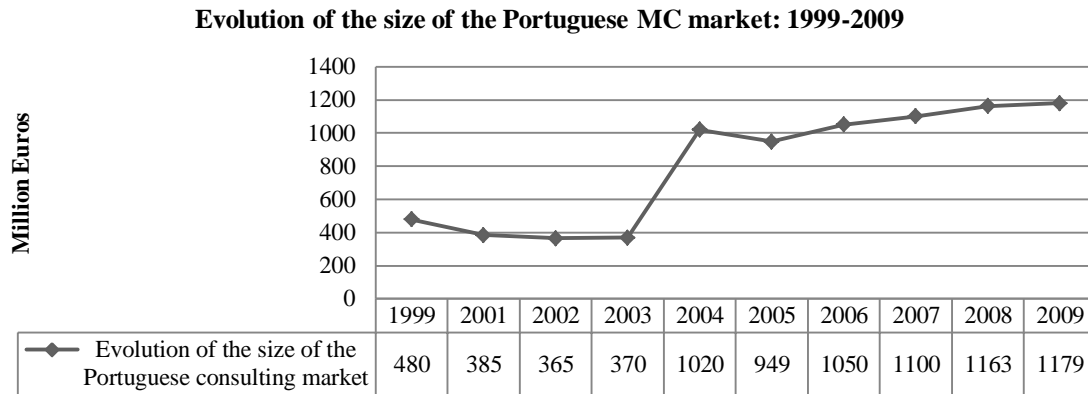
Despite of having started its development later than MC in the United States or some of the original European States, Portuguese consulting market has grown considerably during the last years (Fernandes 2011; Pereira 2011). Figure 4 proves this assumption: taking into account sales in the market, it shows that while in 2001 the size of the market was measured by 385 million Euros, it grew up to 1 billion 179 million Euros until 2009. The growth, however, started to slow down already in 2005: suppliers were able to increase the sales no more than 5%. This percentage dropped

¹ According to Porter (1979) buyers or suppliers are considered to have a high bargaining power in those situations where they are able to "capture more value for themselves" by different means. For instance, suppliers, can limit the quantity of offer, while buyers can require higher quality of products/services.

² Anonymous, 2011. *FMI: Portugal começa a recuperar em 2013*, Expresso, [online] (last updated on 15:44 PM on 6th of May 2011) Available at: <<http://aeiou.expresso.pt/fmi-portugal-comeca-a-recuperar-em-2013=f647373>> [Accessed 27 February 2011]

down to 1% in 2009, reflecting the influence of global and Portuguese economic crises on MC market.

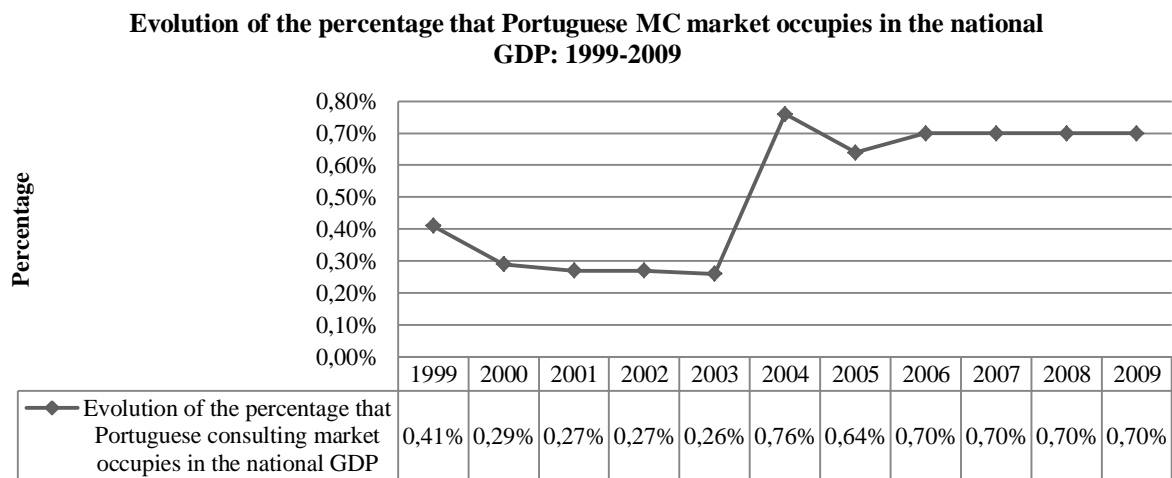
Figure 4: Evolution of the size of the Portuguese MC market: 1999-2009



Source: Personal contribution based on FEACO Surveys of the European Management Consultancy Market: 1999-2009

In crisis times or not, but value of Portuguese MC market, despite of being reasonably high, never passed 1% of national GDP.

Figure 5: Evolution of the percentage that Portuguese MC market occupies in the national GDP: 1999-2009



Source: Personal contribution based on FEACO Surveys of the European Management Consultancy Market: 1999-2009

At the same time, the value of the market stimulates the competition: as Portuguese MC reaches stage of maturity, the growth of the market slows down and the competition becomes more intense¹.

Intense competition, high bargaining power of buyers and crisis pressurize consulting fees and force margins to decrease. Still, the margins are considered to be medium due to the low costs of consulting activity (Ferreira 2011; Pereira 2011). Likewise, there is merely no risk in consultancy

¹ The growth is considered to be medium- the boom of consultancy in the late 1990th- beginning of 2000th is currently slowing down. Nevertheless, the sector is still found in its growing phase of development

(Ferreira 2011; Pereira 2011). Despite of that, this industry is highly dependent on demand, which (as it has been already seen) is influenced by national and international economic and political situation¹.

The brief analysis of the MC industry attractiveness⁴ drivers confirms the above assumption: Portuguese consultancy can be still considered to be reasonably attractive, however, for existing market players. Even so, the limited market space and numerous market players force consultants to look outside the national borders in order to continue to grow and stay competitive.

2.1.2.3. Key success factors

Key success factors are the main ingredients in the recipe of the prosperity in consulting activity. Examination of some of the Portuguese consulting leaders' activity² as well as survey of GTBC³ collaborators have resulted in the following conclusion about the key success factors of Portuguese consultancy:

Table 1: Key buying, competing and success factors of Portuguese Management Consulting industry

Key buying factors	Key competing factors	Key success factors
- Quality	- Reputation	- Ratio price/quality
- Price	- Expertise	- Networking
- Networking and word of mouth	- Innovation	- Strong brand differentiation
- Range of products/ services	- Partnerships	- Innovation
	- Certification	

Source: Survey of GTBC collaborators

It can be seen that quality/ price ration, range of services, networking and word of mouth are the ones that create value for the client. These factors are taken into account when choosing a consulting company to work with.

Reputation defines the competitors in MC industry as well as it does the expertise. Building reputation and brand image is critical in consulting. It is crucial for a young company to decide the means of reaching the reputation of being a professional in the consulting sector.

Talking about the key success factors of the industry in general, it can be said, that ratio price/ quality, networking, strong brand differentiation and constant innovation are the most important ingredients of the company's success that also create customer loyalty.

2.1.2.4. Strategic groups

¹ For that reason the consulting industry risk is considered to be low-to-medium.

² Noesis, Novabase, Reditus Group etc.

A model developed by Freire (1999) for categorization and analysis of strategic groups in the international consulting industry can serve as a perfect tool of analysis of strategic groups in Portuguese MC market.

A comprehensive picture of the existing strategic groups is demonstrated Figure 6: it can be seen that all companies are classified in various groups according to the scope of their activity and level of relationship with a client. First group includes companies with generalized or specialized approach in consulting services, while second contains consultancies oriented on operational and executive levels in a client company.

Consulting firms appearing on the Figure 6 represent the competitors, which activity intersects with the activity of GTBC more often. Importantly, there are only few companies, which provide specialized consulting services in the areas of Business Analysis, Business Intelligence, Governance, Risk, Compliance, IT¹ and Project Management to the Top Executives. GTBC is strategically positioned in this segment together with an international giant- KPMG and Portuguese MC company- Bright Partners.

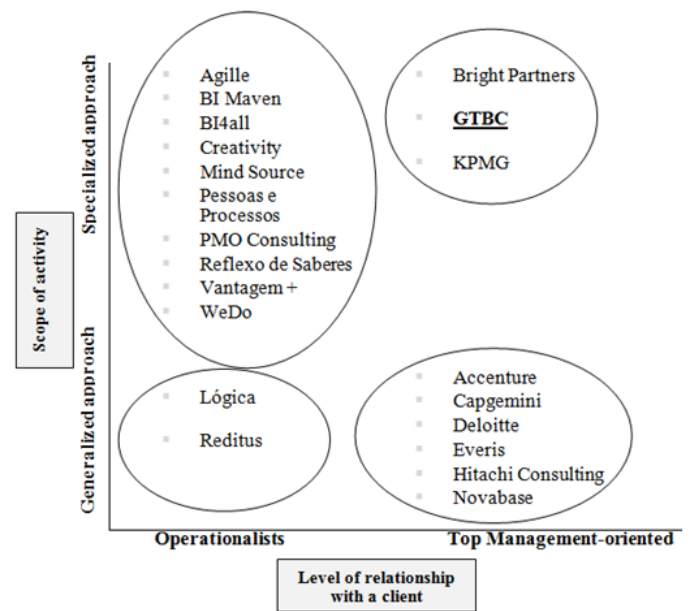
In addition to the categorization of MC suppliers into strategic groups, Pereira (2011) suggests that MC associations and certifying authorities form strategic groups on MC market as well. The examples given included Project Management Institute and Institute of Business Analysis.

2.1.2.4. Strategic issues of Portuguese MC industry

A brief overview of some of the strategic issues of Portuguese MC could become a good resume of its analysis.

Portuguese consulting market includes various niches: some of them are found at the stage of development (Cloud Computing²) others have reached or are reaching the maturity phase (Strategic consulting). It has been accentuated that the attractiveness of Portuguese consultancy is limited to the existent market players, however, narrow dimensions of Portuguese consulting market outweigh this attractiveness: the market place is small, saturated and highly affected by political and economic instability, which diminishes consumer confidence and pressures margins down.

Figure 6: Application of Strategic Group matrix to GTBC and its competitors



Source: Personal contribution based on A. Freire's framework

¹By IT we mean IT services included into GTBC portfolio.

²See Coimbra and Romeiro (2010)

All these market forces contribute to the overall decline of Portuguese MC market attractiveness and stipulate consulting companies to go outside the national borders.

Importantly, Portuguese MC market cannot be used as a cash-cow: low margins does not offer jumbo profits, nevertheless, the market has become an ideal learning platform for both national and international companies internationalizing to other Portuguese-speaking countries (Angola, Brazil, Mozambique etc.)

2.2. ASSESSMENT OF GTBC

2.2.1. GTBC: OVERVIEW¹

Central part of the case study is dedicated to the examination of GTBC. The following next pages are devoted first- to the introduction of the company, second- to its strategic assessment. Both have strategic nature, however can be distinguished with the usage of Mintzberg and Waters' matrix: introductory part we compare to the realized strategy and assessment- to the intended one.

GTBC- Global Technologies and Business Consulting is a Portuguese Management Consulting company situated in Campo Pequeno, Lisbon, Portugal. Having in mind the Portuguese origin of the firm, we come to know the core ideas it stands for, they are:

- Permanent and sustainable growth of corporate services;²
- Orientation on success and differentiation of portfolio;
- Use of best practices in core and support processes;
- Politics of satisfied and motivated employees

2.2.1.1. History

The founders of the firm used the above ideas as orienteer in 2003 during the development of corporate business model. The company- Global Technologies & Business Consulting, S.A.- GTBC was founded next year, 2004 and, as a result of seven years of history, GTBC has grown from few consultants to 150 collaborators, from small firm to a successful medium-sized enterprise operating in the Iberian market of MC services.

GTBC started its operations with 44 collaborators and reached 4 million Euros in turnover in the first year of its activity. The second year was characterized with primary steps towards internationalization: the firm has won its first project abroad. The same year brought strategic

¹ The following assessment (2.2.1.) is written on the bases of interviews with GTBC directors and survey of GTBC collaborators.

² "Garantir crescimento permanente e sustentado dos serviços

Ter uma imagem de prestígio e diferenciação

Boas práticas nos processos core e suporte

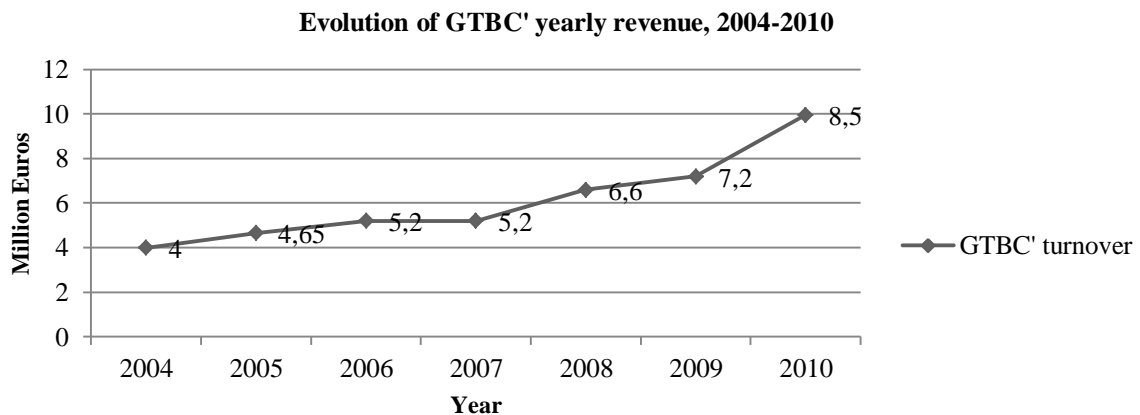
Colaboradores satisfeitos e motivados"

partnership with Portuguese Group Reditus- an important player on the national market of MC services. Being strategically oriented, GTBC proved that permanent and sustainable growth is not only an orienteer, but also a reality already in 2006. Successful accomplishment of the first international project encouraged the company to enter Spanish market through the creation of GTBC, Spain with headquarters in Madrid.

The executive management of the company has been constantly accompanying all the external changes happening on global and Portuguese market of MC. This tactics resulted in several restructurings undertaken internally: the ownership and capital structures were altered in 2007, new business model was developed and implemented in 2008 in order to better correspond to clients' needs.

Using revenue as the indicator of corporate growth, we can see on Figure 7 the evolution of GTBC' development over the years.

Figure 7: Evolution of GTBC's yearly revenue, 2004-2010



Source: Personal contribution based on the internal data made available by GTBC

The Figure 7 demonstrates that GTBC' activity has been accompanied by sustainable and continuous growth of turnover¹ that was not stopped by the financial crisis of 2008-2010. The evolution of the company can be also proved by the increased position in the ranking constituted by *Semana Informatica*: if in 2009 GTBC took the 97th place in between 200 biggest Portuguese Information Technologies companies, 2010 placed GTBC on 93^d position².

These positive results incentivated management to start looking outside the national borders continuing in this way the internationalization process. 2010 can be called the “preparatory” year, when the firm performed two studies of the two areas of its activity responsible for the major part of corporate turnover: Project Management and Business Intelligence. In addition, an internal restructuring was completed in order to better correspond to the necessities of demand³.

¹ The “dead point” of 2006-2007 is explained by significant investment into GTBC, Spain.

² Data revealed during the interview with Ferreira (2011)

³ The firms started to operate in the fields of Business Analysis and Governance, Risk and Compliance.

In 2011 GTBC is planning to continue its internationalization process, preparing itself to continue its way towards global future.

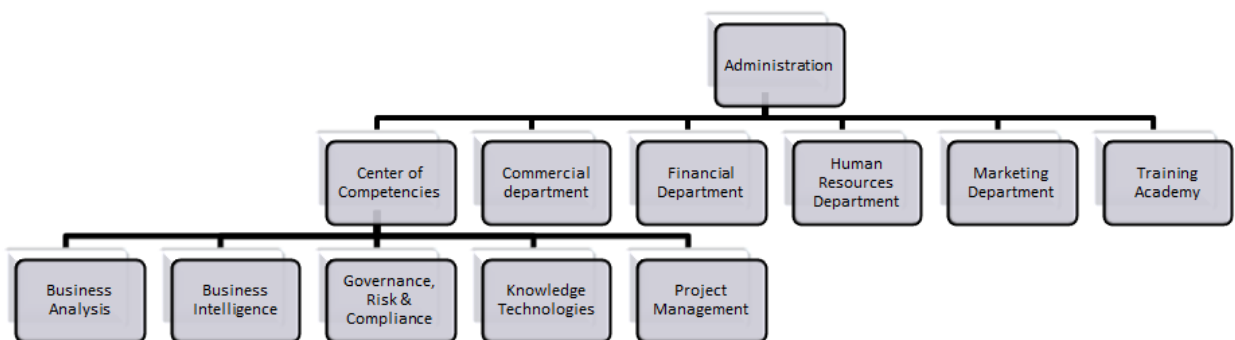
2.2.1.2. Vision, mission and values

The definition of mission, vision and values¹ shows strategic orientation of GTBC: its mission² is directed towards high quality services that correspond to the needs of demand, and vision³ includes the objective of differentiated value creation in the Iberian market of Management Consulting Services.

2.2.1.3. Corporate structure

Constant planning of future development facilitated corporate growth as well as did the continuous adjustment of the organizational structure. GTBC was organized in three Business Units⁴ until 2010, when changes in demand and alterations in clients' needs led to one more corporate reorganization. Nowadays GTBC is structured into five Competence Centers according to the five core competences of the company, namely: Business Analysis, Business Intelligence, Governance, Risk and Compliance, IT and Project Management. These Competence Centers as well as other departments⁵ are managed by Business Directors controlled by the Executive Board. The main elements of the Competence Centers are consultants who are divided into teams accordingly to the projects they are developing. Figure 8 explains better the organizational structure of GTBC.

Figure 8: GTBC's organizational structure⁶



Source: Personal contribution based on the internal data made available by GTBC

¹ According to GTBC website, GTBC values are: Quality, professionalism, proactive, cooperation, ethics, innovation, team spirit, commitment, integrity, customer-oriented.

² According to GTBC website, GTBC' mission is: "Provide consulting services that guarantee the complete integration of our Clients' business needs and their information technology infrastructure to create value through increased levels of organizational performance".

³ According to GTBC website, GTBC' vision is: "To be a distinguished leader within Iberia, through our commitment to our Clients, Partners and Collaborators, providing differentiated integrated solutions and value-added".

⁴ Business Intelligence, Information Technologies and IT

⁵ Commercial, Financial, Human Resources and Marketing departments

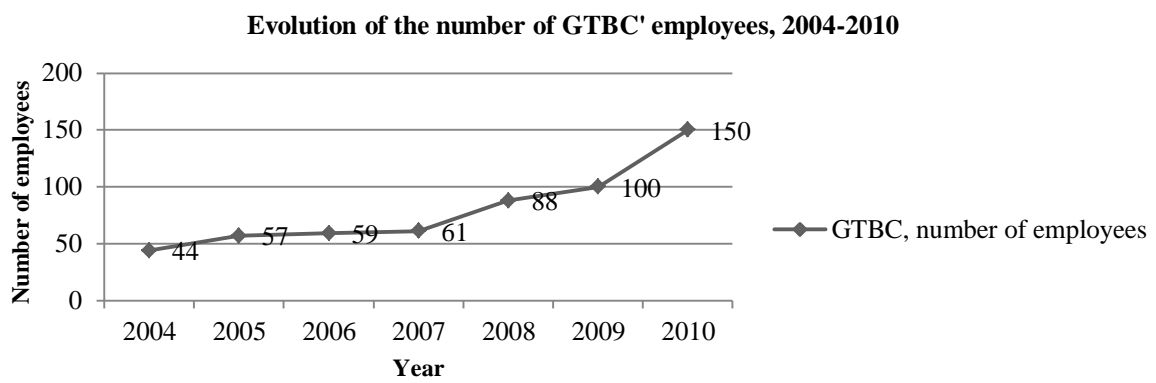
⁶ During the realization of this work, GTBC passed through one more corporate restructuring, assuring that its organizational structure corresponds to clients' needs. In this way, IT Competency Center was rebranded to Knowledge Technologies Competency Center. Yet, we would refer to this Competency Center as to GTBC IT department.

2.2.1.4. Human resources

GTBC' human resources drive its corporate growth. The Team includes both experienced and young collaborators. First create value through the input of their knowledge and know-how, while second contribute with dynamics and energy. Importantly, GTBC has been constantly investing in Human Resources and their certification in order to increase the level of professionalism of the team. In addition, the firm supports academic initiatives of its collaborators and welcomes the increase of their qualification.

The number of employees increased together with the sales of the company: from 44 in 2004 to 150 in 2011:

Figure 9: Evolution of the number of GTBC' collaborators, 2004-2010



Source: Personal contribution based on the internal data made available by GTBC

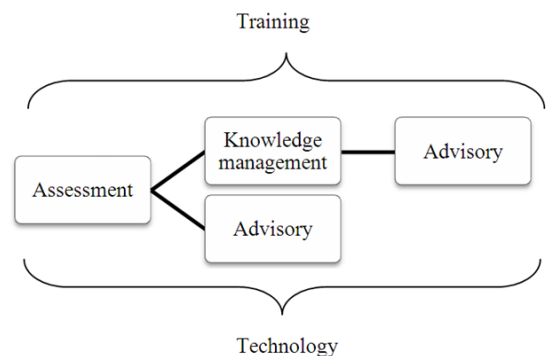
Among 150 employees, GTBC is proud to count on those with PhD, Master or Postgraduate degrees as well as certified collaborators with vast experience in the areas of business activity of GTBC.

2.2.1.5. Products and services

In order to be able to offer customers the vision of global business across the entire value chain: from strategy to implementation of business systems, the company has designed its portfolio in the following way: besides the structuration by Center of Competences, products and services are divided into the following categories:

- Assessments & Advisory;
- Knowledge Process Management;
- Technology;
- Products;

Figure 10: GTBC working process



Source: Personal contribution based on observations of GTBC processes

- Training Academy¹

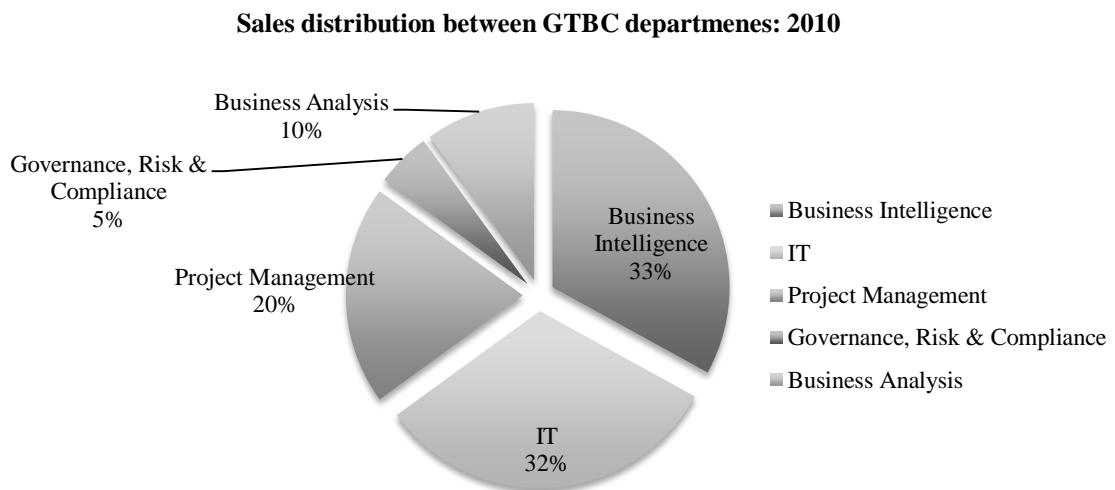
Competence Centers serve as areas, which contain all the categories of products and services. Such categorization allows managers to better access the stage of relationship between GTBC and client as well as detect the possibilities of cross-selling.

Normally, working process starts with the assessment of client's issues and necessities. It can continue, transforming to the stage of Knowledge management, where the company uses its know-how in order to create value for the client. Knowledge management includes the implementation of the results by GTBC; however, the recommendations given by GTBC, can be put in practice by client himself, in this way Assessment stage would finish with the Advisory. Training process can accompany the entire workflow or can be provided as an independent service, while technology is always present at any point of GTBC's intervention and plays crucial supportive role.

2.2.1.6. Sales

GTBC has been constantly working on sales increase and as it has been seen on Figure 7, this effort resulted in efficient results. Each of the Center of Competency contributes with a certain percentage to sales increase. In 2010, the majority of services- 33% was provided in the area of BI, the area of IT contributed with 32%, PM with 20%, BA with 10% and GRC with 5%. The last two areas were introduced in 2010, for this reason contributed less to sales' increase.

Figure 11: Sales distribution between GTBC departments: 2010



Source: Personal contribution based on the internal data made available by GTBC

2.2.1.7. Clients

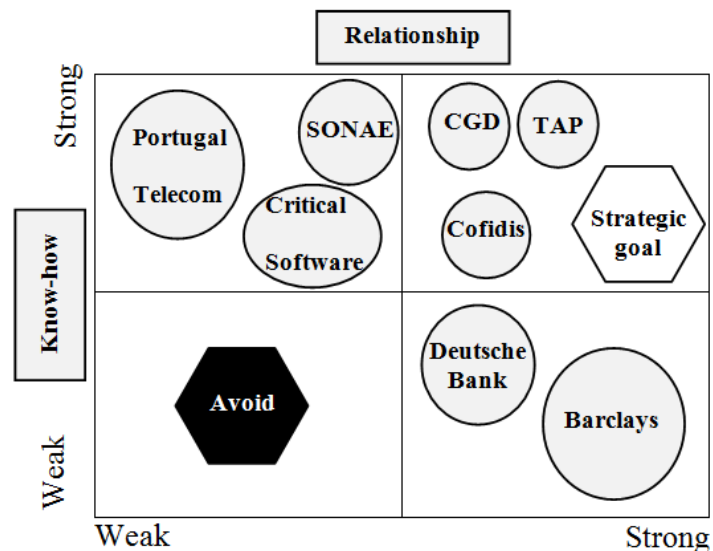
According to GTBC Executive Director, “Our customers are our priority and their satisfaction is a key to the successful future” (Ferreira 2011). In fact, it has been highlighted that GTBC has undergone several restructurings in order to meet the necessities of demand. The firm’s internal statistics proves that these reorganizations were successful: clients are satisfied and loyalty has been maintained at high level¹.

It was seen, that some of the sectors that demand the majority of MC Services are Financial Services, Insurance and Telecommunications. GTBC’s clients are not an exception. The firm is proud to provide services to such Banking giants as Caixa Geral de Depósitos, Barclays Bank and Bank of Spain, to such Insurance companies as Tranquilidade and CA Seguros as well as to the titans of Portuguese Telecommunications- PT Communications and Sonaecom.

The Relationship Matrix developed by Pereira (2011) allows us to undertake a strategic categorization of GTBC’s clients and forecast the development of client-firm relationship. The main advantage of this matrix consists in the possibility of explanation of the base of GTBC-client relationship that enables firm’s management to perform strategic planning.

Figure 12 shows the categorization of some of GTBC’s clients and demonstrates that Cofidis is ideally: the company has established close relationship with this client², being simultaneously recognized for its know-how.

Figure 12: Categorization of some of GTBC clients according to Pereira’s client-relationship matrix



Source: Personal contribution based on Pereira’s matrix

It is worth to note that any consulting firm should avoid those clients who suit the category shown above where a company is not recognized for its know-how, neither has an established relationship with a client.

2.2.1.8. Competitors

¹ The market of consulting services is very competitive. Many consulting companies compete hard in order to win the right to participate in the realization of a project for a client. Consulting companies represent so-called proposals to the client, the main objective of which is to demonstrate the possibilities of value creation and their relationship with the proposed budget. The market statistics is the following: on average, 1 in 10 proposals bring a contract to the consulting companies. This statistics for GTBC was much elevated: 3,5 contracts in 10 proposals (Pereira, 2011)

² Which as it was seen is one of the key success factors of consulting industry

GTBC has been attentive to its competitors, examining their strengths in order to learn and finding their weaknesses in order to outcompete them. The Business Directors of Competence Centers identify present and potential competitors according to the frequency of working together for the same client. The following are the rivals of GTBC divided according to their areas of activity:

Table 2: GTBC competitors accordingly to the areas of their activity

Area	Competitor
Business Analysis	Aventia, PMO Consulting
Business Intelligence	Deloitte, Everis, Novabase
Governance, Risk and Compliance	Accenture, Deloitte, Capgemini, KPMG
IT	Capgemini, Everis, Reditus
Project Management	Aventia, Bright Partners

Source: Interviews with GTBC director: Fernandes, Jerónimo, Oliveira, Patrício, Teixeira

2.2.1.9. Partners

GTBC has been always working on partnership network development. The company is interested in technological partnerships that allow it to provide new and innovative solutions. The example of such a partnership is the one with Microfocus in the areas of BA; SaS and Oracle- in the areas of BI and GRC. Other type of partnership GTBC is interested in is a strategic one. These partnerships are the must-have for any consulting company: for instance, a close business relationship between GTBC and Microsoft has lead to the organization of some important seminars and workshops and allowed company to learn the latest trends on the market.

2.2.2. GTBC: STRATEGIC ASSESSMENT¹

The following assessment has being previously compared to GTBC's intended strategy, but may be also seen as an extensive, detailed and complete vision of the firm according to its core strategies, namely: Commercial, Financial, Innovation, Marketing, Technological as well as strategies towards Clients, Competitors and Human Resources. To make current strategic assessment thorough and complete, these areas of activity are structured according to the Balanced Scorecard matrix (Kaplan and Norton 1992). This choice can be explained by the high convenience of the matrix that permits to merge strategic analysis, overall performance evaluation as well as enables reader to analyze GTBC' strategies from the customer, innovation, learning, internal and shareholders perspectives.

2.2.2.1. Financial / Shareholders perspective²

GTBC' financial resources have grown drastically since the foundation of the company. GTBC grows actively however, this growth should be controlled. In order to do so, GTBC' executives

¹ The following assessment (2.2.2. and 2.2.3.) is written on the bases of interviews with GTBC directors and survey of GTBC collaborators.
² Along with financial perspective and shareholder point of view, it allows us to see some crucial goals and other elements of GTBC' financial strategy

defined financial goals, their measures as well as measuring units¹. GTBC is oriented to be a company with a stable increase of profitability. This is going to be achieved by two means: increase of turnover as well as cost reduction policy. In this way, the firm is going to improve its financial posture that would be advantageous for all stakeholders². In order to succeed in the realization of these goals GTBC is switching to the model of “monthly evaluation”, when financial objectives are defined, reviewed and assessed on a monthly basis.

2.2.2.2. Clients / Customers perspective³

GTBC sees clients as its main asset. The firm is confident that this policy would bring positive results to both sides through the process of mutual value transmission (see Figure 13). In this process GTBC takes the initiative and commits to provide high-quality end-result to a client. High quality creates value for client. Importantly, high quality service in the long-term leads to customer loyalty increase. Value exchange process finishes when loyal and satisfied client creates value for GTBC by repeating the service and contributing with positive references.

Current economic and political instability intensified the necessity of strengthening the existing clients’ database⁴; nevertheless, GTBC continues the process of new clients’ procurement.

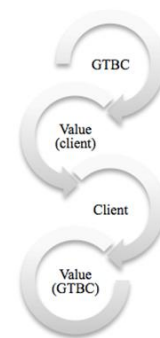
It was already noted, that GTBC is oriented on value creation. The firm has core competences- the areas it excels in. For this reason, GTBC does not procure clients based only on their financial capacity, but also matches their necessities with the existing portfolio of consulting services.

GTBC is concerned about constant accompaniment of all of the stages of the process of mutual value transmission: from the initial to the repeated provision of services. Therefore, it has developed a detailed system of evaluative measures allowing it to verify execution and accomplishment of the process. GTBC has implemented a system of continuous feedback, where clients evaluate the final results of this process.

2.2.2.3. Internal processes / Internal perspective

Well-organized internal processes are one of the secrets of corporate success. Every enterprise has a broad range of internal processes crucial for business life of any organization. The main attention of current analysis is concentrated on commercial, human resources and marketing processes.

Figure 13: Process of mutual value creation



Source: Personal contribution

¹ EBITDA is to be used for measuring of profitability; ratio of sale/project- for the increase of the turnover; profitability per project- for cost reduction; increase of the monthly business volume- for the evaluation of the monthly evaluation model success etc.

² It is understandable, why the improvements in GTBC’s financial policy are advantageous for shareholders and employees- both will benefit in monetary terms. Nevertheless, clients would feel these improvements as well since billing process as a part of financial policy would be upgraded as well.

³ Along with customer perspective and point of view, this element of the Balanced Scorecard allows us to see some elements of GTBC’ marketing strategy, such as goals of loyalty and satisfaction increase, work towards the growth of repeated purchases etc.

⁴ The implemented measure of success of such a policy is the increase of the quantity of projects per client.

It was previously seen, that GTBC has Commercial Department run by director and account managers. This area is directly linked to overall sustainability and growth. GTBC has undertaken active commercial strategy: the firm does not inertly wait for the repeated services to happen, but also orients its Commercial Department on cross and up-selling. GTBC works on the reduction of sales cycle¹, increase of efficiency and efficacy of business meetings with clients² as well as decrease of the timing of proposal delivery³.

Active strategic positioning of GTBC is proved in the area of Marketing: in addition to the positive word of mouth created by loyal clients, the firm is constantly communicating with the outside world through the participation in consulting events and distribution of online newsletters. One of the key success factors in MC is market reputation of the company as well as brand image thus, GTBC has prioritized the goal of brand's strengthening in the area of marketing. This is being realized through the intensification of leader's image⁴, continuous networking including social one⁵, pricing and discounting strategy⁶. Such measure as quantity of service requirements coming from a new client with own initiative is used for the examination of effectiveness of marketing strategy.

Human Resources drive companies. They are essential for organizational development thus, for the successful future. GTBC knows that Human Resources should be motivated in order to generate corporate growth and that this motivation needs to be properly planned and managed.

Human resources require investment to be satisfied and motivated. GTBC has undertaken human resources strategy that takes into account extrinsic and intrinsic motivating factors. GTBC is planning to make internal training- corporate tradition that would allow consultants to deepen their knowledge in the areas of competency, and managers- to improve their leadership skills.

Collaborators are evaluated on monthly basis, besides that, are given constant feedback. The relationship between Management and collaborators is built on the mutual basis: a trimestral general meeting has informative nature and communicates corporate news and overall situation in the company. Furthermore, the Management is always available and open to analyze all the proposals and objections as well as undertake necessary actions.

2.2.2.4. Innovation and Growth

GTBC has defined three means of achievement of this objective: through human resources, through new services introduction and acquirement of new competences.

¹ Sales cycle goes from the first contact with the client to the celebration of the contract.

² Initial meetings intended to present the company and further meetings dedicated to the follow-up of the ongoing project.

³ Proposal in consulting activity is a detailed presentation of the match between a consulting service/ consulting portfolio and clients' needs. Proposal includes all the necessary information for the client to make the buying decision- like timing, pricing etc.

⁴ GTBC' CEO participates in conferences, debates, other events and maintains a close relationship with media.

⁵ Through LinkedIn, Facebook, Twitter and blogs of GTBC' collaborators.

⁶ GTBC has flexible pricing and discounting strategy according to the needs of a client. Quantity discounts are broadly used, specifically in the Training Academy.

As it was seen previously, the main goal in the area of Human Resources is maintenance and increase of motivation of GTBC collaborators. The firm is concerned about the development of career ladder for its collaborators- another intrinsic motivating factor that could contribute to productivity growth.

In terms of innovation of products portfolio GTBC is always working on new services development. A team of IT specialists follows the latest technological trends and use them as basis for new solutions. A good example could be the development of Zeus Dashboards- a Business Intelligence tool that has a capacity to exceed clients' expectations due to the high level of integrity.

In order to follow the latest tendencies in MC Industry and be recognized for its core competences, GTBC attempts to obtain the highest number of certifications possible, ensuring that number of certified consultants increases along time¹.

2.2.2.5. Outside the box thinking: Certification, Partnerships and Social responsibility

An illustrative example of GTBC's innovative strategy is outside the box thinking. In addition to 4 traditional perspectives of Balanced Scorecard, GTBC determines the matters of certification, partnerships and social responsibility as strategic ones.

GTBC considers certification of its collaborators as well as corporate activities to be a symbol of quality, for this reason is concerned about the increase of number of certifications. Besides that, the firm is oriented on partnerships' network reinforcement and development. The question of certification and partnerships are interconnected: for instance, Project Management Institute is eligible to certify GTBC training activity. At the same time it stands as company's partner. The firm has broad vision and looks for establishment of new partnerships in various areas: first, in the areas of its activity, second, in different geographical regions.

Social responsibility policy is still being developed, nevertheless, some key ideas are already known: for instance, GTBC is planning to provide free training to unemployed, turning in this way the question of Social Responsibility not only a trendy characteristic of the company, but its true focus.

2.2.2.6. SWOT

SWOT analysis has been performed in order to complete GTBC strategic analysis. Importantly, this analysis has been performed internally and externally: first- completed by GTBC Managers and collaborators, second- by the author of this study. Such approach allowed merging some crucial details known to the "insiders"² and objective external point of view. Additionally, such methodology permitted to avoid any kind of subjectivism of final results.

¹ Some of examples of already obtained certifications: Project Management Institute certified, Endorsed Education provider.

² Managers

SWOT analysis is separated on Strengths and Weaknesses that would be reviewed to contribute to the examination of the company, while Threats and Opportunities would be presented below during the study of GTBC internationalization strategy¹.

Table 3 shows the results of the performed analysis:

Table 3: Strengths and Weaknesses of GTBC

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Strategic orientation; ▪ HR: experience + dynamism; ▪ Innovative and flexible products´ portfolio (adapted to clients´ needs); ▪ Specialization and “fast quality” 	<ul style="list-style-type: none"> ▪ Marketing and Brand Image; ▪ Lack of simultaneous growth of the Centers of Competences; ▪ Lack of actions in the area of internationalization

Source: Survey of GTBC collaborators

It is important, that GTBC is strategically oriented. This can be demonstrated by various examples: by clients´ portfolio (the firm tries to establish relationship with the major national market players); by usage of best MC practices; by constant strategic planning performed by GTBC´ executives.

GTBC has a strong product portfolio. It offers wide and well- structured range of services adapted to demand´s necessities. Notably, the firm acts in the niches of MC industry and has a highly specialized portfolio. Knowing some specific characteristics of Portuguese demand, GTBC structures MC services in a way, where constant verification of the achieved results is possible.

It has been noticed that marketing is the issue of major importance for GTBC. Moreover, lack of simultaneous growth and synergy between the Centers of Competences² as well as slow growth rate on international markets are named among other weaknesses of GTBC.

2.2.2.7. Core Competencies

As previously mentioned, GTBC is structured accordingly to its core competencies, thus no other procedures are needed to detect them. Consequently, GTBC core competencies include know-how in the areas of BA, BI, GRC, IT and PM.

2.2.3 GTBC: INTERNATIONAL EXPERIENCE AND STRATEGY

“If we do not internationalize, we will stagnate in the long-term.”

Vânia Patricio, GTBC

¹ The questions of Managers´ survey were constructed in the same way. Respondents were asked to think in the perspective of internationalization while answering the question about GTBC´ Threats and Opportunities.

² Project Management Center of Competence is the one that has the highest growth rate. In addition, GTBC offers integrated solutions to its clients, meaning the usage of core competences from all the areas of its activity, nevertheless

According to Balbinot, Z., Burzynski, O.R. and Graeml (2010), “Internationalization strategy is important for any company conducting business in a globalized market and it is a determining factor of success”. The knowledge of the vitality of an intelligently developed internationalization strategy has resulted in a scrutinized process of market research and strategy definition. The executive director of GTBC defines the three key elements of internationalization strategy, namely: form of market entry, differentiation strategy and so-called “Selected strategies” including GTBC commercial, financial, human resources, innovation, marketing and technological strategies (Ferreira 2011). During the interview process with the firms’ managers a complete picture of all the key elements was created and is represented below.

2.2.3.1. Internationalization process

Despite of not being born global according to the definition of Andersson and Wictor (2003)¹, GTBC thinks globally since the very foundation: the firm entered the neighbor Spanish market already in the second year of activity.

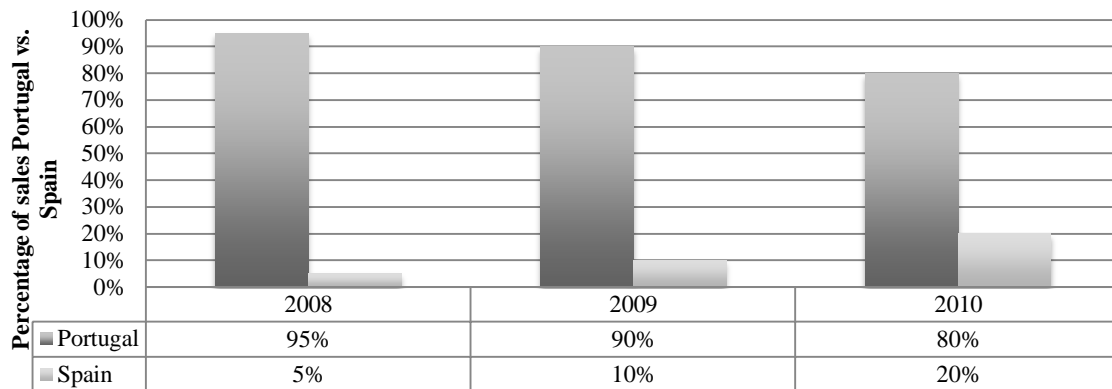
The internationalization destination decision does not appear to be surprising: Spanish market has always been attractive to Portuguese companies due to historical, geographical and cultural similarities, bigger dimensions as well as increasing consolidation of the Iberian market (Castro 2004). GTBC was triggered to Spain by its first international project in the area of Project Management that opened managerial eyes to the dimensions of Spanish market and lead to the initiation of GTBC international activity and creation of start-up in Madrid. GTBC Spain has been enjoying gradual growth ever since. The first year passed with a moderate business activity. Second and third years were characterized with the increase of business volume, on the fourth year the firm intensified recruiting process, focusing its attention on recent-graduates, which allowed to shape local human resources according to GTBC know-how and standard of quality.

The crisis we have been talking about affected firm’s activity in Spain: in 2009 GTBC suffered from downsizing, but was able to recover the year after. The management took advantage of this recovery and strengthened firm’s positioning through intensified clients’ procurement, marketing and commercial actions. The results of these actions became visible in 2011, demonstrating the whole success of managerial efforts. We can see the gradual growth of GTBC business activity in Spain on Figure 14.

Figure 14: Evolution of the percentage of GTBC exported services versus national sales: 2008-2010.

¹ GTBC did not go for internationalization on the first year and it does not have 25% of its activities outside the national market.

Evolution of the percentage of GTBC' exported services: 2008-2010



Source: Personal contribution based on the corporate data

Despite of the success of GTBC internationalization activity in Spain, the company has and is passing through some difficulties due to the peculiarities of Spanish market, namely: lack of openness to changes and outside know-how, underdeveloped PM market and, despite of high level of innovation and creativity of Spanish market- its match with Anglo-Saxon technological and consulting culture that is prevailing in many areas of MC is low. These characteristics of Spanish MC market have been creating obstacles on the way of GTBC development yet, they are not seen as such by GTBC management. Spanish experience is used to create some kind of learning platform for further internationalization that is about to happen. Seeing all the difficulties Portuguese MC market is passing through, GTBC is accelerating its internationalization process by market research and business arrangements with potential foreign partners.

It was noted previously, that the two parts of SWOT analysis (threats and opportunities) were performed through the prism of internationalization. Along the interviewing and surveying process, Managers were asked to think which could be the opportunities and threats that GTBC could face on the external markets. The results of these interviews and survey results would be tested together with the analysis of results of this dissertation. For now, these results are shown in the following table:

Table 4: GTBC internationalization threats and opportunities

Opportunities	Threats
<ul style="list-style-type: none"> ▪ Entrance to Angola, Mozambique, Brazil and other South American countries; ▪ Usage of Spanish experience for further international growth; ▪ Use existing know-how to build reputation of high-level professional on external markets; 	<ul style="list-style-type: none"> ▪ Portuguese market cannot be used as a cash-cow, external financing could be needed on the initial stage; ▪ Competitors already present on the markets; ▪ Cultural distance, unknown brand;

Source: Interviews with GTBC directors

2.2.3.2. Form of entry

Acknowledging numerous risks that can be encountered outside the national borders, especially on emerging markets, company chooses partnerships as the best form of host market entry. The advantage of this form of entry is the reduction of level of exposure of the company to host market risks since partner pursues knowledge of local peculiarities and difficulties. Besides that, partners have established client database and connections that can provide some confidence to foreign investor. GTBC admits, that it could be difficult to build a strong and trusted partnership especially on geographically distant host markets thus, it assumes the possibility of plan B. The firm considers franchising as a form of entry in case of host market player's interest in GTBC know-how or exporting- in case if the enterprise itself encounters some interesting project to participate in- like it happened in Spain.

Furthermore, on strategically important markets for MC, GTBC admits the possibility of start-up. Brazil was given as an example of such a market.

2.2.3.3. Differentiation

Differentiation strategy is unique for all the host markets. The firm understands that it will be a new-comer on foreign markets thus, realizes the power of price attractiveness in such situation. Price attractive services would pursue the same level of quality as on Portuguese market. After creating initial awareness, GTBC intends to build reputation of experienced, specialized and credible market player with well-developed and tested know-how. MC services are going to be adapted to local needs however, without losing GTBC culture. Managers consider a combination of adaptation and standardization of products and services as ideal differentiation strategy. Products and services that have proved their quality and are demanded the most by Portuguese clients are going to be standardized and supplied "as is" on host markets.

2.2.3.4. Selected strategies

The overview of the selected GBTC strategies in commercial, human resources, innovation, technological and marketing areas can be seen on the table below:

Table 5: GBTC internationalization strategies in commercial, human resources, innovation, technological and marketing areas

Commercial	Human Resources	Innovation and Technology	Marketing
Local	Portuguese and local resources	GTBC Portugal	Local

Source: Interviews with GBTC directors

It can be realized, that GTBC considers a combination of home and host resources for selected strategies. GTBC management has no doubts that a local professional should establish commercial and marketing strategies. Company believes that just like in the discussion of partnerships'

advantages, such approach would reduce firm's exposure to local risks and increase the probability of success. Oppositely, innovation and technologic solutions are to be provided by the mother company. This decision is explained by the existent know-how in these areas and the need of their transmission.

GTBC will remain GTBC no matter where the firm's office is located. Exactly for this reason innovation and technology are going to be developed in and exported from Portugal.

In the area of Human Resources, GTBC merges two previous approaches. The objective here is to transmit GTBC know-how through Portuguese seniors. Initially, working team is going to be built from Portuguese professionals (mostly). Long-term objective is to train local recent-graduates and to change the ratio between Portuguese and locals with the prevalence of the last in the majority of areas.

Separate words should be said about financial strategy and initial financing. Taking into account Portuguese economic turbulence, management wants to protect GTBC from potential downturns. For this reason there is high probability of partnership usage for internationalization financing. For instance Portuguese or local banks could become potential GTBC partners.

Having developed its internationalization strategies, GTBC wants to continue grow outside national borders. Before making further steps, it wants to solve some concerns about internationalization that, as firm's managers believe, would assure successful performance on external host markets.

The concerns are the following:

- Concern about continuation of GTBC successful performance outside the national borders;
- Concerns about understanding how GTBC competitiveness and performance could be affected by the differences between home and host country conditions;
- Concerns about decision-making process on whether certain host markets are opportunistic or not.

CHAPTER 3:

LITERATURE REVIEW

3. LITERATURE REVIEW

This chapter introduces to the reader the theoretical background that led to the development of dissertation hypotheses. At the beginning of Literature Review we demonstrate that internationalization has been a popular research subject for years. This theoretical overview is furthermore detailed with some specific academic and managerial concepts of the high relevance to the dissertation. Finally, critical representation of the performed search for the appropriate methodology to be used in the study is presented.

Knowledge has to be improved, challenged, and increased constantly, or it vanishes.
Peter Drucker

3.1. THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

3.1.1. INTERNATIONALIZATION AS A POPULAR RESEARCH SUBJECT

In times of increasing globalization, internationalization as its undividable part became a focus of academic and business research worldwide.

Literature on internationalization has been developing in various directions, which can be divided into four simple categories¹:

- Who internationalize?
- Why international?
- Where internationalize?
- How internationalize?

The question “who internationalize” puts in focus the internationalizing firm. Despite of this seemingly simple formulation, this stream of internationalization literature is constituted by a large body of works that groups internationalizing firms by size (on multinationals and SMEs), by type of industry or by countries of origin. Importantly, this grouping is conventional since in the majority of times, internationalizing firm put into spotlights of academic or business research, belong to all the three categories simultaneously. For instance, Teixeira (2003) concentrates his attention on Portuguese firms in national shoe industry, Hunttu, Forsman and Kick (2002)- on Finnish SMEs, Gustavsson and Lundgren (2006)- on Swedish SMEs in wood industry.

The majority of researches do not limit themselves with the investigation of general patterns of internationalization of the firms (although these works are also present, see Coviello and McAulei 1999; Fillis 2008): whether they are multinational or SMEs, whether they were founded in a particular country or are active in a certain industry. Rather, the works combine the two above categories, showing who internationalize and why, where or how (Endresen, Gavlen and Moen 2004).

¹ Similar approach to internationalization literature streams is taken by Brechbühler Pešková (2006)

The question of why companies internationalize led to the research on reasons for internationalization (Ladeira, Monteiro do Rego and Nogueira Vianna 2008; Martens and Freitas 2007).

The investigation of academic literature has revealed numerous reasons of internationalization. Their grouping simplifies the analysis, making it more comprehensive. Various factors are used for categorization of internationalization reasons. The merger of models offered by Czinkota, Moffet and Ronkainen (1996) as well as McAuley and Stewart (1999, cited in Araujo, 2009, p. 4) appears to be an ideal tool for subject analysis. According to this approach, the reasons of internationalization can be divided on proactive and reactive¹ and on those coming from internal or external environment:

Table 6: Categorization of internationalization reasons

	Internal environment	External environment
Proactive	<ul style="list-style-type: none"> ▪ Profit and growth goals; ▪ Unique advantage technology/ product/ process; ▪ Managerial urge; 	<ul style="list-style-type: none"> ▪ Foreign market opportunities; ▪ Exclusive information; ▪ Tax benefits; ▪ Governmental aid; ▪ Economies of scale;
Reactive	<ul style="list-style-type: none"> ▪ Global orientation; ▪ Declining domestic sales; ▪ Overproduction; ▪ Excess capacity; ▪ Extend sales of seasonal products; 	<ul style="list-style-type: none"> ▪ Competitive pressures; ▪ Unsolicited orders; ▪ Domestic market: small and saturated; ▪ Proximity to international customers.

Source: Adapted from Araujo (2009)

The table illustrates a complete set of reasons for internationalization. Other reasons found in academic and business discussions suit the demonstrated ones. For instance, such reason as cheaper production costs fits within the indicated proactive reason of external environment: foreign market opportunities.

How do companies internationalize is another puzzle that researches have been trying to solve for a long time, by examination of internationalization forms² (modes of entry), internationalization strategies³ (majorly differentiation) and internationalization process in general.

The last deserves a particular attention since it is within this dimension that internationalization theories, creating a solid fundament for the field, are discussed.

The Uppsala model takes the central place among the internationalization theories suggesting, that internationalization is a process of gradual involvement and increase of international activity over time (overviewed by Rutihinda 2008). Other theories include theory of firm's growth, transaction

¹ First accentuate the need of learning in order to succeed and stay competitive, while second stresses the forces of changing business environment that act as stimuli for firms' internationalization process. Adopted from and seen at previous.

² See Kock and Laine (2000), Madhok (1997)

³ See Teixeira (2003)

costs, decision theory, innovation process model and network approach (overviewed by Törnroos 2002).

In addition to these four dimensions, internationalization was studied conjointly with other phenomena: firm's performance, firm's competitiveness, growth etc. Our work contributes to the development of these dimensions. First, it looks at the internationalization destinations, contributing to the dimension of "where do companies internationalize" and second- at firm's performance in context of internationalization, contributing to the body of literature that studies internationalization conjointly with other phenomena.

3.1.2. GAPS IN THE INTERNATIONALIZATION RESEARCH FIELD

3.1.2.1. International research on internationalization of Management Consulting SMEs

Despite of being such a popular subject, internationalization represents a field of study that is still under investigated with gaps that must be fulfilled by further research (Hajela and Akbar; Holmlund, Kock and Vanyushyn 2008).

This underdevelopment was confirmed along the preparatory research for this dissertation when a significant scarcity of consistent theoretical research or case studies on internationalization of management consulting firms on both international and Portuguese levels was found.

The importance of MC industry for modern world is demonstrated by various authors (Glückler 1999; Anand, Gardner and Morris 2007; Kenna 1995). For instance, McKenna (1995) notices, that already in the middle of 90th, some companies were spending more on MC services than on research and development. Glückler (1999) uses a depictive expression when talking about MC: "enormous market potential" is how the author describes the future of this industry. Same writer notices the importance of internationalization in MC as he distinguishes internationalization to be one of the ways of corporate growth¹, which he considers to be one of the success factors of consulting industry. We would disagree with such characterization of critical success factors of management consulting industry due to the following reasons. First, corporate growth can be achieved *through* the satisfaction of various variables one of which is, indeed, critical success factors of the industry yet, there are other variables that need to be taken into account- industry trends, rivalry, clients 'needs, internal managerial policies etc. Second, corporate growth would rather be called an objective of a firm, than its critical success factor: for instance, some SME pursuing strategy of niching can be competitive, successful and at the same time opt not to grow further. Despite of this disagreement, the author would undoubtedly agree that internationalization is a crucial process in MC industry thus, deserves research attention and profound approach.

There have been detected three streams of international literature that refer to internationalization of MC firms. First, in context of service firms internationalization, where MC firms are used as an example of service firms and do not represent a particular focus of interest of the authors (Erramilli

¹ Along with diversification

1991; Grönroos 1999; Samiee 1999). Second stream of international literature includes studies dedicated to the examination of various internationalization areas in relation to technological or engineering consulting firms (Coviello and Martin 1998, Johanson and Sharma 1987).

If first two streams of literature are less related to the current study, third one looks directly at internationalization of MC firms thus, deserves a particular attention.

The research on academic works belonging to the third category of MC internationalization literature, proved our above statement about the scarcity of works on the topic under analysis. Kipping's investigation (1999) represents an illustrative study of the third category. With the usage of historical method, this author offers a descriptive analysis of internationalization of American MC companies to Western Europe. Despite of contribution to the exploration of the topic under analysis, this study undertakes rather generalized approach without focusing on any strategic issue of internationalization, centering the whole attention on consulting giants (like McKinsey). Similar approach is taken by Morgan, Sturdy and Quack (2007). Although making a crucial contribution to the research field by the examination of constrains and limitations to the globalization of MC firms, the approach taken in this work is mostly superficial without deepening the details of numerous internationalization issues.

3.1.2.2. Portuguese research on internationalization of management consulting SMEs

Internationalization concept has been broadly studied in Portugal. The fact that national economy is limited as well as the existence of globally competitive enterprises¹ on Portuguese market place, has raised the interest of Portuguese authors to the area of internationalization. Pereira (2007) emphasizes the importance of internationalization for Portugal by making a connection between the start of globalization and Portuguese overseas discoveries. Supporting the suggestion of internationalization vitality for Portuguese companies, Alexandre et al. (2002) highlights that globalization is a synonym of growth yet, this growth can be undertaken as a continuation of strategic goals of organization or as a necessity of survival. Whether it is strategic goal or a necessity, we should agree that significance of internationalization is felt on the domestic level by both multinationals and SMEs.

When looking at internationalization, Portuguese literature focuses on the investigation of national traditional industries like shoe industry (Abrantes 2004; Cardoso 2004) or ceramics (Diz, Fernandes and Pereira 2009). MC is not a traditional Portuguese industry attracting researchers' attention. Yet, some works observing Portuguese consulting firms were found (Freire 1999; Simões Freire 2008). The deficiency of academic or business research on Portuguese MC firms starts to be felt when we try to dig deeper and look at internationalization of these national companies. However, it was noticed that if international literature allows us to build at minimum an ambiguous perception of internationalization of MC firms, Portuguese literature leaves analyzed subject outside research borders. By Portuguese literature here we mean two dimensions (both suffer from research deficiency): works of Portuguese authors focused on internationalization of MC firms in general and

¹ BES, GALP, Jerónimo Martins, SONAE etc.

works of international and Portuguese authors on internationalization of Portuguese MC firms. The first dimension does not represent a particular exploratory interest unless we study the trends of investigatory attention in Portuguese academic world, however, the second dimension represents an underexamined, yet, worth-studying area.

3.1.3. HYPOTHESIS DEVELOPMENT

3.1.3.1. Hypothesis formulation and development

According to Kipping et al. (2003), in the majority of European countries, consulting firms represent mostly small domestic companies. Portugal is not an exception. MC industry in Portugal is saturated and consists mostly of small and medium enterprises¹ with strong know-how, which, from the very first moment of their start-up think of possible internationalization, making it both strategic goal and a mean of corporate survival.

Accordingly to their names, multinational companies already actuate in several country thus, have a well-defined internationalization strategy. SMEs suffer from deficiency on internationalization research. The interviews that took place along the dissertation preparation process confirmed this statement and revealed the necessity for research on internationalization of Portuguese MC SMEs, encouraging the author to undertake a deeper examination of the topic and stimulate further research and managerial interest on the subject. In order to stay focused, consistent and escape from ambiguity that can often be found in internationalization studies, the author concentrated her attention on some specific necessities and concerns of a medium-sized Portuguese MC firm- GTBC.

- Concerns about decision-making process on whether certain host markets are attractive and opportunistic or not.
- Concern about continuation of SME's successful performance outside the national borders;
- Concerns about understanding how SME's potential for successful performance on external markets could be affected by the differences between home and host countries' conditions;

These corporate necessities inspired the author to procure academic and managerial works able to answer to the above stated concerns, however, this procurement resulted in the detection of more deficiencies in internationalization studies. As to the author's knowledge there is no theoretic or empirical study that attempts to create a model with both theoretical and practical implications that would allow Portuguese MC SMEs first, to facilitate the decision on internationalization destination by concluding whether external markets are attractive and opportunistic or not; second, to understand whether their successful performance would be maintained outside the national borders- on external markets, based on the fact that at home firm's performance was and is continuing to be successful); and, finally, third, that permits the comprehension of the impact that the differences between home and host country conditions would have on SME's potential for successful performance.

¹ See 2.1.1.3.2. for more information

Continuing thinking on the subject, the author developed some ideas on construction of the practical models that would satisfy the indicated concerns:

1. If the strengths and opportunities of external markets outweigh their weaknesses and strategic issues, the markets can be considered to be an attractive and opportunistic internationalization destination for Portuguese MC SME;
2. If the firm has a successful performance on the home market, it is likely to have high potential for successful performance on external host markets with similar or facilitated market conditions than the ones of the home market;
3. If the external market conditions are considered to be facilitated in comparison to the ones of home market, the differences between home and external host markets would likely have positive impact on Portuguese MC SME's potential for successful performance;

Accordingly, three Hypotheses were developed.

In order to build the study, significant theoretical research was performed to construct the body of knowledge that would allow us to achieve the objectives of the dissertation. The research was developed in three directions accordingly to the established hypotheses. By paraphrasing hypotheses, we can obtain the three major directions of dissertation development¹:

1. Searching for opportunities for PMC SME: accessing host market's attractiveness by balancing its strengths and weaknesses;
2. Foreseeing performance potential of internationalizing SME on external markets based on the analysis of its performance in the home country and comparison of home-host market conditions;
3. Accessing impact of the difference in between host and home market conditions on the internationalizing MC SME's potential for successful performance.

Such categorization facilitated the procurement of the literature that could confirm or oppose the hypotheses as well as ease the presentation of results of literature analysis.

3.1.3.2. Hypothesis 1: Searching for opportunities for PMC SME: accessing host market's attractiveness by balancing its strengths and weaknesses

Foreign market selection process has been broadly overviewed in the literature. The decision-making procedure to which markets to enter is called crucial (Amador and Opromolla 2008, Senik 2010), for this reason captured attention of both academics and businessmen.

All the researches overviewing this subject, can be divided into two groups: first talk about market potential as the determinant factor of foreign market choice (Agarwal and Ramaswami 1992),

¹ We paraphrase the hypothesis from question to statement format in order to facilitate the explanation of the line of reasoning used along the literature review and analysis.

second- about market attractiveness (John 2002). By looking at the factors that these two groups of authors use to determine markets with high potential or high attractiveness, we can suggest that, in reality, the discussed concept is the same, the only matter is different naming used by researches. The concept under analysis is well defined by Elango (2003) who claims that market attractiveness (or potential) is equal to firm's desirability to enter there.

The factors that define whether market has high potential or is highly attractive are divergent. Agarwal and Ramaswami (1992) claim that what defines market potential is market size, growth and investment risk. Earlier theory of Erramilli (1991) took into account market growth, size, competition, servicing costs, social, political and economic environment, excluding investment risk. Recent works added new variables as criteria of definition of market's attractiveness. Araújo (2008) suggests that user's profile and availability of consumers must be taken into account.

The abundance of the factors offered to access market attractiveness' led to grouping approaches, where authors tried to categorize all of the demonstrated factors into reasonable groups. John (2002) categorized these factors into political and legal- including stability, integrity of legal system, ease of intellectual property rights protection; cultural- including cultural similarity of home-host countries; market factors- including current market size, expected market growth rate; and resource factors- availability of skilled workers, labor costs, availability of competent managers, raw materials etc.

Despite of such broad range of factors that are offered to determine market attractiveness/potential, Barkema, Bell and Penning (1996) notice that literature still fails to take into account numerous factors that can define market attractiveness: long-term potential and competitive analysis of industrial sector. We must agree with these researches and confirm that, indeed, even though, literature is rich in factors that can help us to determine market's potential/ attractiveness, it still lacks on consistency of factor definition. Factors that determine market potential/attractiveness are numerous and interrelationship between them is high. We would undertake an attempt to define the factors that explain why some markets are investor attractive and others not in the analysis of results of this dissertation. In addition, we would try to develop a market attractiveness measurability model.

Such an attempt has been previously undertaken by some researchers. From Sakaraya, Eckman and Hyllegard (2006) we learn that there are three approaches that try to measure country's attractiveness. First approach is based on grouping method where the main sense lies in countries' comparison based mainly on their macro characteristics. Second approach makes countries' ranking according to some pre-defined criteria. Finally, third approach is an indexing one. John (2002) developed a country's attractiveness index based on a group of variables that define country's attractiveness. Despite of comprehensive grouping of variables that affect market's attractiveness, his works suffers from several limitations including their focus on natural and locational characteristics of the country as well as the fact that the study was based on interviews with Australian managers regarding internationalization to Indian market.

Groh and Wich (2009) support indexing approach and confirm, that literature lacks on consistent and composite market attractiveness index. We agree with authors' findings. Erramilli (1991) 20 years ago observed that firms rarely use existing models to measure market's attractiveness and if they use,

they do not do this regularly. We can suggest that absence of consistent and practical approach to measurability of foreign market's attractiveness and definition of factors, that affect this attractiveness, could be the main reason for that.

Internationalization literature on external markets potential or/ and attractiveness suffer from several limitations. For instance, some authors (John 2002) tend to focus on one or two types of internationalization (foreign direct investment, exports), on firms from specific countries (Araujo 2009) or does not represent practical implications of their findings.

3.1.3.3. Hypothesis 2: Foreseeing performance potential of internationalizing SME on external markets based on the analysis of its performance in the home country and comparison of home-host market conditions;

The complexity of the formulation of this particular dissertation focus can be reduced if we break this headline into two key-words or better-say- key phrases. What we are looking at here is, in fact, the following two interconnected variables:

First, some *model with practical implications* that would enable us to foresee the success of performance of the internationalizing PMC SME on external markets based on the analysis of its performance in the home country;

Second a, *relationship* between successful performance in home country, similarity of home-host country conditions and success of performance on external host markets.

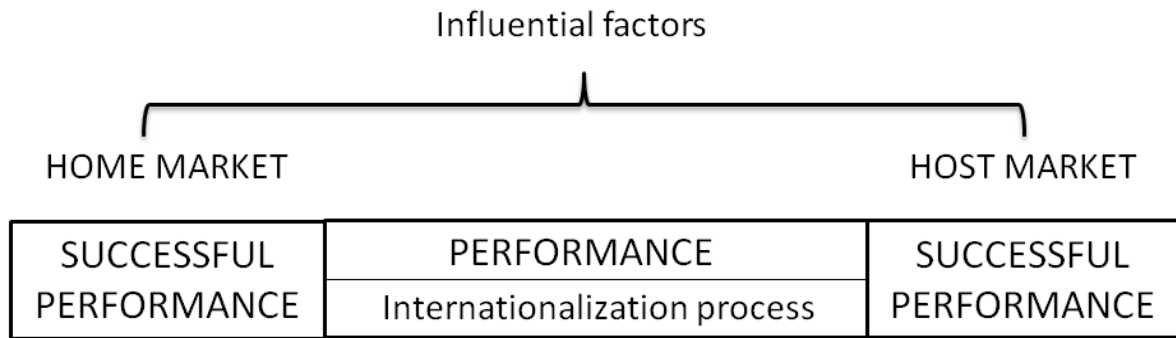
Having said, that the theoretical and empirical research in on internationalization of MC SMEs has been limited we can still create a crucial knowledge platform that would be used in the analysis of the results of this study. In order to do so we need to "break" the second variable into several internationalization- related concepts that were, in fact, extensively studied in the literature (yet, with no regards to Portuguese MC SME).

These concepts include:

1. Successful performance and its measurement in general and in internationalization process in particular;
2. Factors influencing SME's successful performance on home and host markets and along internationalization process;
3. Factors influencing internationalization process;
4. Home and host markets conditions comparison in internationalization process. Relationship of their similarity and continuation of successful performance (from home to host market).

The choice of these concepts is explained on Figure 15:

Figure 15: Interconnection between internationalization influential factors, home market, host market and firm's performance



Source: Personal contribution

In order to understand the relationship between successful performance in home country and success of performance on external host markets, we need, first, to understand what the successful performance is and how it can be measured. Second, what we are talking here is corporate performance that is successful. Thus, we need to look at the variables that influence performance and its success. Since we look at SME's performance in three points of time: on the home market, on the host market and along the internationalization process, we should look at the factors that influence firm's performance in these three points of time. Firm perform during internationalization process, however, internationalization process goes beyond firm's performance and is also influenced by certain factors that we should also look at. Finally, due to their central positioning in our figure, we might also highlight the importance of studying home and host markets in regard to internationalization.

3.1.3.3.1. Successful performance and its measurement in general and in internationalization process in particular

Literature that tries to define what SME's successful performance is and how it can be measured is divergent, while works that attempt to measure successful performance of SMEs in regards to internationalization are scarce (Brechtbühler Pešková 2006, Oesterle 2008). Hajela and Akbar (2010) agree with these findings and highlight the lack of consistency in the literature dedicated to SME's performance measurement. Undertaking a comprehensive approach, Brechtbühler Pešková (2006) demonstrates various measurements that have being used so far to assess SME's successful performance, namely: export profitability, export growth, "share of turnover generated by sales abroad", market share etc. The researcher notices, that the majority of works use rather quantitative and subjective indicators in successful performance measurement and lack on multidimensional approach. This author argues that one of the major issues in the whole block of internationalization literature is concentration on a specific type of internationalization (foreign direct investment and exporting are the most examined ones). Despite of the attempt to look at internationalization in general, the researcher ends up with focusing on exporting.

Looking at the represented measurements of SME's successful performance, we can suggest that any of the above demonstrated indicators can be used for performance measurement in general as well as in regards to internationalization.

3.1.3.3.2. – 3.1.3.3.3. Factors influencing SME's successful performance on home and host markets and along internationalization process. Factors influencing internationalization process.

The literature does not distinguish clearly the factors influencing successful performance of SMEs along the internationalization process and factors influencing the internationalization process itself. While titling their work similarly- "internationalization influencing factors", the topics analyzed within academic works differ. For instance, Rutihinda (2008) talks about factors influencing internationalization process, Brechbühler Pešková (2006)- about factors influencing SMEs internationalization performance, Entekin et. al (2010)- about factors influencing SMEs internationalization process. Yet, if we look at the factors that are represented by these and other authors, we can find out, that generally, they represent similar or same concepts. Following the categorization of Brechbühler Pešková (2006) we can divide these factors into two categories: internal and external factors. First group of factors is related to the company itself, while second group of factors- to the external environment. Bringing all the influential factors (on SMEs internationalization performance and on internationalization) that are discussed in the literature together and relating these factors to the two defined groups, we would obtain the following results. Internal influential factors include: firm size (Brechbühler Pešková 2006, Crespo and Simões 2002), managerial policies (Brechbühler Pešková 2006) and managerial orientation on internationalization (Rutihinda 2008), firm's international experience (Brechbühler Pešková 2006), firm's characteristics and motivational aspects (Entekin et. al 2010), product development capabilities, firm's strategies (Crespo and Simões 2002) and exporting product characteristics (Brechbühler Pešková 2006).

External influential factors include type of industry of SME's activity (Crespo and Simões, 2002, Entekin et. al 2010), "globalization of firm's industry structure, international networks and foreign market potential" (Rutihinda 2008).

Looking at the definition of these internal factors, we can highlight the absence of homogeneous approach to factor definition. For instance, motivational aspects represent one of the firm's characteristics, however are separated from this factor (Entekin et. al 2010). Managerial orientation on internationalization (Rutihinda (2008) and firm's strategies (Crespo and Simões 2002) represent one of the aspects of managerial policies (Brechbühler Pešková 2006).

The analysis of the literature in this dimension is also complicated by the fact, that internationalization is frequently named as the factor that influences SMEs performance (Ruigrok and Wagner 2003). Following this approach, Pangarkar (2008) concludes that higher degree of internationalization leads to better performance. Beamish and Lu (2001) undertake the same approach. Titling their work as research on internationalization they, however, concentrate their attention on foreign direct investment, confirming our above findings of limitations that the major part of internationalization literature comes down to the examination of certain internationalization modes (foreign direct investment, exports etc.).

Having seen such high level of divergence in the internationalization literature regarding influential factors we can now make few observations. The fact that the concepts treated as influential factors (of SMEs performance along the internationalization process or internationalization process itself) are similar despite of different naming used, allows us to assume that first, factors influencing internationalization process and SME's internationalization performance are in their majority similar or the same. That is why the two separate concepts indicated above as "2" and "3" were united along our analysis. Second, we must agree with Chiang and Pap (2008), that there is no generalized model able to explain the relationship between internationalization and performance, however, there are attempts to define factors that influence this relationship. Third, the categorization used by Brechbühler Pešková 2006 to distinguish the influential factors on internal and external ones appears to be an appropriate tool that could facilitate the analysis of the literature in this dimension and generalize the existing findings. Fourth, the most spread method of measuring correlation between influential factors and SME's performance is the method of linear regression (Harzing, Sorge 2003).

Finally, looking at the represented factors that influence SME's successful performance in internationalization as well as internationalization process itself, we can suggest that the majority of the above demonstrated factors influence the performance of the firm regardless the internationalization process. In addition, we suggest that external influential factors require special attention and could be studied accordingly to Porter's diamond since the factors included in the diamond influence firm's performance in general and along the internationalization process in particular.

3.1.3.3.4. Home and host markets conditions comparison in internationalization process. Relationship of their similarity and continuation of successful performance (from home to host market).

The three Hypotheses are closely interconnected. This part of the second Hypothesis and third Hypothesis look at two opposite scenarios- similarity and differences between home and host markets. In addition, while second Hypothesis focuses on general estimation of SME's performance potential on external markets based on the analysis of its performance in the home country and similarity of home-host countries' conditions, third Hypothesis undertakes an attempt to measure which will be the impact of differences between host and home country's conditions on SME's performance potential and competitiveness. Due to the fact, that literature does not distinguish these two scenarios and concentrates mostly on the comparison of home- host country conditions in internationalization process, it appears to be reasonable to make a conjoint overview of the relevant literature for both- third Hypothesis and the last concept of second Hypothesis.

3.1.3.4. Hypothesis 2 and 3: Assessing impact of the difference in between host and home conditions on the internationalizing MC SME's potential for successful performance.

Along the search for the literature focusing on analysis of home and host market conditions in regard to SME's performance in internationalization process, it was noticed, that the majority of authors concentrate their attention on internationalization process itself, leaving the country of "departure",

internationalization “destination” or their comparison outside the research borders. However, internationalization remains a *process* (that, yet, can be constantly repeated) that ends with firm’s establishment on host market. Therefore, home and host markets represent *two harbors* where firms realize their business activity continuously.

There is a group of authors that highlights the importance of home and host markets in internationalization process of SMEs (Harzing and Sorge 2003) with many researches noticing, that home and host countries influence internationalization process (Chiang and Pap 2008; Rutihinda 2008; Senik 2010). We must agree with this note. Indeed, home and host country conditions can be located inside the external influential factors. As we might remind, type of firm’s industry (Crespo and Simões, 2002, Entrekim et. al 2010) and foreign market potential (Rutihinda 2008) are named to be internationalization influential factors. The first factor can be included into characteristics of home country external environment and the second- to the same dimension, but now in the host country.

Other works that compare home-host countries’ conditions in regard to internationalization process of SMEs talk about foreign market selection process (Amador and Opromolla 2008; Erramilli 1991). There are various factors that affect foreign market selection process. Among them is named home-host markets’ similarity (Erramilly 1991) and foreign market attractiveness. We focus here on this singular factor of markets similarity since foreign market attractiveness and other factors that influence foreign market selection process have been overviewed for the first hypothesis (and this demonstrates one more time hypotheses’ interconnection).

Erramilly (1991) and other authors (Eckman, Hyllegard and Sakarya 2006) argue that home-host market’s similarity is broadly highlighted in empirical research as one of the most crucial factors for market selection. He emphasizes that the issue of what this similarity means is still underexamined. The author claims, that there is no systematic criteria that would help us to define whether home and host markets are similar. Erramilly (1991) and later Ellis (2007) demonstrate that as for now physic, cultural and geographical distances are the most discussed criteria that define this similarity.

In addition, Erramilly (1991) and other authors (Eckman, Hyllegard and Sakarya 2006) explain why firms could choose more similar markets- due to the reduced uncertainty, possibility of synergies evaluation and easier understanding of external markets. However, their studies on how the absence of uncertainty could affect firm’s performance do not continue. Yet, the answer is quite understandable: absence of uncertainty would positively affect firm’s performance thus, home and host markets similarity affects positively firm’s performance as well.

It appears to be surprising, why there were no attempts to explore how the similarity of home-host country conditions could affect the firm performance potential on external markets. First, home-host country’s conditions are crucial factors that influence the internationalization process. Second, the findings show that the majority of factors that influence firm’s successful performance in internationalization and internationalization process itself are similar or the same. In fact, our above example that similarity equals to less uncertainty meaning positive impact on performance, proves that suggestion.

We must also argue, that physic, cultural and geographical distances are sufficient criteria to demonstrate the similarity of home and host countries. Eckman, Hyllegard and Sakarya (2006) show similar findings. First, they represent the existing approaches towards the definition of similarity of host and home countries, namely: grouping approach that takes into account political and economic conditions and country ranking dependently on numerous criteria (wealth, size, growth, competition, barriers to entry, stability, demand for specific products etc.). Second, they discuss the importance of economic and political systems (as well as cultural) for definition of similarity of home-host countries' conditions. Other factors are named to affect similarity of home- host countries conditions. For instance, Ojala and Tyrvaiven (2009) refer to business environment and language used in business.

With such factor divergence, we can say that literature lacks on consistent approach towards home-host countries similarity definition. We must argue that a profound study and multidimensional approach is needed to show the factors that define the similarity of home and host markets' conditions. An attempt to define these factors would be done based on theoretical research and interviewing process along the analysis of results of this study.

While discussing similarity of home- host countries conditions and their definition, literature leaves apart their differences and possible impact these differences can have on firm's performance. An attempt to measure this impact will also be done along the analysis of dissertation results.

The limitations of internationalization studies that were observed above were found in the body of literature under analysis as well. For instance, Fors and Kokko (2001) focus on home-country effect on foreign direct investment, while Lipsey (2004) studies simultaneously home and host country effects on foreign direct investment, but concentrates his attention on wages issues.

Generally speaking, we have detected the following types of limitations in SMEs internationalization literature (related to the current focus of analysis) confirming the results of Brechbühler Pešková (2006). First, authors focus on a specific type of internationalization rather on the subject in general; second, dedicate their works to studying multinational companies and not SMEs, third, often works do not discuss any practical implications and, finally, fourth- the examinations are often based on analysis of internationalizing firms from specific countries (Beamish and Lu 2001- focused on internationalizing Japanese SMEs, Moussetis, Nakos and Rahma 2004- on Greek and Caribbean, Pangarkar 2008- on Malaysian). Another researcher- Rutihinda (2008) agrees that multinational companies are highly studied in comparison to SMES as well as confirms that the fact his study is concentrated on Canadian SMEs represents a limitation.

3.2. METHODOLOGY

3.2.1. QUALITATIVE CASE STUDY AS METHODOLOGY OF STUDYING ISSUES RELATED TO INTERNATIONALIZATION OF SMEs

Social sciences acknowledge two approaches towards methodology of academic research: quantitative and qualitative. Peskova (2006) overviews the existing debates on the advantages and disadvantages of each and notices that methodological literature is dominated by discussions on superiority of each methods or their combination. Among the major strengths of quantitative research are named generalizability of results, inquiry of large samples, relatively easy implication, while among the advantages of qualitative research are named depth of inquiry, richness of data and focus on events in natural settings. Furthermore, the first suffers from low realism of contextual factors and static approach, while the second- from lack of generalizability, susceptibility to researcher's bias and difficulty of replication.

The debaters do not come to any consensus or conclusion on this subject, however, an opinion that the suitability of methodology depends on the research objectives and questions (Peskova 2006) is wide-spread. For instance, Chenail et. all (2009) claim that if the researcher expect a descriptive answer to his question, he is expected to use appropriate methodology.

The decision-making process on which method this dissertation should follow in order to analyze hypotheses and achieve the stated objective, was influenced by two major factors. First factor is the characteristics of qualitative research discussed in the literature that appear to fit this dissertation objectives and research questions and second- the wide spread usage of case studies as methodology to study SME's internationalization process (Araújo 2008; Holmlund, Kock and Vanyushyn 2007; Pangarkar 2008). The major characteristics of qualitative research that make us believe that this particular method suits our research objective and questions are the following: understanding aim of inquiry, close relationship between researcher and subject, flexible and open research approach and explorative nature of data analysis (Peskova 2006).

As Pangarkar (2008) highlights, case studies have been largely used to study issues related to internationalization of SMEs. Blom, Kadiri and Stendhal (2004) assumption can explain this tendency: the value of case studies is expressed by two concepts: first is that case study allows us to verify some theoretical assumption on practical example; second is that case study allows us to derive some theoretical assumption from real-life situation. Taking into account the fact, that internationalization is a process where practice is highly interconnected with theory, we can support this assumption.

Case studies can be explored with quantitative, qualitative methods or both (Eisenhardt 1989) dependently on research objectives and questions (Blom, Kadiri and Stendhal 2004). The most common quantitative method used in internationalization case studies is the method of linear regression that is aimed to determine the correlation between numerous internationalization variables (Griffith, Russel and Tihanyi 2005; Kogut, Singh 1988; Ojala and Tyrväinen 2009).

Due to the above mentioned results as well as absence of apparently measurable variables in current study, the overall methodology used in the dissertation can be defined as qualitative case study. This definition, however, can be specified with more details. Eisenhardt (1989) divides all case studies into two categories: descriptive and theory-testing or theory-generating. According to this categorization, our qualitative case study can be further defined as a theory-testing since it is directed

to the examination of stated hypotheses, their confirmation or rejection. Blom, Kadiri and Stendhal (2004) name those case studies where hypotheses are formulated “exploratory” ones. Independently of naming, the nature of the process of this dissertation lies in the confirmation or rejection of current hypotheses that once confirmed- confirm a theoretical statement, when rejected- reject it.

While categorizing case studies Eisenhardt (1989) warns, that case studies that attempt to test or generate theories can suffer from the complexity of empirical data or result in the derivation of narrow theory. Flyvbjerg (2006), however, represents an opposite opinion, confirming that we can generalize with case studies and can test hypotheses within them, as long as methodology of case study corresponds to study’s objectives.

Several processes are named to be crucial for case development, namely: data selection and analysis Eisenhardt (1989).

3.2.2. DATA COLLECTION, ANALYSIS AND VALIDITY IN QUALITATIVE CASE STUDIES.

Qualitative case studies are constructed with the usage of different tools and techniques. Eisenhardt (1989) highlights numerous research instruments that can be used in qualitative case studies, namely: archives, interviews, questionnaires, observations. We can notice, that these tools and techniques include collection of both primary and secondary data: the first is collected by researcher himself and second- by other individuals. In addition to tools and techniques defined by Eisenhardt (1989), more recent study of Blom, Kadiri and Stendhal (2004) name discussions and e-mails as primary sources of data.

Among the named tools and techniques, interviews and questionnaires take central role meaning that they have been broadly discussed in the literature. Understandably, what gets especial attention of researchers is not the simple question of what the interview is or the description of its phases (that are explained by various interview or survey-manuals), but some problematic situations that can arise along the interviewing or surveying processes and need some preliminary discussion and preparation in order to be solved.

Both interviewing and surveying processes need to be properly prepared. First, being a central figure in these processes, researcher needs to pay high attention to skills’ development that would allow him to achieve high quality of data collection process (Chenail 2009). Among others these skills include ability to formulate questions, interact with interviewed (in case of interviews) people and analyze collected data (Blom, Kadiri and Stendhal 2004). Second, it is the capability to find the “right people” for interviews or define the sample to be questioned in surveys. Third, the balance between response rates (in surveys) and the representativeness of the sample (Krosnick 1999). Krosnick (1999) believes that it is not the high response rate or the representativeness of the sample that work as indicators of data accuracy, but the balance of these two variables. Finally, Eisenhardt (1989) highlights that if researcher attempts to derive theory from case study or test it, he needs to learn how to overlap data collection and data analysis. This specific idea could be inserted in the first emphasized point- the essentiality of specific research skills development.

These notes are crucial to remember for any qualitative researcher who attempts to use interviews or surveys in his investigation. However, in this type of research, the majority of attention should be given to the validity of investigation (Creswell and Miller 2000; Krosnick 1999). The reason for that are those weaknesses of qualitative research that have been observed above as well as uncertainty and subjectivity mentioned by other authors (Krosnick 1999; Chenail 2009). In addition, validity in qualitative research takes central positioning due to the fact of complexion of validation process in this type of research (Krosnick 1999). Subsequently, literature discusses several types of methods that allows researcher to verify and increase the validity of research. While overviewing the criteria of validity verification in qualitative research, Krosnick (1999) categorizes these criteria into two groups: primary and secondary criteria. The first group includes credibility¹, authenticity², criticality³ and integrity⁴. Due to their importance, these criteria as well as the questions that allow us to verify that the study corresponds to these criteria (represented in the footnotes) would be applied along this study to make sure that the dissertation findings are valid.

Same author demonstrates several techniques that can be used to assure the validity of qualitative research. He groups these techniques dependently on the stage of qualitative research where they are to be applied: design consideration, data generation, data analysis and presentation. Such an approach appears to be reasonable since it assures the validity of research along the whole dissertation process. Furthermore, the investigator highlights the importance of validity assurance in data analysis, demonstrating the techniques that could be applied here, namely: member checking, expert checking, hypothesis testing, performance of literature review. Overviewing the same subject later, Creswell and Miller (2000) add peer debriefing as validity assurance technique and notice, that people who can be asked to review study results can be divided into external group (reviewers, readers) and internal group (study participants).

Crucial point is made by Chenail (2009) who, discussing the subjectivity limitation of qualitative research in general and interviewing and surveying process in particular, stresses out the importance of pilot studies as a technique that allows to bring some additional value and create limits to such subjectivity. According to Blom, Kadiri and Stendhal (2004) pilot study allows to obtain feedback on various interview/survey process issues: questions formulation, content vagueness, complexity etc. Agreeing with this notice, we can also add, that pilot study could create a preliminary platform that would assure the validity of qualitative research before it is even started.

It is true that every study has biases, and limitations (Krosnick 1999). Thus, it is always crucial to give constant attention to validity criteria, use validity-increasing techniques as well as demonstrate in details the performed research so that it could be verified step by step.

After data collection, data analysis would be performed. Numerous techniques are named appropriate for data analysis in qualitative research (Thorne 2000), namely typology, taxonomy, constant comparison, analytic induction, logical analysis, quasi-statistics, event analysis/microanalysis,

¹ Do the results of the research reflect the experience of participants or the context in a believable way? (Krosnick 1999)

² Does a representation of the empiric perspective exhibit awareness to the subtle differences in the voices of all participants? (Krosnick 1999)

³ Does the research process demonstrate evidence of critical appraisal? (Krosnick 1999)

⁴ Does the research reflect recursive and repetitive checks of validity as well as a humble presentation of findings? (Krosnick 1999)

metaphorical analysis, hermeneutical analysis, discourse analysis, semiotics, content analysis, phenomenology and narrative analysis. Using the same line of reasoning, we suggest, that method of data analysis must correspond to main research objective and questions. Taking into account that we are performing a case study that would attempt to develop some practical models, which, according to author's belief, could be applied to other companies comparable to the selected one, the major method used for data analysis in this dissertation is the method of analytic induction.

CHAPTER 4:

METHODOLOGY

4. METHODOLOGY

This chapter demonstrates the main stages the researcher passed through along the process of dissertation writing, starting with planning, and finishing with presentation of results and examination of chosen methodology on limitations. Special attention is paid to two stages of research: data collection and data analysis. As the Chapter progresses we come to know which specific methodologies were applied in each part of the work and, importantly, how they were applied, validated and which were the techniques and tools that were considered as alternatives. At the end we make a critical assessment of the chosen methodological model and present its strengths and limitations.

If we knew what it was we were doing, it would not be called research, would it?

Albert Einstein

4.1. RESEARCH DESIGN

Research methodology is not limited by data collection and analysis. Research methodology is a dissertation framework which can be compared with a net, which gaps are filled with information along the entire process of dissertation development.

The main milestones of the research process that were accomplished along this study are represented by the Figure 16 below:

Figure 16: Main milestones of the research process



Source: Personal contribution

4.1.1. RESEARCH PLANNING

It can be verified, that the research process started with planning before any word of investigatory work was written. Planning process commenced with preliminary information collection that allowed us to define the field of interest- Internationalization of Portuguese Management Consulting SMEs. The key objective that the dissertation was going to accomplish was defined as following:

- Through the comparison of home and selected external markets' conditions, develop a practical model that will allow us to understand potential for successful performance of a Portuguese MC SME on these markets.

Study justification and significance as well as key issues to be approached were discussed in the first meeting with supervisor. This allowed us to construct the skeleton of the dissertation, attributing certain amount of time to each structural part, realizing in this way the crucial procedure of dissertation planning process- time management.

From planning we have passed to the preparation for data collection. However, before starting to collect any data we needed to take a decision on the overall methodology to be used along the dissertation process. Balancing the advantages and disadvantages of quantitative and qualitative methods that have been discussed in literature review and taking into account the acknowledged benefits of case studies in the field of internationalization, we have opted for qualitative exploratory case study. We believe, that this tactic would allow us to fully accomplish the key and the complementary objective of our dissertation by allowing to combine both theoretical and practical concepts. This combination means that we verify theoretical assumptions by applying them to the real-life company. Whether the verification comes out to be positive or negative, we would be also able to develop practical suggestion, making interconnection between practice and theory in our case study- high.

4.1.1.1 Selection of case company and host markets

To perform a case study, a real-life company must be selected (Eisenhardt 1989). While performing a case study on internationalization, Ribeiro dos Santos (2009) noticed that company selected for case study must correspond to working objectives. Remembering, that dissertation objective concentrates on a Portuguese MC SME we realized a procurement of a Portuguese MC SME. The process of procurement ended up with the selection of GTBC.

GTBC was founded in 2004 and now represents a typical Portuguese MC company of medium size that follows strategy of development outside the national borders and pursues competitive advantage- the main reason of GTBC success.

Saturated Portuguese MC market, suffering from political and economic instability, incentivized GTBC to grow further, entering other foreign markets. GTBC started its internationalization process entering Spain in 2006. While preparing for further internationalization, GTBC became concerned about three issues:

- Concerns about decision-making process on whether certain host markets are attractive and opportunistic or not.
- Concern about continuation of GTBC successful performance outside the national borders;
- Concerns about understanding how GTBC potential for successful performance on external markets could be affected by the differences between home and host countries' conditions;

Taking into account the correspondence of GTBC concerns with author's interest, the company seemed an ideal object for case study- the study that could create value both theoretically and practically.

The possibility of an internship that was kindly offered by the company in order to facilitate the research process became another reason for company's selection as for an object of case study.

After case company was selected, what was left to be chosen to have dissertation object focus complete, were the host markets. To increase the practical utility of the study we have selected three host markets that are recognized to be traditional internationalization destinations of Portuguese companies in general: markets of Angola, Brazil and Mozambique (Barros 2009; Castro 2004; Jacob 2008; Silva 2005). Explaining why these markets have gained so much attention from Portuguese firms, same authors highlight that historical connections and cultural proximity stand as main reasons.

The reason why the selection of these three host markets increases the practical utility of this study is simple: the probability of any Portuguese company, including MC SME, to internationalize to these selected markets is high thus, we are contributing to the increase of knowledge about these external markets that could be, indeed, valuable. In addition, without knowing, where GTBC is going to internationalize, we would be able to objectively evaluate a pattern of firm's overall and internationalization strategy that could be applied to the selected as well as to any other market. This adds value to current research by creating a framework ready to be used when studying internationalization potential of other Portuguese MC SMEs with competitive advantage and global way of thinking.

Along the whole dissertation process we were paying attention to the tools and techniques used. In order to deal with the main issue of qualitative research- its validity, in each stage of dissertation's development process we were first looking at all the methodological tools and techniques that can be used for data collection or data analysis. Second, we were choosing the tools and techniques to be used through the explained rejection (based mostly on the limitations) of alternatives. Finally, third we were validating our results with the usage of methodologies overviewed along the literature review (3.2.2.).

Accordingly, table 7 demonstrates us the results of tools and techniques selection their validation and possible alternatives to be used for the stage of research planning.

Table 7: Tools, techniques, their validation and possible alternatives used along the process of research planning

Tools and techniques	Validation	Alternatives
<ul style="list-style-type: none"> ▪ Interviews; ▪ Observation of data. 	<ul style="list-style-type: none"> ▪ Expert checking; ▪ Independent analysis. 	<ul style="list-style-type: none"> ▪ Surveys; ▪ Interviews.

Source: Personal contribution

Two techniques could be used in order to detect issued that could represent an interesting subject to study: interviews and surveys with professionals in the industry the researcher is focused on. Interviews were chosen due to the flexibility of questions' formulation and increased quantity of the information that can be obtained along the interviewing process.

Case company and external markets were selected on the bases of brief observations of data regarding Portuguese MC SMEs and external markets. Interviews could become an alternative technique, however, were rejected since the author wanted to maintain an external point of view on the subject and exclude any subjective interests.

Expert checking and independent analysis of a non-related to the dissertation or to GTBC, MC professional, allowed us to validate the results of tools and techniques' choice and outcomes of their application¹.

4.1.2. PREPARATION FOR DATA COLLECTION

To deepen furthermore the general ideas that have been developed so far and incorporate the selected MC SME as well as three host markets into the work, three hypotheses were established based on the performed preliminary literature review as well as real-world firm's concerns:

1. Will the strengths and opportunities of Angolan, Brazilian and Mozambique markets outweigh their weaknesses and strategic issues, making them an attractive and opportunistic internationalization destination for Portuguese MC SME?
2. Will the internationalizing Portuguese MC SME that has a successful performance on home market have potential to perform successfully on external host markets with comparable or facilitated market conditions than the ones of home market?
3. Will the difference in between home and selected external markets' conditions have positive impact on the internationalizing SME's potential for successful performance?

Having set up the hypotheses we analyzed them conjointly with the selected methodology in order to ensure that we would be able to stay consistent and analyze the established hypotheses with the selected methodology- exploratory qualitative case study. Indeed, we confirmed that the hypotheses reflect the objective of our dissertation that is concerned about in-depth understanding of certain phenomena, where qualitative investigation is acknowledged to be an ideal approach (Pereira 2011).

Importantly, the last two hypotheses are oriented on satisfaction of the main dissertation objective that was stated above. The third is directed to solve the complementary goal- which is the development of a practical model that would allow foreseeing whether certain external markets are opportunistic or not. This resolution of the last hypothesis appears to be crucial theoretically and practically. Theoretically- because it would contribute to the existing research on internationalization destinations, practically- because before understanding performance potential on host markets, a firm need to analyze whether a particular market is attractive or not and whether it is worth further examination or not.

Knowing that we would perform an exploratory qualitative case study and bearing in mind the working objective and established hypotheses, we have started the preparation for primary data collection, since the secondary data collection process did not require any specific preparation. Two qualitative tools and techniques were chosen as primary data sources: surveys and interviews. Thus, at this stage of work, the identification of potential participants was performed with sequent arrangements and communication that allowed us to ensure their participation in the study.

¹ See 4.4. for more information.

The interviewed participants were selected based on their experience and qualifications in the field of Management Consulting as well as understanding of selected external markets.

Simultaneously with these arrangements survey questions and interviews were structured. Willing not to enforce her subjective opinion on participants, the author of this study opted to remain the structure of the questions in both surveys and interviews flexible, meaning that the majority of the questions offered to participants were open-ended and the interviews were semi-structured.

No particular tools or techniques were used at this stage of dissertation development since the main focus of preparation for data collection became the arrangement with survey and interview participants (performed mainly with the purpose of data collection).

The milestones of the research process demonstrated on Figure 16 represent research stages, the author passed through when working on this dissertation. Two of these stages- data collection and data analysis take the central place in the research process for this reason, they are given central attention in current Chapter as well.

4.2. DATA COLLECTION

4.2.1. COLLECTION OF PRIMARY DATA

Two qualitative research tools have served as sources of primary data: survey and interviews.

Remembering about the importance of validity in qualitative research, the author made three test surveys with three GTBC managers and only after adjustment of survey questions accordingly to their feedback, survey questions that can be seen in Appendix B were made available online to the selected participants who, initially, included 50 GTBC collaborators from different Centers of Competency. Remarkably, 44 collaborators responded to the survey, making the response rate equal to 88%, meaning that this percentage is sufficient to consider the information collected along the surveys- reliable. Two main topics were explored with the usage of questionnaire: key success factors including key buying and competing factors in Portuguese MC industry as well as Strengths and Weaknesses of GTBC. The survey was made anonymous in order to make participants feel free, especially when revealing corporate weaknesses. The only track that was kept was the department of work of participants to ensure that we obtained a multidimensional point of view. Consequently, 44% of the respondents said to work in the department of Project Management, 33%- in Business Intelligence, 10% in Business Analysis, 8%- in Governance, Risk and Compliance and, finally, 5%- in the IT department. Departments 'structure and number of workers contributed to the difference of these percentages, however, what was important to us is that we were able to obtain the responses from each department of the company, meaning that we observed GTBC from diverse angles.

It seemed important to approach both survey subjects from the point of view of all GTBC collaborators since they have broader insight on corporate strengths and weaknesses than the author, in addition, they could stay more objective than managers when revealing company's strengths and weaknesses. Furthermore, the more people contributed to the examination of Portuguese MC consultancy's key success factors, the more sure we could be in the validity and reality of the revealed factors.

Just as with questionnaire, the author paid much attention to the validity of interviewing process. For this reason, primary, role-playing interviews with two of GTBC managers were used in order to obtain feedback on questions 'quality, reasonability, complexity etc. After this feedback was incorporated and questions were adjusted, the author made arrangements with the selected participants and interviews were performed.

All the interviews took place in GTBC office and were performed on personal basis. 1 day before the interview, the questions were made available to the interviewee in order for him/her to be prepared for the interview and reduce the amount of time spent on the interview. Importantly, interviewing process was constantly ongoing, which allowed us to fill in the informational gaps that occurred along the working process. Notes were used to record participants' answers. After the interview, the notes were reviewed and presented to the participants and, if and when asked, the alterations in the notes were made.

Interviews with GTBC directors were crucial for the construction of the fifth Chapter, where company's and markets' evaluation process was performed. The list of questions that were used to obtain the information necessary for the construction of this dissertation can be seen in Appendix B.

Tools and techniques, used along the process of primary data collection, their validation and alternatives can be seen on the below table.

Table 8: Tools, techniques, their validation and possible alternatives used along the process of primary data collection

Tools and techniques	Validation	Alternatives
<ul style="list-style-type: none"> ▪ Test-survey and survey; ▪ Role-play and interviews. 	<ul style="list-style-type: none"> ▪ Trial & Feedback; ▪ Expert checking. 	<ul style="list-style-type: none"> ▪ Role-play and interviews, independent data collection; ▪ Test- survey and survey, independent data collection.

Source: Personal contribution

We can verify from the above table that such tool and technique as survey was used in order to access Portuguese MC industry's key success factors as well GTBC strengths and weaknesses. Two alternative techniques were considered: interviews and independent data collection. The first alternative, interviews, was rejected since we expected that anonymous surveys could bring more trustful information, especially on corporate weaknesses. In addition it would have become a time-consuming process, probably, not possible since many of survey participants work in different places and for different clients. Survey technique allowed us to obtain responses from large data sample. Independent data collection that could allow us to reveal the indicated subjects, was rejected since

professionals of MC industries were expected to have an in-depth view of key success factors of the industry. In addition, GTBC “insiders” without any doubt are able to reveal more corporate strengths and weaknesses as it could be done by the author based on independent data collection and analysis.

Another tool and technique that was used for primary data collection along the whole dissertation process (for the construction of case study and results analysis chapters) was interview. The alternative of surveys was rejected since the interviews were used in the situations where many complementary questions could arise dependently on other answers, accordingly, independent data collection for instance, for the construction of the case study would not have been able to provide us with the description of company’s internationalization strategies that is known only to GTBC managers.

Expert checking as well as trial and feedback were used to validate the results of tools and techniques’ choice and outcomes of their application¹.

4.2.2. COLLECTION OF SECONDARY DATA

Along with the collection of primary data was realized search for secondary data, which included search for different kind of literature: books, articles, publications in paper or electronic format. The topics of general and strategic management as well as internationalization became the two main criteria of secondary data search and collection.

Importantly, observations of GTBC internal processes and documentation became a crucial source of secondary data that allowed us to construct the case study.

The table 9 demonstrates us that the main technique used for secondary data collection in regards to the case study firm became observation of internal processes and documentation. Such an alternative as interviews could have been used. The author did not follow the alternative due to the kind of data she pretended to obtain with the observations. For instance, we needed to conclude, whether the firm has a competitive advantage or performs successfully. Observation instead of interviews allowed to increase the validity of data through the reduction of data subjectivity that could be encountered in interviews.

Table 9: Tools, techniques, their validation and possible alternatives used along the process of secondary data collection

Tools and techniques	Validation	Alternatives
<ul style="list-style-type: none"> ▪ Observation of internal GTBC processes and documentation 	<ul style="list-style-type: none"> ▪ Expert checking 	<ul style="list-style-type: none"> ▪ Interviews

Source: Personal contribution

¹ See 4.4. for more information.

4.3. DATA ANALYSIS

After collection, the data was reviewed and analyzed. The overview of data analysis can be made by Chapters.

4.3.1. CHAPTER 1 AND 7: INTRODUCTION AND CONCLUSION:

The main source of data that was analyzed in order to create these two Chapters was the main body of the dissertation. No particular methodology was used to construct the first mainly descriptive chapter since it represents an introductory overview of the work. Despite of that, much attention was given to chapters' structuring. In order to introduce reader to the dissertation, we represent him/her with theoretical background of the topic that led to the development of problem statement, furthermore defining study's objectives, significance, hypotheses to be tested and demonstrate briefly the structure of the thesis.

The last chapter represents final outline of the performed research. In order to close up the research, we look at the main conclusions that were made along the research process, think of their theoretical and managerial implications, present existing study limitations and propose possible topics for future research. Notably, managerial implications represent practical importance of our study thus, we use the method of induction in order to derive generalist conclusions from our particular studied case and demonstrate their applicability in practice.

4.3.2. CHAPTER 2, CASE STUDY:

Analysis of Portuguese MC market was mostly made on the basis of secondary data, where the main source of this data became FEACO's reports. Yet, all arising doubts were solved through the analysis of primary data collected in interviews and questionnaire.

This part of the first chapter was structured accordingly to the framework provided by Freire (2010). This framework accentuates two driving forces of the market: demand and supply together with their main characterizing aspects. Consequently, the first part of Portuguese MC industry analysis is dedicated to the overview of these two forces, while the second part looks at the industry from strategic point of view.

Any strategic assessment is undividable from concepts developed by Michael Porter. Same happened in our examination, where the attractiveness of Portuguese MC industry was accessed with the usage of such tool as Porter's five forces (Porter 1979).

Porter's five forces model has been criticized mainly on its lack of consideration of complementary products, on being static and on failing to take into account the interaction between buyers, suppliers and competitors (Coyne and Subramaniam 1996). Consequently, the critics attempted to develop some models that, in their opinion, compensate the deficiencies of Porter's model. Following this

approach, Brandenburger and Nalebuff (1995) with the usage of game theory, explain the importance of complementary products and services that are directly related to the sold product. We argue, that Porter's model takes into account the concept of complementary products and services since it mentions that such factors as innovation, government and complementary products, indeed, affect the five forces (Porter 1979).

Having overviewed the critics of the model we still opted to use it for the strategic overview of Portuguese MC industry. First, even if it is static and does not take into account the interaction between buyers, suppliers and competitors, we do not base our work with the usage of the model as it is. We use the model to "give a clear image of the essential activity of business" (Brandenburger 2002) and on this task the model does not fail since, according to the same author, "it depicts the whole vertical chain of economic activity running from suppliers through businesses and on to the customers".

Having used Porter's five forces model in the second Chapter of our work we were, however, careful, trying to enrich the Chapter with those elements the model is said to lack on: demand-supply relation and interaction, impact of innovation and new technologies as well as some governmental policies on MC industry.

Other strategic instruments were used in order to access the MC industry from strategic point of view: for instance, the concept of key success factors, which is considered to be a strong methodology for industry assessment (Zmud 1984).

As we started to examine the company, we followed the same line of reasoning while structuring our analysis. First, the main characteristic aspects of corporate life (clients, competitors, products and services) were overviewed and second, strategic assessment of GTBC was made.

The structuring of this part of the first chapter was made accordingly to Balanced Scorecard Matrix- another strategic tool. Such structuring allowed us to look at four dimensions that contribute to successful performance of the company: financial, clients, internal and innovation perspectives (Hoque and James 2000; Kaplan and Norton 1992). This organization allowed us to determine the main focus of this dissertation at the very beginning of our work: potential for successful performance in internationalization. Bearing in mind this focus, we explored the main aspects of GTBC internationalization strategy at the end of the case study- form of entry, differentiation and selected strategies.

Additional strategic tool that was used in corporate assessment is SWOT matrix. This matrix is not only considered to be an essential tool for strategy of any company, but is also analyzed by some authors conjointly with corporate performance. For instance, Hill and Westbrook (1999) admit, that corporate strengths are those characteristics that contribute to successful performance, while weaknesses- demonstrate aspects that impede firm from performing better.

The main sources of information that enabled us to overview GTBC activity and assess the firm strategically became interviews, questionnaire and observations of internal processes and official documentation. This information was used to create a case study through the analysis of the firm and its external environment. Importantly, remembering that we are trying to enhance the practical side of our study, we have used graphical representation of information, specifically in those cases where the evolution of some data over time was analyzed (for instance, corporate turnover).

Despite of being a result of constant analysis performed through the method of deduction, this part of the study can be characterized as descriptive as it captures the picture of GTBC as well as Portuguese MC market and demonstrates it to the reader.

4.3.3. CHAPTER 3 AND 4, LITERATURE REVIEW AND METHODOLOGY:

These two Chapters are crucial in our study with first- exploring theoretical background of the researched topic and constructing a knowledge platform that would be used to analyze final results; and second- building practical framework that is followed along the entire research process.

Secondary data, namely, academic articles, books, newspapers and magazines' publications in paper and electronic format became the main source of information that was analyzed in order to build the knowledge platform in literature review and construct the practical framework in methodology Chapter.

The structuring of Literature review allowed us to follow the literature on internationalization in general and to detect the main gaps that remain in internationalization research. Consequently, the literature that was explored along with hypotheses development is represented as well as reasoning process along the hypotheses formulation and development. Finally, review of the literature on the relevant methodology was made, linking in this way the Chapter of Literature Review with Methodological Chapter.

Secondary data in Literature Review was analyzed on content's relevance. Critical approach to data examination allowed us to uncover limitations of existing research along with its gaps.

Having said, that Literature Review created a knowledge platform for our further research we can assume, that this part of our work has exploratory character from researcher's point of view. If we look at Literature Review from reader's point of view, it can be called descriptive since this knowledge platform is represented to reader with introductory purposes.

The main attention of Methodological part of Literature Review was captured by the search for the most appropriate working methodology, where comparison of our research purposes together with the existing and available methodology was made. Importantly, critical assessment of methods available and described in literature was made and the reasoning of particular methods' selection was

explained. Importantly, we have assessed different methods in general (quantitative, qualitative) as well as particular tools and instruments that can be used within them- interviews, surveys etc.

Consequently, the Chapter “Methodology” was presented, looking at how and where the selected methods were applied, making this Chapter more descriptive than exploratory. Importantly, the structuring of fourth Chapter was made accordingly to the milestones this dissertation passed through, where the main attention was given to data collection and analysis.

Like in Introduction and Conclusion, the dissertation itself together with some secondary data became the main sources that were analyzed along Chapter’s construction.

4.3.4. CHAPTER 5, RESULTS ANALYSIS

The Chapter of results analysis was the one that required scrupulous selection of methodology in order to permit us to verify the stated hypotheses. Due to methodological variety used in this Chapter it seems reasonable to analyze the methodology applied accordingly to the structure of this part of the work.

The fifth Chapter was divided into two major parts: first concentrating on the detailed examination of the three selected host markets and second- on hypotheses testing.

Although wanting to stay consistent in market analysis meaning, that we initially intended to structure the analyses of home and host markets in an identical way, we were unable to maintain this consistency. Lack of profound information about three host MC markets was felt along the data collection process, forcing the author to find another solution for structuring the first part of this Chapter. While searching for framework to be followed in host market analysis, we came to know Porter’s diamonds concept. Using four dimensions: factor, demand, related and supported industries and firm strategy, structure and rivalry, Porter studies the competitiveness of nations (1990), explaining why some industries are more competitive than others in certain countries. According to Porter, factor conditions include human, physical, knowledge as well as infrastructure; demand conditions- quality of demand for certain industry; related and supported industries- industries that are closely connected to the one under analyses (Porter 1990; Ankli 1992); and, finally, the last dimension of strategy, infrastructure and rivalry completes the diamond.

As five forces’ model, Porter’s diamond has not escaped from criticism. According to Davies and Ellis (2000) the model was criticized because, being based on American economy, it is said to not be applicable to all the countries, moreover, due to its conceptual flows (comparative vs. competitive advantage). Despite of the existing criticism, the framework has been largely used in management and strategic world. First, with purpose proposed by Porter, second- to analyze competitive positioning of countries (Smit 2010), second- to examine firm’s international competitiveness (Smit 2010; Bosch and Prooijen 1992). The existing flexibility of model application raised our interest.

Looking through the prism of Porter's diamond we were able to find the framework of categorization of factors that:

- 1) Influence firm's potential for successful performance.

We remember from Literature Review that numerous factors are said to influence firm's successful performance in general as well as in internationalization. The factors themselves as well as their categorizations appear to be inconsistent. Looking closely at these factors we discovered that they, in fact, can be categorized accordingly to four dimensions of Porter's diamond¹. Indeed, factor conditions or external environment affect firm's performance as well as it does demand related and supported industries, rivalry and internal factors such as firm's structure and strategy.

- 2) Affect market attractiveness and characterize it.

The factors (and their categorization) that we saw in Literature Review that were said to affect market's potential or attractiveness just as in previous case were named inconsistent. As we looked at Porter's diamond, we realized that it is able to unify factors that affect external market's attractiveness, creating in this way a framework to analyze both firm's potential for successful performance in internationalization and host markets.

Such approach unifies the three hypotheses together, makes the structure of our work clear and highlights the possibility of more flexible usage of Porter's Diamond framework. Due to the fact that we do not use the Porter's Diamond as it is but apply it as a framework for factor categorization, the criticism of the model is not considered to be applicable to our work.

Going back to the first part of Results Analysis Chapter, we can continue describing the methodology that was used along its construction. No academic work was found on the matter thus, the author followed the development of empirical studies, including newspaper and magazines publications' and international organizations' reports, making secondary data the main source of the first part of fifth Chapter.

When collecting data, we were paying attention to the factors, constituting Porter's diamond. The process of these factors' selection will be explained below.

Since there are practically no studies investigating the state of MC markets of the selected countries (Brazil is an exception), we used knowledge gained along the examination of Portuguese MC market to deduct conclusions from discovered information. Where such deduction was not possible, we made a generic overview of certain dimension of Porter's diamond. For instance, there was found no information on specific needs of demand in regards to MC. Thus, we made a general overview of the situation of demand in all three selected markets, making an attempt to select MC relevant information when possible. Importantly, in order to merge markets' overview with strategic analysis (as it was done for Portuguese market), we have accessed strategic issues and key success factors of

¹ Yet, a slight "restructuring" of Porter's diamond is needed. For more on these "restructuring", see Appendix A.

selected markets. Consequently, SWOT analysis of rival companies, accentuating the part of strengths and weaknesses made host market examination complete.

In addition to secondary data, interviews with experts- GTBC directors with knowledge or/and experience on selected markets were used as information source in the situations, where secondary data analysis was doubtful. Interviews were the tool that enabled us to identify key success factors of host markets as well as potential GTBC rivals.

We have already noticed that deduction was used in markets' analysis as principal methodology. Markets' analysis became both exploratory- where we were trying to discover how factor, demand, related and supported industry and rivalry conditions are- and descriptive, since no evaluation was made along the first part of the Chapter. In addition graphical tools were used in order to illustrate some of our findings.

Factors constituting Porter's diamond became the output of author's discussion with GTBC directors recognized as experts in the selected markets. In this discussion, author contributed with her knowledge of the factors that are said to constitute Porter diamond's dimensions as well as factors that are named to be performance influential and market attractiveness' characterizing. Experts contributed with their practical knowledge of the markets, making the final choice of the factors that were to become criteria of evaluation in the Second part of our Results Analysis Chapter.

The main criteria of factor choice were:

- 1) Factor must simultaneously be performance influential and market attractiveness characterizing;
- 2) Experts must be able to evaluate the chosen factors.

In order to clarify what is meant by one factor or another, the author created factor dictionary, where main ideas characterizing factor were explained based on the examined literature as well as discussions with experts. Simultaneously, factor evaluation and evaluation reasoning was presented. Importantly, the evaluation was qualitative and not quantitative since no specific measures were used along the evaluation process.

After factor dictionary and evaluation, we passed to the final part of our dissertation where the developed hypotheses were tested.

The second hypothesis was tested in two parts: first, there was made the verification of success of GTBC performance on Portuguese market. Second, Portuguese market conditions were opposed to the selected external host markets conditions. Deduction was used to test the second hypothesis. The same methodology was used to test the first and the third ones. Importantly, graphical analysis, namely- radar graphic, was used to visually demonstrate hypotheses testing.

4.3.5. CHAPTER 6, TEACHING NOTE:

It was highlighted along the review of methodological literature that case study can have dual significance: first, it can allow us to verify some theoretical assumptions on practical example; second, it can permit us to derive some theoretical assumptions from real-life situation. The demonstration of such a duality with the accent on theoretical significance of the performed case study represents the main objective of Teaching Note Chapter. Accordingly, the structuring of Teaching Note was made as following:

First, we demonstrate the main topic of the dissertation and make a brief summary of the case study;

Second, we suggest some learning objectives that could be achieved through case study as well as audience it can be targeted to;

Third, we offer a possible pedagogical planning together with questions to be discussed and proposed answers to facilitate understanding of the performed analysis and its utility.

As previously, we have exploratory and descriptive elements in this part of our study. Teaching note was based on the analysis of data that came from two sources: secondary data- when guidelines for teaching notes construction were studied, and dissertation itself- that was used to build the structural parts of the Teaching Note.

4.4. CRITICAL ASSESSMENT OF THE RESEARCH MODEL

Any study or methodology has limitations. This dissertation is not an exception. While the overview of thesis limitations will be made at the end of the work, what we want to highlight here is the limitations that can put the validity of the performed qualitative research under question.

One expert who is GTBC director and PhD researcher at the same time was asked to replicate the main conclusions of the study through the methodologies described. The feedback given was generally positive, specifically, it was agreed that Porter's diamond, indeed, appears to be framework of high utility able to categorize both- factors that influence firm's potential for successful performance in internationalization process as well as host markets 'attractiveness. Another positive point noticed, was the selection of host markets. Our ability to analyze three markets could, in fact, increase the validity of the study since we test our assumptions in three sample markets. One of the deficiencies of this dissertation includes the selection of only one case company to study. This can be explained with time limits that did not allow us to develop a deeper study of, for instance, three Portuguese MC companies. Thus, we do agree with this pointed limitation and suggest that it can be improved with further research, in case the dissertation achieves its goal and motivates further investigation on the subject.

Taking into account the fact that interviewed managers are, in fact, GTBC decision-makers, the expert asked to replicate the main conclusions of the study, highlighted the possibility of subjectivity of managerial evaluation. Following alternative approach and using his personal acquaintances, the selected expert contacted the director of a medium-sized Brazilian MC firm and asked him to

evaluate Brazilian market by the defined criteria. The outcome of this evaluation came out to be slightly different than the one performed by experts (GTBC insiders). This outcome was used to verify the results of hypotheses testing and they were not changed. The three hypotheses were answered in the same way in regard to the Brazilian market. Yet, we do agree that usage of experts-“outsiders”, specifically for construction of the first part of the Results Analysis Chapter could increase precision and validity of our case study and, as previously said, could be incorporated in further research.

CHAPTER 5:

RESULTS ANALYSIS

5. RESULTS ANALYSIS

This chapter represents results analysis that was made based on the theoretical platform developed along the literature review and practical methodological procedures demonstrated in the previous chapter. The main aim of this chapter is to represent the answers to the established hypotheses and the process of these answers' development.

5.1. ANALYSIS OF THE SELECTED MARKETS

5.1.1. ANALYSIS OF ANGOLAN MARKET

"We feel Angolan market in a different way, not like a process of internationalization. In Angola we are Angolans".

Coelho J., CEO Mota-Engil, Portugal

5.1.1.1. Factor Conditions

Being the fifth largest African country¹ and the sixth leading African economy², Angola has proved to be an attractive market that is able to catch attention of investors from all over the world³. The major reason for this positioning and such an interest is related to one of the world's highest two-digit economic growth that has been accompanying Angola's development and increasing over the years⁴ since the end of the civil war in 2002. What contributes most to this growth is the oil industry that constitutes about 57% of the national GDP's growth⁵. This high percentage demonstrates the strong dependence of the overall economy on the oil sector; nevertheless, it does not frighten the investors who try to take an advantage of Angola's leading position on the global market of oil producers. Expectedly, this dependence on oil revenues is not favorable in the long-term since the undiversified economy, reliant only on one sector, is acknowledged to be unsustainable⁶.

Pursuing the objective of economic and social development, Angolan government has declared its determination of several investment programs' accomplishment with the main objective of national infrastructure development and improvement, increase of "national production, employment and professional training" (Marques de Moraes R., 2010). For now national infrastructure works as a bottleneck- the example given by OECD in African Economic Outlook 2007/2008 proves this

¹ In addition, Angola is the second oil producer in Africa by the production volume and the fourth diamonds producer in the world. See AICEP (Agência para o Investimento e Comércio Externo de Portugal), 2010 July. *Mercados: Informação Global. Angola, Dossier de Mercado.* [online] Available at: <www.aicep.pt [Accessed 8 May 2011]

² According to OECD (2011), Angola goes right after the South Africa, Egypt, Nigeria, Algeria and Morocco.

³ Many authors have spotted that since 2002 Angola has become an appealing country to invest in. The countries that invest the most in Angola are: Portugal, Spain, France, South Africa, Brazil, Namibia, USA, Israel, China and India (Vilar 2008).

⁴ National economic growth in 2005 and already in 2007- 25.5% (Rystad Energy 2010; Sinfic 2008). In fact, Angola is expected to grow faster than other African economies with the only exception: Nigeria will grow in the rhythm similar to the one of Angola (OECD, 2011).

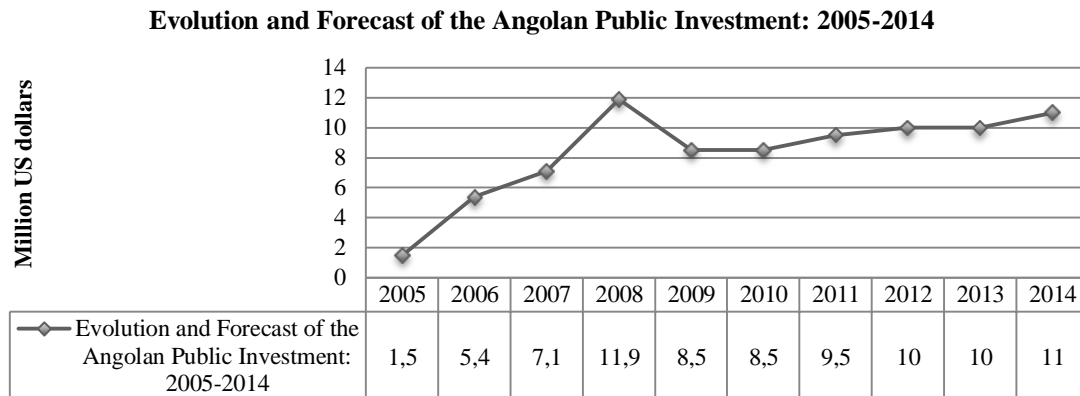
⁵ Sinfic (2008)

⁶ See Anonymous, 2011. *Investir em Angola.* Oje (3) Abril 2011. [online] Available at: <http://www.oje.pt> [Accessed 4 May 2011]

statement: Angolan ports' capacity is incomparable with the quantity of vessels, entering national waters- ships can wait weeks before entering a port.

The continuous evolution and Angola's orientation on national development can be verified on Figure 17: public investments have been sustainable and increased over the years. We can see a reasonable drop in 2008 caused by financial crisis, but ever since, the national economy has been recovering and government continuing investing in Angola's development.

Figure 17: Evolution and Forecast of the Angolan public investment



Source: OECD, 2011

In 2010, the sectors that acquired the major part of governmental financial injections were construction (33%), energy and water (10.87%), health (7.7%), transportation (6.32%), telecommunications (5.07%), education (4.4%)¹.

Despite of the strong investment plan of Angolan government oriented on national development, there has been strong difficulties on the way of making this plan real (Jamba I. and Neto A., 2006): economy is barely prepared for new investments, there is a lack of qualified specialists, lack of logistical means etc².

5.1.1.2. Demand Conditions

Portuguese consulting is a well-established, easy to outline marketplace with a long history and well-defined demand and supply market forces. While talking about Portuguese consulting market, we were able to detect the sectors that demand the most of consulting services, more than that- to follow the evolution of clients' needs, to see what drives Portuguese demand for consulting, segment it and follow its most crucial trends. The situation with Angolan demand varies significantly. Angolan market of consulting services is found at the very beginning of its development, there is little academic and business literature available on the subject thus it is quite problematic to drive market

¹ See Sinfic (2008).

² Same

research in the same direction. For this reason, this examination is structured differently: our main objective here is to answer the following four questions:

- A. From which sectors can come the demand for consulting?
- B. From where (geographically) can come the demand for consulting?
- C. What would influence the demand fluctuation?
- D. Which are the issues and necessities of demand?

This structure would allow us to outline the most crucial aspects of demand analysis and furthermore facilitate the examination of the match between GTBC strategy and Angolan consulting market.

A. Previous investigation¹ has demonstrated that sectors that demand the major part of consulting services are the ones that deal with a large amount of information², namely: Public Administration, Financial Services, Telecommunications, Energy and Utilities. This knowledge can lead to a suggestion that Angolan demand would follow the same movement. Furthermore, we can expect highly competitive industrial sectors to require consulting services in order to define and add value to their competitive advantage³. According to Deloitte Angola (2^o Workshop em Tecnologias Tropicais, 2011) “Angola needs consulting due to its drastic growth”. If we project this statement to the demand side, we will finish with the following categorization of the industrial sectors that are already consulting clients or can become such in the nearest future:

- Traditional consulting clients;
- Highly competitive industrial sectors;
- Industrial sectors with high growth rate.

It is important to know that one sector can match all of the three defined categories. For instance, Angolan oil economic segment fits the last two categories. In such a case the sub criteria would be used and the sector under analysis would be included into one or another category dependently on the hierarchy pre-defined above. This methodology could be better explained with the following example: if Banking industry (traditional consulting client) would be found to be highly competitive in Angola, it would still be examined together with other traditional consulting clients; same would be made if Banking industry would be noticed to have a high growth rate. Following the same logic, even if the highly competitive industrial sectors (as we already know in Angola it is the Oil sector) would be growing fast, it would be analyzed in the second category shown above.

Starting with the examination of the highly competitive economic sectors seems reasonable: they constitute the major part of national GDP and make an enormous contribution to the country's development.

¹ See 2.1.1.1.2., Chapter 2: Case Study

² Frick A. and Lanna R. (2008) show that this is one of the major reasons of Business Intelligence usage by some economic segments.

³ An important note should be made: in current examination by highly competitive industrial sectors we do not mean the ones with perfect market competition and numerous market players- this could be hardly if not impossible applied to Angolan reality, in this case we talk about the sectors that pursue a well-defined competitive advantage that is used or could be used to compete globally. It would be seen below, but an example of the Angolan oil sector explains the idea: Angolan oil sector is considered to be highly competitive thus, pursues a competitive advantage explained by the vast oil reserves.

Economy is dominated by the oil sector followed by diamonds. There are huge onshore and offshore projects¹ that need to be managed properly². Remembering that consulting adds value to clients' activity, we can expect, that oil sector would require consulting services as well as will do the diamond development sector³. Diamonds together with oil constitute around 90% of all Angolan exports⁴ and can be certainly called the characteristic sectors of Angolan economy with a long history of existence.

Other sectors are much younger (banking⁵), some are new-born (telecommunications⁶), and some are still at the embryo stage of development (renewable energies). Nevertheless, they do exist and are considered to be attractive⁷.

Angola is a rare example of a country where the development of one sector stimulated growth of the others⁸, especially in the last few years. These sectors were related to the category of the ones with the highest growth rates. By "these sectors", we mean Agriculture and Fishing industry, Construction⁹ and Transportation¹⁰. All these market segments are fundamental for national infrastructure that is being rebuilt from zero after a complete destruction during Angolan civil war. Exactly this is the reason for their rapid growth as well as significant financial injections and investment incentives given by the government.

Despite of being separated from the previously analyzed clients group, some traditional consulting clients¹¹ pursue a high growth rate as well. Electric Energy¹² sector is growing, performance of

¹ See Rystad Energy (2010)

² The biggest oil companies operating in Angola are: Agip/Eni, British Petroleum, Chevron Texaco, ExxonMobil, Maersk, Odebrecht, Petrobras, Shell, Sinapec, Total, Tullow Oil. Sonangol is an Angolan "business universe" (António Vilar & Associados 2008), staying not only on the top of oil sector, but also actively participating in other areas of activity.

³ Endiama and Sodiam are the two top companies in the diamond sector with Endiama being the second top Angolan company following Sonangol.

⁴ See World Diamond Council, n.d.

⁵ Angolan Top Banks are: Banco Africano de Investiment, Banco Angolano de Negócios e Comércio, Banco Bai Micro-Finanças, Banco BIC, Banco Caixa Geral Totta de Angola, Banco Comercial Angolano, Banco de Comércio e Indústria, Banco de Desenvolvimento de Angola, Banco de Fomento de Angola, Banco de Negócios Internacional, Banco de Poupança e Crédito, Banco Espírito Santo Angola, Banco Millennium Angola, Banco Privado Atlântico, Banco Quantum Capital, Banco Regional do Keve, Banco Sol, Banco Vtb África, Finibanco.

⁶ Government plans to give Telecommunications market to privatization. For now fixed lines are monopolized by Angola Telecom and only two mobile operators Unicef and Movitel operate on the market (see Hirano 2011). In addition, ENATEL- Empresa Nacional de Telecomunicação and EPTEL- Empresa Pública de Telecomunicações control domestic and international communications respectively. Internet providers are the following: Netangola, Ebonet, Snet and Multitel.

⁷ See Anonymous (2009).

⁸ See Anonymous, 2011. *Investir em Angola*. Oje (3) Abril 2011. [online] Available at: <<http://www.oje.pt>> [Accessed 4 May 2011].

⁹ Efacec, Mota-Engil, Secil, Soares da Costa, Teixeira Duarte are on Angolan market.

¹⁰ See Misser (2008); OECD, (Organization for Economic Cooperation and Development), 2005. *African economic outlook 2004/2005: Angola*. [online] Available at <<http://www.oecd.org/dataoecd/44/26/34867761.pdf>> [Accessed 5 May 2011]; OECD, (Organization for Economic Cooperation and Development), 2006. *African economic outlook 2005/2006: Angola*. [online] Available at <<http://www.oecd.org/dataoecd/37/35/36734978.pdf>> [Accessed 5 May 2011]; OECD, (Organization for Economic Cooperation and Development), 2007. *African economic outlook 2007/2008: Angola*. [online] Available at: <<http://www.oecd.org/dataoecd/26/16/38561655.pdf>> [Accessed 4 May 2011]; Sinfic (2008).

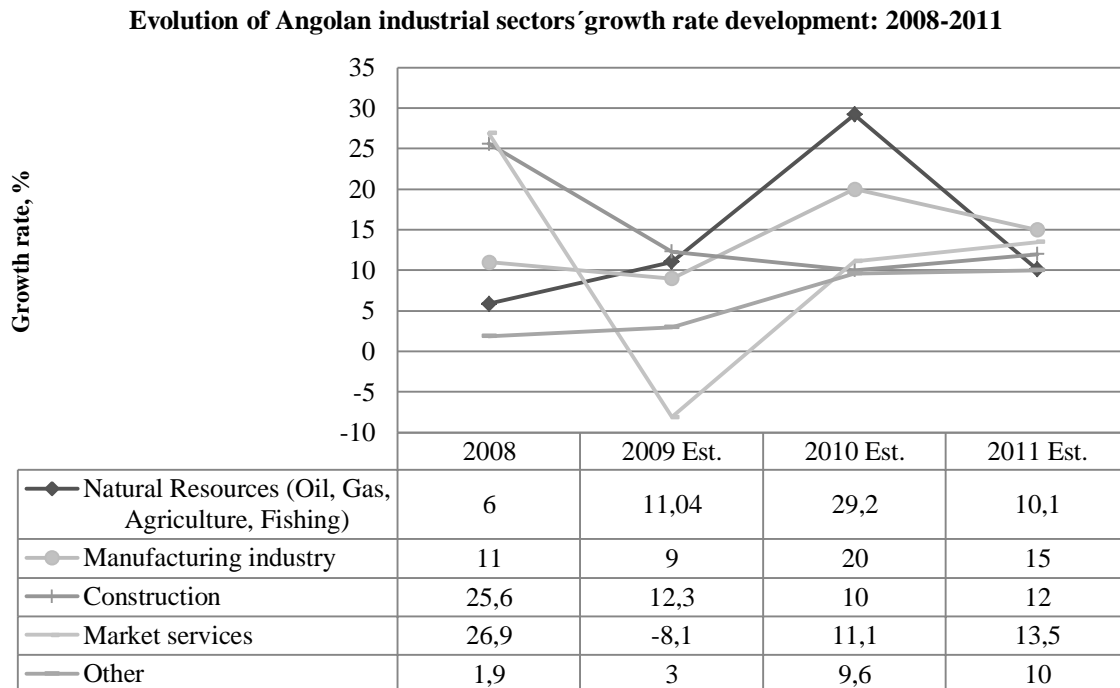
¹¹ Talking about clients in this aspect we mean the industrial sectors and not specific companies.

¹² The biggest Angolan power distribution company is EDEL (Empresa de Distribuição de Electricidade de Luanda).

Telecom is improving and, despite of the financial crisis in 2008, financial sector is considered to be competitive and growing¹.

By looking at the following Figure, we can confirm the continuous growth of numerous Angolan industrial sectors.

Figure 18: Evolution of Angolan industrial sectors' growth rate development: 2008-2011



Source: Banco Português de Investimento, 2011

It can be easily seen that all economic segments are dynamic and developing, with Energy and Waters segment taking leadership position². Although included into “Market services” sector, consulting industry is separated by some authors in their research. Interestingly, this industry is named to be one of the most appealing, offering numerous opportunities³.

B. As it was seen in the analysis of the Portuguese market, consulting companies localize their activity in the habitual national business centers since they represent the concentration of firms from various economic sectors. If geographically Portugal can occupy only one tenth of the territory of Angola, economically, Angolan market is still smaller than Portuguese. Having said that, we should not expect broad geographical distribution of demand, specifically knowing that around 24% of Angolan population is concentrated in Luanda⁴. Other cities and regions (Benguela, Cabinda) attract

¹ See OECD (Organization for Economic Cooperation and Development), 2007. *African economic outlook 2007/2008: Angola*. [online] Available at: <<http://www.oecd.org/dataoecd/26/16/38561655.pdf>> [Accessed 4 May 2011]; KPMG, 2010. *Análise ao Sector Bancário Angolano*. [online] Available at: <www.kpmg.com> [Accessed 4 May 2011].

² Almost any Angolan industrial sector is attractive for investors: there are many opportunities in Retail, Food and Beverages, Machines, Wood, Ceramics, Metalomechanics, Information technologies and Health. See Anonymous (2009).

³ See Anonymous (2009), Remondes (2006).

⁴ Deloitte Touche Tohmatsu (2011).

various industrial sectors, but not consulting companies that opt to center their activity in Luanda (Accenture, Deloitte, PMO Projects, Reflexo de Saberes).

C. Demand distribution changes geographically same as it does with time. Notably, Angolan industrial sectors do not suffer in a direct way from uncertainty like Portuguese consulting clients, nevertheless, obscurity of corruption affects the demand side. It should be expected that the more the government combats the corruption and achieves positives results in this battle, the more it will stimulate the industrial sectors to be dynamic and competitive, to grow and to need consulting accompaniment. Another demand's influencing power depends on the Angolan government as well: the country and its economy are highly reliant on public investment into national infrastructure. Just like in the national battle with corruption, demand fluctuations, positive for consulting, would have an increasing tendency over time. Following this logic, the economic sectors that are expected to demand the major part of consulting services would be the ones that receive the biggest part of public investment, namely: agriculture, construction, telecommunication, tourism, energy and water segments¹. Finally, expectedly, but not directly, oil prices and overall situation on the oil market could affect demand for consulting services. This assumption is based on the reasoning that was seen previously: Angolan oil industry stimulates the development of other economic sectors, therefore, is by some means affects their necessities for consulting services.

D. The analysis of the necessities of demand themselves would be facilitated if we complement the question of “what are the necessities of demand?” with another one: “what defines the necessities of demand?”. Although looking similar, this complementary question differs from the one that was answered in the previous paragraph since it looks at the factors that influence and define the necessities of demand and not its fluctuations. In this way the necessities of demand can be seen as a content that is changing over time (fluctuations) dependently on the examined factors.

A closer look at our previous investigation will help us find the answer to this complementary question. The key words that can characterize Angolan market are: young, rapidly growing, developing and investor-attractive, however, experiencing certain business environmental issues. Accordingly, the necessities of all the industrial sectors would be shaped by these key words. Subsequently, the youth of the market would bring the need of learning, the rapid growth is undividable from big development projects, while unfavorable aspects of Angolan business environment would lead to the obligatory Risk Management.

There is a high lack of skilled labor in Angola. Companies invest in training and, notably, due to the lack of service offer, open their own training centers². Talking about professional training we mean professional skills in general: Angolan education system has suffered for a long time from the absence of investment³, however, the market that lacks on general professional skills would certainly require more specific capabilities that can be found on the consulting market.

¹ See Sinfic (2008).

² See Anonymous, 2011. *Investir em Angola*. Oje (3) Abril 2011. [online] Available at: <<http://www.oje.pt>> [Accessed 4 May 2011]

³ AICEP (Agência para o Investimento e Comércio Externo de Portugal), 2010 July. *Mercados: Informação Global. Angola, Dossier de Mercado*. [online] Available at: <www.aicep.pt> [Accessed 8 May 2011]

Angola pursues high rate of development with an enormous amount of both public and private projects contributing to the national growth¹. Management of these projects requires specific skills which, as it was seen, are deficient on Angolan market. The statement made by Mossier (2008) “Angola is too fast for comfort” could not describe the situation on the Angolan market better: the country is passing through the period of fast transformation, where basic problems could become huge bottlenecks. For instance, “absence of modern instruments of credit and risk management in Banking can create serious obstacles for growth of this area”². Thus, growth needs to be properly controlled and oriented: in the example given: lack of specific skills on the market can lead to negative results in projects’ accomplishment. One more time we are talking about the need of professional capabilities, accentuating in this way the elevated necessity in this field.

Two types of professional training necessities should be distinguished: one of local companies, another of foreign companies operating on Angolan market. The last look for “Angolized” solutions or “Angolization” of their competitive advantage³, while the former require a wide range of training services starting with Growth and finishing with Innovation and Risk management.

Risk Management is needed in order to foresee the outcomes of Angolan business environment. Corruption is a major issue for the country that is considered to be a strategic one for the consulting market, for this reason would be separately examined below.

On the market where electric energy is considered to be not an habitual good, but a luxury for a significant part of the society, a primary attention is concentrated on these sectors and their issues. This is said in order to evidence one more time that there is practically no academic or business literature or information on some explicit consulting necessities of the demand, not talking about their division by industry. To compensate that, some consulting companies perform their own market studies, concentrating their attention on Angolan strategic consulting client sectors. Looking at the study of Angolan banking sector performed by KPMG, we can distinguish the following necessities for consulting intervention⁴:

Table 10: Angolan banking sector’s necessities in management consulting

Growth and Performance control with the usage and improvement of Customer Relationship Management
Risk and Capital Management
Risk Liquidity Management
Anti-Money Laundering
Internal Control Systems
Internal Audit

¹ See Misser (2008); Rystad Energy (2010).

² See Lusa (2008).

³ See Deloitte Touche Tohmatsu (2011).

⁴ See KPMG, 2010. *Análise ao Sector Bancário Angolano*. [online] Available at: <www.kpmg.com> [Accessed 4 May 2011]

Sustainability

Source: KPMG (2010)

This detailed examination of banking sector and its needs from consulting point of view is crucial for two reasons: first, it proves the previous results about the consulting necessities of demand (Risk Management and Anti-Money Laundering caused by the specifics of Angolan business environment), second, it provides us with some critical information on the needs of Angolan Banking that would be valuable for further investigation.

5.1.1.3. Rivalry: supply conditions

Four companies were selected and analyzed in order to create a panoramic overview of the supply conditions on Angolan market: Pessoas e Processos, PMO Projects, Reflexo de Saberes and Sinfic. These companies were selected during the process of formal and informal interviews with various professionals who were involved in the current study. The knowledge used in the suppliers' selection process comes from the professional experience of the interviewed experts on Angolan market or from the high level of recommendation made by client companies and acknowledged by the author of this research. In addition, all of them represent GTBC rivals on Portuguese market and all four have similar business models including niching positioning, range of services as well as evidently present competitive advantage.

SWOT framework was followed in order to study and to make the projection of the Strengths and Weaknesses of the firms to Angolan consulting market, defining in this way the rivals' market positioning and permitting to estimate a possible place that GTBC could occupy on the market in case of the company's expansion to Angola.

The investigation of the rivals' Strengths and Weaknesses was based on the analysis of the firms' positioning on the Portuguese market. Corporate strengths form the competitive advantage that, expectedly, would be maintained during the internationalization process and on the host markets. The same is associated with Weaknesses: doubtfully, that the corporate fragilities that a firm experience on the home market, would be overcome outside the national borders. Different situation can be foreseen for Threats and Opportunities' part of the SWOT analysis: they would differ dependently on the examined host country and the existing market conditions.

The investigation of the Threats and Opportunities that the selected companies can face would be helpful due to the previously explained reasoning: the similarity of the business models would allow this study to project this analysis to GTBC, facilitating in this way the final examination of the match between the examined markets and GTBC strategy.

After having explored the Strengths and the Weaknesses of the selected consulting companies, we can conclude that the firms will compete on the Angolan market by quality, innovation, ability to create partnerships as well as networking capabilities. Being correspondent to the Key Success Factors of consulting industry, these results are not surprising, more than that- are expectable.

However, there is a dissimilar situation with the examined companies' weaknesses: they differ from one firm to another, however, one weakness has been repeatedly revealed during the performed analysis: the analyzed companies follow the strategy of niching on Portuguese market that may not work well in Angola: Angolan market needs consulting and might want a wider range of consulting services offered by one consulting provider.

Continuous work for weakness improvement can create new opportunities to consulting companies as well as will do the existing client database: consultants can use the existing Portuguese client database, selecting the clients that are present physically or through projects in Angola, in order to expand their business activity. The already-built reputation of these consultants on the Portuguese market within the existing client database would facilitate their growth in Angola through new projects as well as possibilities of up-sell and cross-sell.

During the analysis it was noticed, that all four companies have a strong component of networking in their activity. This fact would work in their favor in Angola, however, there is a need to define the borders of healthy lobbyism or/and networking and to stay within them in order to maintain this as an opportunity and not to turn it into a threat like in the case of UNICER.

There has been defined one more opportunity for the selected consulting firms: their training services are expected to be welcomed on the Angolan market, thus, deserve to be deeply explored.

More detailed SWOT analysis of Pessoas e Processos, PMO Projects, Reflexo de Saberes and Sinfic can be seen below, in Appendix C.

5.1.1.4. Related and Supported Industries

Consulting and technology are two interconnected industries: it is the technology that drives the consulting market and it is consulting that stimulates the creation and improvement of numerous technological solutions. The two sectors are developing along with each other, mutually influencing and supporting each other's growth. It is crucial to study the situation on Angolan market of information technologies since this study has the same logic and meaning as expressed by the expression: "tell me who your friends are, and I will tell you who you are".

Angolan economic dependency on imports and low current capacity of production has directly affected the sector of Information Technologies: merely the totality of hardware and the majority of software is imported, raising the prices on the IT market to unreasonable limits. High costs of basic technological services like, for instance, Internet, are also explained by the absence in many regions of basic infrastructure networks: electricity, telecommunication lines etc. The last available statistical information for 2007 states, that only 3 million people has access to Internet with the overwhelming majority in Luanda¹. Fortunately, Angolan government recognizes these issues as well as their importance for the national development, therefore, has undertaken some measures for situational

¹ Teta (n.d.)

improvement: there has been created a governmental portal on the subject, action plans, e-government project that would “permit future interconnection of all governmental tools”¹, technological park for hosting IT-related companies etc. This is certainly, a positive start, however the reforming process is slow: for instance, by 2015 Angolan government is planning to have at least 900 000 computers in secondary schools² and this is only a small drop in the global ocean of Information Technologies.

High prices on the market are also explained by a few competitors present in the segment; still, these high prices do not impede the demand that often exceeds the available offer³. There is merely no basic technologies-related training, not talking about the higher-level preparation. To increase the competitiveness of the sector and to be able to meet the necessities of demand, Angola is looking for a transfer of competencies. Country is positively oriented on the technological growth, for this reason welcomes the investments in training. While greeting the international specialists in the area, Angola is directed to the investment into its own human resources, who are aware of the national reality and know local needs.

5.1.1.5. Strategic Issues and Key Success Factors

Some of the strategic issues existing on Angolan market have been stated already: infrastructure problems, lack of qualified specialists, bureaucracy, corruption. The combination of these variables creates an “unhealthy business environment”⁴ that can overweight the benefits of Angolan market. According to OECD (2007), “doing business in Angola remains difficult” and “the business climate is unfavorable” despite of the enormous effort being made by the government. What contributes the most to the creation of such a business climate is corruption representing the major concern of foreign investors as well as of the government that admits that corruption is “pervasive”⁵.

Corruption is a phenomenon that occurs or can occur in any part of the world, nevertheless its nature changes dependently on the country. In Angola corruption is a consequence of high economic dependency on certain natural resources (McMillan 2005) as well as of the broad governmental participation and intervention in all the sectors of economic activity. These two factors facilitated the rent-seeking behavior of those “on power” and have created uncertain business environment in Angola. The country has taken the 162th position in 2009 on Transparency and International

¹ Same as previous.

² See Teta (2010)

³ Same as first.

⁴ See OECD, (Organization for Economic Cooperation and Development), 2007. *African economic outlook 2007/2008: Angola*. [online] Available at: <<http://www.oecd.org/dataoecd/26/16/38561655.pdf>> [Accessed 4 May 2011]

⁵ See OECD, (Organization for Economic Cooperation and Development), 2006. *African economic outlook 2005/2006: Angola*. [online] Available at <<http://www.oecd.org/dataoecd/37/35/36734978.pdf>> [Accessed 5 May 2011]

Corruption Perceptions Index¹ and, despite of the bunch of opportunities that Angolan market can offer, the country is still lowly ranked by the World Bank in its “Doing Business” report².

It is interesting to apply the arbitrariness-pervasiveness framework (Lorraine, Rodriguez, Uhlenbruck 2005) to corruption in Angola. Angolan corruption can be considered to be highly arbitrary as well as pervasive: the last is confirmed by the government itself, while the existence of the former – by the fact of the popularity of local partnerships as the entry mode for internationalization³.

Another issue of Angolan market is closely correlated with corruption. Angolan bureaucracy can be felt well before the entrance to the national borders: despite of the fact of being an ex-Portuguese colony, Angola requires visa permissions for Portuguese citizens. Unfortunately, visa obtainment process takes a long time and working visa can take 6 to 10 months to obtain (Teixeira 2011). Bureaucracy impedes the creation of new companies, negatively affecting in this way the level of attractiveness of the market for foreign investors⁴. Even governmental efforts oriented on the reforms for improvement experience difficulties in implementation due to the bureaucratic issues. Profound reforms are needed in other areas, including the legal system that for now does not include any thorough measures for combating corruption or bureaucracy⁵.

High level of governmental intervention and participation in particularly all the spheres of economic activity leads to another strategic issue of Angolan market: all the power is concentrated in the hands of small business elite that is connected in one way or another to the government⁶. From investors’ point of view this creates barriers to enter the private sector and can certainly impede internationalization process⁷. Unfortunately, it is not only the private sector that has a limited access, but also market opportunities in general as well as finance⁸. On top of that, costs of initiating or doing business are high and the situation is aggravated by the hidden costs that are often hard if not impossible to foresee and to estimate⁹.

All the analyzed issues cannot be resolved solely by market players without governmental help. Angola needs fundamental restructuring and reforming accomplishment of which would take at least

¹ See Rystad Energy (2010).

² See World Bank, 2011. *Doing Business 2011: Making a Difference for Entrepreneurs*. [online] World Bank. Available at: <<http://www.doingbusiness.org/~media/FPDKM/Doing%20Business/Documents/Annual-Reports/English/DB11-FullReport.pdf>> [Accessed 4 May 2011]

³ Jeronimo Martins and Score, Abreu Advogados and FDL Advogados, UNICER and Ministry of Industry and Petroleum; See Anonymous, 2011. *Investir em Angola*. Oje (3) Abril 2011. [online] Available at: <<http://www.oje.pt>> [Accessed 4 May 2011]; See Marques de Moraes (n.d.).

⁴ See OECD, (Organization for Economic Cooperation and Development), 2007. *African economic outlook 2007/2008: Angola*. [online] Available at: <<http://www.oecd.org/dataoecd/26/16/38561655.pdf>> [Accessed 4 May 2011]

⁵ Same as pervious

⁶ Anonymous (2009); OECD, (Organization for Economic Cooperation and Development), 2005. *African economic outlook 2004/2005: Angola*. [online] Available at <<http://www.oecd.org/dataoecd/44/26/34867761.pdf>> [Accessed 5 May 2011]; Anonymous, n.d. *Angola Overview*. African Economic Overview, Available at <http://www.africaneconomicoutlook.org/en/countries/southern-africa/angola/>

⁷ See OECD, (Organization for Economic Cooperation and Development), 2007. *African economic outlook 2007/2008: Angola*. [online] Available at: <<http://www.oecd.org/dataoecd/26/16/38561655.pdf>> [Accessed 4 May 2011]

⁸ Same as previous

⁹ See Anonymous, 2011. *Investir em Angola*. Oje (3) Abril 2011. [online] Available at: <<http://www.oje.pt>> [Accessed 4 May 2011]; Rystad Energy (2010).

one generation¹. The formula of success includes for now the knowledge of key success factors of Angolan market and correspondent to them business modeling.

The executed analysis of the performed interviews has led to the conclusion that the examined key success factors reflect the ones that can be called the key success factors of consulting industry in general, meaning that they work in Portugal as well as in other countries. Thus, price-quality ratio, networking, brand differentiation and innovation are the key ingredients of the success on Angolan market. Yet, the answer is not that simple and straightforward. These defined key success factors need to be adopted properly and locally. According to Accenture, any firm need to become “authentically local²” in order to progress and prosper in host country’s markets. This consulting company highlights the significance of local adaptation, when first the client needs to be understood and then served³. Exactly for this reason, the Key Success Factors need to be “Angolized”.

Despite of being young and developing, Angolan consulting market has numerous market players: big global consulting giants (Accenture, Deloitte), Portuguese firms (PMO projects, Reflexo de Saberes) as well as other international companies. This existing competition affects directly the three named success factors: price/quality ratio, innovation and brand differentiation. Any consulting company would need to maintain the high level of quality, be innovative and different as well as keep the prices aligned with the ones existing on the market in order to stay competitive. In light of the Angolan market issues, the fourth success factor- networking- can be called the vital element of consulting business strategy. Yet, these Key Success Factors can be divided into two parts- partnerships and networking itself. The vitality of business partnerships is explained by the following: first, current legislation requires foreign companies to form joint ventures in order to operate in Angola⁴ and, second, because the adaptation to local market reality would be much facilitated through the partnerships. For instance, Unicer has various Angolan partners which also hold a stake in the conjointly operated company. Importantly, partnerships can be potentially dangerous: in the example of Unicer, the firm became involved in corruption scandal through its partners, affecting not only its image on Angolan market, but also internationally (Lorraine and Rodriguez 2005).

Deloitte⁵ identifies other factors that need to be taken into account while operating in the Angolan consulting market. Nevertheless they are all connected in one way or another to the four identified key success factors. For instance, the necessity of careful identification of the key contact people is related to networking, orientation on final product and regular interaction with a client- to service quality and, finally, formality and clarity in the communication between client and consultant- to service quality as well, yet, adopted to Angolan reality.

¹ See AICEP (Agência para o Investimento e Comércio Externo de Portugal), 2010 July. *Mercados: Informação Global. Angola, Dossier de Mercado*. [online] Available at: <www.aicep.pt> [Accessed 8 May 2011]

² See Accenture (2011).

³ Same as previous.

⁴ See Anonymus, n.d. *Angola Overview. African Economic Overview*, Available at <http://www.africaneconomicoutlook.org/en/countries/southern-africa/angola/>

⁵ See Deloitte Touche Tohmatsu (2011).

Further analysis of match of market conditions with GTBC internationalization strategy would be facilitated with the resume of Angolan market (see Appendix D) that was incorporated into Porter's diamond network that is used along the analysis of the three markets as criteria for research structuration.

5.1.2. ANALYSIS OF BRAZILIAN MARKET

There used to be a saying about Brazil, it is the country of the future... and will always be... But it appears that now the future of the Country has arrived.

KPMG (2011)

5.1.2.1. Factor Conditions

Brazil represents a multidimensionally attractive marketplace that politically, economically, geographically and demographically stays apart from the majority of developed economies¹. Being the fifth largest country in the world in terms of geography and population², Brazil is considered to be one of the biggest democracies and one of the fastest growing economies nowadays. These facts together with overall stability and business- friendly environment achieved in recent years have turned this country into one of the most favorite "investment destinations"³ in the world.

Importantly, international financial injections are made with long-term expectations- economists forecast a stable and continuous growth for Brazil and consider that it will be one of the five fastest developing countries at least until 2030⁴. Similar projections are made for China, India and Russia that together with Brazil form the so-called BRIC block of the most promising market places on the globe. Occasionally or not, Brazil takes the first position in the term "BRIC "and is placed ahead of its bystanders due to the absence of Chinese excessive governmental intervention into economy, Indian cast problems and Russian economic dependency on oil and gas sectors⁵.

Indeed, Brazilian governmental intervention into national economy has been gradually turning into support since the beginning of 90th⁶, when regulators thorough restructuring and reforming process started to control the inflation rate, strengthened the national currency and intensified the investments into Brazilian infrastructure. All these measures resulted in both economic and political stability as

¹ It is the fifth largest country in terms of size and population, the biggest democracy and the seventh biggest world economy. See AICEP (Agência para o Investimento e Comércio Externo de Portugal) Portugal Global, October 2010. *Exportar para o Brasil- Formalidades e Considerações Gerais*. [online] AICEP Portugal Global. Available at: <<http://www.aicep.pt>> [Accessed 17 April 2011] and Department of Commerce of the United States of America (2010).

² See Department of Commerce of the United States of America (2010).

³ See Agensky Consulting Group (2007).

⁴ Same as previous. According to IMF, Brazil will grow at an average rate of 5% a year during 2011-2015, making it the third fastest growing country after China and India. Cited in Gouvêia de Souza & Tecomic (2010).

⁵ KPMG, 2009. *Think BRIC! Brazil. Key considerations for investors targeting the power sectors of the world's largest emerging economies*. [online] KPMG. Available at: <http://www.kpmg.com/Ca/en/IssuesAndInsights/ArticlesPublications/Pages/ThinkBRIC!Brazil.aspx> [Accessed 20 April 2011]

⁶ AICEP (Agência para o Investimento e Comércio Externo de Portugal) Portugal Global, 2010. *Brasil, condições legais de acesso ao mercado*. [online] AICEP Portugal Global. Available at: <<http://www.aicep.pt>> [Accessed 17 April 2011].

well as in favorable investment climate¹ and secured a steady growth already in the beginning of 2000s that was intelligently used for further development, budget improvements and public reserves.

Brazilian culture, oppositely to Indian, does not discriminate the citizens on religious, racial or any other factors. There is still a significant part of population living in poverty, nevertheless, middle class is growing as well as does the average income². Notably, the average age of the population is low³ that makes the country as well as its economy dynamic in comparison to other developing nations.

Finally, unlike Russian or previously studied Angolan economy, Brazilian economy is highly diversified, the sectors that attract the majority of attention are agriculture, mining, manufacturing and services. Still, all the industrial sectors are developing with the support of internal governmental investments and external finance that is being injected into nearly all industrial segments.

The analyzed advantages overweight Brazilian market weaknesses, namely: lack of skilled labor, poor basic education and domestic transport network, bureaucracy and corruption (DeWitt et al. 2009.). These country's deficiencies did not impede neither economic growth, none the national recovery from the financial crisis. Notably, Brazil was one of the last countries entering into recession and one of the first recovering from it⁴. This example demonstrates the strength of Brazilian economy and verifies the assertion made by KPMG (2011)⁵: the Brazilian future that has been a subject of numerous discussions for a long time, is happening now, it is already an "is" and not "will be", it is a nowadays' present and reality.

5.1.2.2. Demand Conditions

The fact that Brazilian consulting market development stays considerably ahead of the development of two other markets under analysis does not make the task of its examination easier. According to IBCO- Institute of Brazilian Management Consultants, collecting data on consulting market in any country is challenging⁶, that has been proved by the above as well as current investigation. Exactly for this reason the knowledge gained during the analysis of Angolan marketplace would be used as a platform for Brazilian market examination. This would also make the overall work homogeneous as well as facilitate the research on the match between the analyzed markets and GTBC' internationalization strategy by making the three variables (markets and match with each one)

¹ See Agensky Consulting Group (2007).

² See Kennedy Consulting Research & Advisory (2010).

³ Around 37% of the population was at the age of 20 in 2007. See the previous footnote.

⁴ See World Bank, 2011. *Brazil: Country Brief*. [online] upd. 4 May, Available at: <http://web.worldbank.org/wbsite/external/countries/lacext/brazilxtn/0,,menupk:322351~pagepk:141132~pipk:141107~thesitepk:322341,0.html> [Accessed 18 April 2011].

⁵ See KPMG, 2011. *What does it take to win in Brazil? Developing your market entry strategy for Brazil*. [online]. KPMG. Available at: http://www.kpmg.com/br/pt/estudos_analises/artigosepublicacoes/documents/tax/mkt_entry%202011_vfinal.pdf [Accessed 15 April 2011].

⁶ See IBCO (2008).

comparable between each other. Consequently, during the analysis of the demand side of the market we would make an attempt to answer the following, previously formulated questions:

- E. From which sectors can come the demand for consulting?
- F. From where (geographically) can come the demand for consulting?
- G. What would influence the demand fluctuation?
- H. Which are the issues and necessities of demand?

The performed analysis leads to the following answers:

A. The criteria and sub criteria used for sector categorization were explained formerly. The analysis of Brazilian demand has proved that, in fact, one sector can simultaneously belong to all three defined categories. Exactly for this reason the examination commences with the first sector in the outlined hierarchy- traditional consulting clients: Energy and Utilities, Financial Services, Public Administration and Telecom.

All these economic segments have one common characteristic: they are developed, growing and sophisticated. This sophistication is partially explained by the geographical proximity of Brazil to the United States of America that, in its turn, explicates a high level of penetration of the Brazilian market by American companies.

For instance, insurance sector is mostly occupied by American competitors¹ who are attracted by dimension and high growth rate of this market. Brazilian insurance economic segment represents 50% of the overall Latin American market, occupies around 3% of national GDP and has been pursuing a faster growth rate in the last 20 years².

Telecommunication in Brazil has become a target of international investments as well. The reasons are similar as the ones for insurance segment: growth and dimension³. Brazilian telecom sector is diversified, divided by several subsectors, namely: fixed and mobile telephone networks⁴, manufacturing⁵ and services.

Oppositely to Insurance and Telecom, only the minority of the top 10 banks have participation of foreign capital: Spanish Santander, Dutch ABN Amro Real and English HSBC. All other leading banks have Brazilian origin: Banco do Brasil, Caixa Económica Federal, Itaú and Bradesco. Nevertheless, the characteristics of growth and sophistication describes this segment very well. In addition it is named to be “strong, well-regulated and controlled⁶” by Brazilian authorities who, being a part of Public Administration, represent a traditional consulting client as well, especially when

¹ Aetna, AIG, Chubb, Cigna, Hartford, Liberty Mutual, MetLife, Mony, Prudential, The Warranty Group (through its branch Virginia Surety) and the insurance brokers AON and Marsh/McLennan (also active in reinsurance) are in Brazil.

² Department of Commerce of the United States of America (2010).

³ Same qualities characterize the sector of Energy and Utilities

⁴ Vivo (Spanish), Claro (Mexican), TIM (Italian and Oi (Portuguese and Brazilian) dominate the market.

⁵ Motorola, Nokia, Nortel and Cisco are present in the subsector of manufacturing in Brazil.

⁶ See AICEP (Agência para o Investimento e Comércio Externo de Portugal) Portugal Global, 2010. *Brasil, Dossier do mercado*. [online] AICEP Portugal Global. Available at: <<http://www.aicep.pt>> [Accessed 17 April 2011].

taking into account the ambitious governmental investments, oriented on national development as well as big quantity of information they have to deal with.

Oil, Gas and Aviation and Mining sectors¹ have been categorized as the highly competitive ones: exactly in these sectors actuate three Brazilian multinationals- important players on the global market- Petrobras², Embraer and Vale³. Again, the three sectors have been increasingly growing over the last years, moreover, they will continue to grow, however for different reasons. Brazil is expected to become a major oil exporter by 2020 due to the recent discoveries of oil reserves⁴, in the Mining sector- due to the vast natural resources, while in the Aviation, Brazil is going to grow intensively due to the two upcoming events: World Cup in 2014 and Olympic Games in 2016, that have incentivized the government to invest in the airport network⁵.

These two events have been positively affecting the overall Brazilian economy, stimulating the development and growth of several economic sectors, specifically those, that are connected in one way or another to the development of national infrastructure: construction is one of the examples.

Other sectors that pursue a high growth rate are Agriculture, Drugs, Medical Equipment, Pharmaceuticals and Software. Such progress is partly explained by the governmental incentives, created for the named sectors, and represents an illustrative example of the dynamic and diversified Brazilian economy.

An overview of the evolution of the industrial sectors' growth rate development can be seen on Figure 19 below.

Figure 19: Evolution of Brazilian industrial sectors' growth rate development: 2008-2010

¹ Including aircraft manufacturing, flight services and airports. The biggest airports are those of Guarulhos/São Paulo, São Paulo, Campinas/São Paulo, Rio de Janeiro, Confins/Belo Horizonte, Brasília, Porto Alegre, Curitiba, Recife, Salvador, Fortaleza, Manaus, Cuiabá, Natal/ Rio Grande do Norte. The biggest national air companies are TAM Airline, Gol Linhas Aereas, WebJet, Azul.

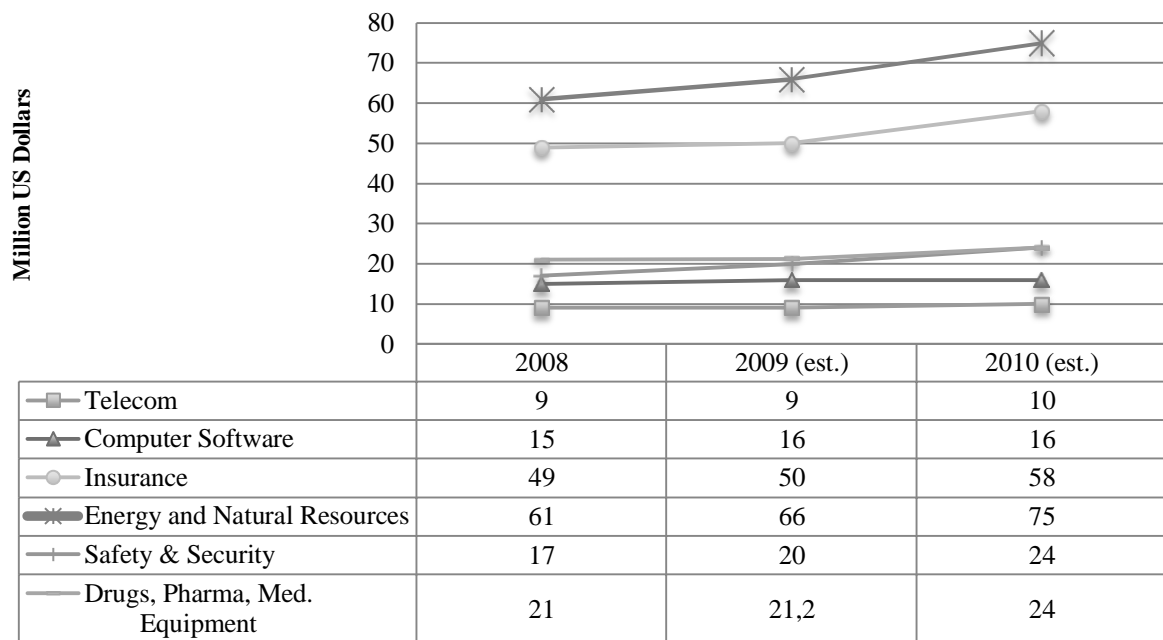
²Anadarko, BG, Exxon and Repsol are some examples of the companies that also actuate in the segment.

³ Vale is the biggest company operating in the sector on the national market and the second largest mining company in the world.

⁴ See United States of America National Intelligence Council (2008).

⁵ Same as 1st.

Evolution of Brazilian industrial sectors' growth rate development: 2008-2010



Source: Personal contribution based on the information provided by the United States of America National Intelligence Council (2008)

B. Geographically everything is growing in Brazil¹, however not all national regions are attractive for consultancy. From the above investigation we remember, that a city or a region that represents a national business, unites numerous companies from a variety of economic segments. In order to stay close to the client, consultancies concentrate their activity in the same place, thus- in the national business centers. The most developed Brazilian region is the South East that includes such metropolitans as Rio de Janeiro and São Paulo. These cities as well as Brasília- the national capital- are the biggest Brazilian business centers, thus, represent the must-have localizations for the majority of foreign investors, meaning a bigger concentration of competitors on the market place of all economic segments. Other important industrial centers include Belo Horizonte, Campinas, Curitiba, Fortaleza, Joinville, Porto Alegre, Recife and Salvador. Exactly these cities (including Rio de Janeiro and São Paulo) were chosen by an international consulting giant- Deloitte for the localization of its offices².

C. Previous investigation have indicated that demand for consulting services becomes more concentrated geographically same as it does over time. During the analysis of Brazilian market the factors that could positively affect demand fluctuations were grouped into three categories: first is connected with governmental policies, second- with internal and external investments, third- includes other stimuli. First category includes factors that are connected in one way or another with Brazilian

¹ Deloitte Touche Tohmatsu, 2009. *Análise setorial. O varejo no novo cenário econômico*. [online] Deloitte Touche Tahmatsu. Available at: <http://www.deloitte.com/assets/Dcom-Brazil/.../Documents/2Varejo%20Saad.pdf> [Accessed 24 April 2011]

² Deloitte Touche Tohmatsu, 2009. *Análise setorial. O varejo no novo cenário econômico*. [online] Deloitte Touche Tahmatsu. Available at: <http://www.deloitte.com/assets/Dcom-Brazil/.../Documents/2Varejo%20Saad.pdf> [Accessed 24 April 2011]

governmental policies. Various publications¹ highlight the success of the reforming and restructuring process (antitrust policies, openness to foreign investment, privatizations, stabilization plan etc.) that started at the beginning of 90th and continues nowadays. These reforms and restructurings are expected to positively affect the demand side of the market by creating overall stability and eliminating uncertainty. Same effect on demand would have extensive investments coming from inside and outside of the country. Brazilian government has been broadly investing into national infrastructure. A good example is the investment in transportation network in order to increase the movement of goods and reduce their costs². Foreign investments stimulate the development of economic sectors as well, increase overall competitiveness, thus- need for consulting services. The need for consulting services would be also increased by other factors, defined as “other stimuli”. The upcoming events (World Cup and Olympics) are already provoking a boom in numerous economic segments. Another illustration of factors included into the same group is connected with the specific characteristics of the country. According to KPMG (2011)³, young Brazilian population stimulates the development of republic. We should agree with and add: that this youth might stimulate the demand side as well.

Negative effects on Brazilian demand fluctuation will mostly have the phenomena that are considered the strategic issues of the market and will be examined below. These phenomena are quite similar to the Angolan ones, changes only their nature: corruption and bureaucracy are the examples.

D. The factors that characterize Brazilian market are the ones that define and shape the necessities of demand. These characteristic factors are the following: rapid growth and development, increasing competitiveness, diversification and high level of attractiveness as well as some characteristic issues existing on the market. Like in the situation with the defined and analyzed groups of economic sectors- potential consulting clients, the needs defined by the factors that characterize Brazilian market are interconnected and can be overlapped as it would be seen below. Rapid growth and development of Brazilian market can be found in merely all economic segments. Both involve big projects that require specific competencies in order to secure the success as well as final results. Despite of being considered developing, Brazilian market cannot be called a young one. Indeed, it is found at the initial phase of its development, nevertheless, the market space is highly competitive. This competitiveness has been gradually increasing together with the amount of foreign market players, entering into Brazilian borders and the need of Brazilian companies to achieve the “global performance levels”⁴. This competitiveness impedes all market players to search for the means of its increase (Abe and Carvalho 2005), looking for business process improvements, operational and financial efficiency as well as cost reduction (Frick and Lanna 2008). Companies understand the

¹ See AICEP (Agência para o Investimento e Comércio Externo de Portugal) Portugal Global, November 2010. *Brasil, Ficha de Mercado*. [online] AICEP Portugal Global. Available at: <<http://www.aicep.pt>> [Accessed 17 April 2011]; See DeWitt (2009).

² See Department of Commerce of the United States of America (2010).

³ See KPMG, 2011. *What does it take to win in Brazil? Developing your market entry strategy for Brazil*. [online]. KPMG. Available at: <http://www.kpmg.com/BR/PT/Estudos_Analises/artigosepublicacoes/Documents/Tax/MKT_ENTRY%202011_vFINAL.pdf> [Accessed 15 April 2011]

⁴ See Deloitte Touche Tohmatsu, 2009. *Análise setoral. O varejo no novo cenário econômico*. [online] Deloitte Touche Tahmatsu. Available at: <http://www.deloitte.com/assets/Dcom-Brazil/.../Documents/2Varejo%20Saad.pdf>> [Accessed 24 April 2011]. See also IBCO (2008)

advantages of outsourcing in cost reduction and necessitate the services¹. Taking into account the pretty developed condition of some economic segments, we can expect their necessity of modernization (Araújo et.al. 2009) in order to increase the competitiveness- and this is one of the examples when several necessities-defining factors result in the same necessity. Regarding the necessities that appear due to the negative effect of the strategic issues of Brazilian market, they are expected to be similar to the ones existing in Angola: Risk Management (Ruest and Zaidi 2010) increases market predictability and reduces the probability of failure.

More concrete and detailed examples of potential consulting clients' needs can be shown for the financial sector. Banks are traditional consulting clients in any market and any part of the world. This is the reason of their extensive studying by consulting companies. While talking about Doing Business in Brazil, Deloitte (2008) notices, that the main necessities of the financial institutions on this market are regulatory compliance, corporate strategy policy, team qualification, data availability, risk management and information disclosure. Taking into account the fact, that the major part of GTBC' clients are financial institutions, it can be assumed, that this concrete data would much facilitate the following examination of the match between Brazilian market and GTBC internationalization strategy.

5.1.2.3. Supply Conditions

The criteria defined during Angolan supply analysis were used for the selection of the companies that were to be examined in order to represent the consulting supply side of Brazilian market. To remind, the criteria used are related first, to the professional knowledge of the local market of the interviewed experts; second, quality of services- related criteria, when the available client- companies' references lead to the conclusion of the elevated quality services provided by consulting supplier; and finally, third- comparison criteria, when a selection of companies which business strategy and competitive advantage are comparable with the ones of GTBC was made. The companies chosen after the selection process are EUAX Macro, Macro Solutions, PMO Projects and Portfolio Gestão e Capacitação. All companies were analyzed with SWOT framework with one exception: we have previously discovered that the probability that corporate strengths and weaknesses would stay unchanged on the host market is high thus, the analysis of PMO Projects was limited to Threats and Opportunities since PMO Projects' Strengths and Weaknesses have been previously seen.

The performed analysis of the supply side of Brazilian consulting market was complicated by the fact, that only one of the four suppliers is present on the Portuguese consulting market, thus, it was harder to reveal the weaknesses as well as stay objective during the definition of strengths and the verification of their correspondence to reality.

It was found out, that the supply side bases its activity on the knowledge of the key success factors of Brazilian market: suppliers are oriented on quality, innovation and individualized services. All the

¹ IBCO (2008).

studied companies pursue similar business model, where the primer attention is given to high specialization in one field- Project Management as well as to the Training services in the respective area. This confirms the above finding: Brazil is a growing market with some issues in the quality of education which leads to high level of involvement of the consulting companies in education activity, when consulting suppliers through their specialists participate in university courses, including Post Graduations and MBAs. Such strategy allows them not only to contribute to the increase of the overall level of education, but also to shape the specialists that can be potentially hired.

The similarity of the suppliers 'business models could be expected since it was one of the selection criteria, however, the found similarity of strengths and weaknesses was not. The three local companies concentrate their activity in the field of Project Management. From a positive point of view, this leads to the gradual increase of professionalism due to the continuously gaining expertise and thus, can be considered a strength. From a negative point of view, clients who pretend to receive a complete package of services may not appreciate such specialization, for this reason, this characteristic can be considered a weakness.

Despite of the similarity of four business models, it was difficult to compare threats and opportunities for the "insiders" (EUAX, Macro Solutions and Portfolio Gestão e Capacitação) and for the "outsider" (PMO Projects). The examined threats and opportunities appear to be much alike: for instance, the threat of the competition is faced equally by local as well as foreign company and can be overcome with an intelligent usage of the existing competitive advantage. Nevertheless, the level of exposure to the potential threats is expected to be bigger for a foreign company. The reason for that is the local knowledge that can help the insider to overcome a potential threat. The position would be equaled in case if the foreign market player enters the market through a partnership, joint venture or acts with a help of local representative.

Opportunities would be similar for both national and international market players with, probably, one difference: some of the opportunities can be facilitated for locals due to the existing networking, market experience etc. Some of the discovered opportunities include further geographical growth to other Brazilian regions, internationalization for locals and usage of Brazilian market as a trampoline to other Latin American countries for PMO consulting and diversification of consulting services for all the analyzed companies.

5.1.2.4. Related and Supported Industries

It has been proved, that consulting and information technology industries are closely interconnected, grow simultaneously and at similar rate. The factors that affect or stimulate this growth are very much alike; Brazilian case can serve as an illustrative example: the overall growth of national economy has been positively affecting the two industries, stimulating their development.

The history of this growth goes back to the beginning of 90th and is connected to the overall openness of the Brazilian market that has stimulated the development and gradually increased competitiveness of the IT.

Brazilian IT industry includes two well-defined categories of hardware and software. If previously the government privileged the former one, nowadays it is recognized the importance of the two sectors. In 1996 Brazilian government created Softex- a non-governmental office the main objective of which is to incentivize the development of the Brazilian software through the realization of a specifically established national program (Balbinot, Burzynski and Graeml 2010). Today Brazilian IT market is considered to be one of the most important and promising in the world¹. The market place is well-developed, quality-oriented and competitive with a significant number of market players in the sector, including both big multinationals and small and medium size companies² with the last occupying the major percentage of the software sector³.

All Brazilian technological sectors including hardware, software and Internet technologies, are growing and represent big opportunities for the investors⁴. The number of Internet users has been constantly and rapidly increasing. Today the country represents the fifth biggest Internet market in the world. The major part of this achievement is owed to the national government that prioritizes this economic segment and creates numerous stimuli for its development: lower taxes on personal computers is one of the examples⁵. In addition to the governmental policies, another- external factor, namely, geographical proximity to the United States, facilitated the market development, bringing the latest trends to Brazil.

Brazilian infrastructure is still underdeveloped, nevertheless is found in a much better state than the Angolan one. For this reason, the infrastructure negative affect on IT development is rather low, especially compared to such influential factors as dynamic economy, governmental incentives and R&D investments⁶.

5.1.2.5. Strategic issues and Key Success Factors

Factor conditions, characterization of demand and supply as well as examination of related and supported industry⁷, contributes to the creation of general knowledge of Brazilian business environment. Any business environment is subject to careful investor investigation who intends to avoid any potential risks of the host country. Business environment of the emerging and developing countries needs to be examined with a particular caution due to the elevated level of uncertainty that is considered to be a characteristic peculiarity of these markets.

¹ According to Balbinot, Burzynski, Graeml, (2010) Brazilian software market took the 12th place on the global market place despite the financial turbulence.

² Same.

³ According to the Department of Commerce of the United States of America (2010) there are around 8500 market players in the software sector. Around 94% of the companies that work in the field of software production and development can be classified as small or micro sized companies.

⁴ See Agensky Consulting Group (2007).

⁵ Department of Commerce of the United States of America (2010).

⁶ See KPMG, 2010. *Copa do mundo no Brasil. Oportunidades para todos*. [online] KPMG. Available at http://www.kpmg.com/BR/PT/Estudos_Analises/artigosepublicacoes/Paginas/Copa14_CopadoMundoBrasil.aspx [Accessed 20 April 2011]

⁷ IT industry

Despite of being considered a “more business friendly environment than one of other emerging countries”¹, Brazilian market environment is still complex with substantial obstacles for both international and national investors². The risk of any business environment is represented by the strategic issues of the market, whereas key success factors can give us a hint how to overcome these risks as well as in our particular example- show the main ingredients of the attractive pie called- “Brazilian market”.

During the analysis of the strategic issues existing in the Brazilian business environment, it was noticed, that the majority of them is similar to the ones prevailing in Angolan: corruption, bureaucracy and high costs create obstacles for international investors willing to establish their activity in Brazil as well. Despite of this similarity, the nature of these phenomena differs. To illustrate that, we can look at the example of Brazilian corruption. One the one hand, the application of the arbitrariness-pervasiveness framework (Lorraine, Rodriguez, Uhlenbruck, 2005) shows the similarity of Brazilian corruption to the Angolan one: we consider it to be both arbitrary and pervasive. On the other hand, corruption in Brazil is less direct. Bribery is widespread; however corporatism, favoritism, nepotism and patronage (Araújo et.al. 2009) are flourishing on Brazilian market, bringing an element of harmful informality to the economic activity. On top of that there is bureaucracy that is procedure and not result-oriented, which slows all business processes³ and negatively affects the overall market place by contributing to the creation of so-called “Custo Brasil”- a system of implicit and explicit costs that must be taking into account when doing business in Brazil⁴. Some of the examples of these costs include high tariffs (DeWitt et al. 2009), costs coming from governmental procedures⁵ and taxes. The last represents a heavy burden for both national and international companies since national tax regime does not make the distinction for the matter. All these examples and issues demonstrate the still imperfect governmental system that is negatively affected itself as well as negatively impacts the economic sectors with poor public function separation and their overlapping, frequent change of regulation and overregulation (Araújo et.al. 2009).

AICEP Portugal Global (2010) states some other strategic issues existing on the market: difficulties of financing due to high interest rates existing on the market, lack of the image of Portuguese products (with few exceptions), market concentration, market size, poor education and infrastructure, tendency for depreciation of national currency, security and violence problems etc.⁶ All these issues impede Brazilian economic development and growth and discourage foreign investment.

¹ See KPMG, 2011. *What does it take to win in Brazil? Developing your market entry strategy for Brazil*. [online]. KPMG. Available at: <http://www.kpmg.com/BR/PT/Estudos_Analises/artigosepublicacoes/Documents/Tax/MKT_ENTRY%202011_vFINAL.pdf> [Accessed 15 April 2011]

² See Department of Commerce of the United States of America (2010).

³ See AICEP (Agência para o Investimento e Comércio Externo de Portugal) Portugal Global, 2010. *Brasil, Dossier do mercado*. [online] AICEP Portugal Global. Available at: <<http://www.aicep.pt>> [Accessed 17 April 2011].

⁴ Department of Commerce of the United States of America (2010).

⁵ Same as 1st.

⁶ Same as 1st.

The knowledge of the key success factors can help to avoid if not all, but at least some of the strategic issues existing in Brazilian market, facilitating in this way the business processes.

It has been previously seen that the key success factors for consulting industry, namely, brand differentiation, innovation, networking and price/quality ratio work as the major ingredients of the consulting success formula in any part of the world if intelligently adapted to the local reality. The need of “Brazilization” is highlighted by the Department of Commerce of the United States of America (2011) that notices the importance of “intimate” knowledge of Brazilian market as well as culture. In Brazil, oppositely to Angola, foreign investor is not required to open a joint venture in order to do business within the national borders, nevertheless, partnerships between national companies and foreign investors are very popular form of doing business in Brazil. This gives investors a crucial knowledge about the difficulties and peculiarities of the market and confirms our suggestion, that corruption in Brazil is arbitrary.

Partnerships are part of the “networking” success factor- together with knowledge and information about the market, a partner can bring established client database and connections that are crucial in consulting activity. Another part of networking is closely connected with direct marketing. For instance, it has been noticed, that trade fairs participation in Brazil represent an important marketing tool¹. Specifically, Portuguese companies may need to pay an additional attention to networking due to the noted strategic issue of Brazilian market: lack of image of Portuguese products and services. In addition to networking, Portuguese companies need to have a well-established brand differentiation that can be achieved through various factors, including price/quality ratio, innovation (both are the key success factors), however, the objective of the differentiation strategy is unique: create and maintain the reputation of the professional by providing high quality innovative services.

The well- established and managed strategy of internationalization together with the respect of the critical success factors reduce the probability of company’s exposure to market risks created by the examined strategic issues, making Brazil an attractive destination and a potential “port of entry into the greater Latin American market” (DeWitt et al. 2009).

To resume the analysis of the Brazilian market place, it was created into Porter’s diamond framework a brief overview of the analyzed information (see Appendix D). This framework would facilitate the examination of market data by the reader; additionally, it would be used and evaluated simultaneously with GTBC’s strategies below.

¹ See Department of Commerce of the United States of America (2010).

5.1.3. ANALYSIS OF MOZAMBIQUE MARKET

Invest in anything, because any business can flourish in Mozambique¹.

António Fernando, Mozambique Minister of Industry and Trade

5.1.3.1. Factor Conditions

“Post-war rehabilitation success”², “Mozambique miracle” and “extraordinary recovery”³ are only a few definitions used to describe Mozambique development over the last 20 years. The country has been growing rapidly, making an average of 8% per year ever since 1996⁴. The end of civil war was marked with first democratic elections and commence of deep, long-term oriented reforming process. From centrally-planned economy, Mozambique passed to be an open one (Games 2007) with high potential yet to be explored.

Being an African country, Mozambique differs from the majority of continent states⁵. Democratic elections led to the establishment of intelligent government devoted to national development. The country was able to achieve political⁶ and macroeconomic stability⁷- important factors taken into account by international investors. They are “flocking”⁸ to the country, to take advantage of numerous business opportunities Mozambique is ready to offer.

As for now, country’s economy is considered to be undiversified, however, there is a high potential of diversifying the national market⁹. Agriculture, Forestry, Fishing, Oil, Gas, Aluminum, Precious Stones are those few examples of industries that can contribute to economic diversification. Notably, the country is strategically positioned with a vast coast line that lacks to its neighbors Zambia and Zimbabwe.

Two main economic drivers are mega-projects and foreign direct investment¹⁰ that in the case of Mozambique is named donor help due to the high percentage this help occupies in national economy. Around half of governmental budget (Games 2007) consists of external donor help that is being actively asked by Mozambique authorities. In addition to donor help, government established Presidential International Advisory Board that consists of the world top executives assisting in country’s strategic planning and development (Games 2007).

¹ See Anonymous, 2011. *Empresa portuguesa de sistemas de informação procura mercado em Moçambique*. [online] 13 April. Available at: http://www.portaldogoverno.gov.mz/noticias/news_folder_econom_neg/abril-2011/empresa-portuguesa-de-sistemas-de-informacao-procura-mercado-em-mocambique [Accessed 4 May 2011]

² See OECD, (Organization for Economic Cooperation and Development), 2002. *African economic outlook 2004/2005*. [online] Available at <<http://www.oecd.org/dataoecd/44/26/34867761.pdf>> [Accessed 5 May 2011].

³ See The World Bank Group, 2007. *Miga- Relatório Anual 2007*. [online], Available at: <http://www.clubofmozambique.com/pt/solutions/business/economy/Relatorio_Miga_2007.pdf> [Accessed 4 June 2011].

⁴ Same as first.

⁵ See International Investment Guide (2007).

⁶ See Economic Commission for Africa (2008).

⁷ See KPMG, 2008. *Ranking of the Top 100 Companies in Mozambique. Survey*. [online], Available at: <<http://www.kpmg.co.mz/corporate/Publicacoes/Arquivos/As-100-Maiores-Empresas-de-Mocambique>> [Accessed 5 June 2011].

⁸ Same as 5th.

⁹ Same as previous.

¹⁰ See OECD, (Organization for Economic Cooperation and Development), 2004. *African economic outlook 2002/2003: Mozambique*. [online] Available at: <<http://www.oecd.org/dataoecd/24/23/32430193.pdf>> [Accessed 4 May 2011].

Mega projects include projects oriented on development of national natural resources (aluminum, oil, gas, coal, precious stones, hydroelectricity etc.¹). Mozambique is often criticized of being dependent on donor help and mega-projects². However, it their significant contribution to the national development and stimulation of the overall economy should not be denied.

Importantly, national government is strong in strategic planning³. Having long-term objectives in mind, government orients its activity on the medium-term development, which allows strategy adjustments when and if necessary⁴. Second wave of reforms is being planned⁵ in order to address the existing deficiencies: poverty⁶, unemployment⁷, infrastructure issues, corruption, bureaucracy etc. Understanding the harmfulness of these issues that can create uncertainty for investors and discourage them from doing business in Mozambique, country attempts to protect their interests and as for now takes the 44th place in the global ranking of investor protection⁸.

This overall optimistic description could be spoiled by the below analysis of Mozambique strategic issues, in addition to poverty, unemployment, infrastructure issues, corruption and bureaucracy, the country suffers from organized crime, pandemics and epidemics (HIV, AIDS, Malaria etc.), constantly changing underdeveloped legislation system, high interest rates, inflation and limited access to finance. However, investors admit the gradual business environment improvement and believe that political and macroeconomic stability would place the country far ahead of other developing nations (Games 2007) in the future.

5.1.3.2. Demand Conditions

Following the same working structure that has proved its efficiency during the analysis of Angolan and Brazilian markets, we would attempt to answer the following questions in order to characterize the existing demand conditions in Mozambique:

- A. From which sectors can come the demand for consulting?
- B. From where (geographically) can come the demand for consulting?
- C. What would influence the demand fluctuation?

¹ Mozal mega-project (aluminum), Nampula oil refinery, Sasol natural gas pipeline, Moatize coal fields, Cahola Bassa hydroelectric facility etc. See OECD, (Organization for Economic Cooperation and Development), 2008. *African economic outlook 2008*. [online] Available at: <http://www.oecd.org/document/61/0,3746,en_2649_15162846_39963489_1_1_1_1,00.html> [Accessed 5 June 2011]

² See Anonymous, 2008. *Mozambique Biodiversity and Tropical Forests 118/119 Assessment* [online] USAID (U.S. Agency for International Development). September 2008. Available at: <http://pdf.usaid.gov/pdf_docs/PNADM936.pdf> [Accessed 5 June 2011]; AICEP (Agência para o Investimento e Comércio Externo de Portugal) Portugal Global, August 2010. *Moçambique, Ficha de Mercado*. [online] AICEP Portugal Global. Available at: <<http://www.aicep.pt>> [Accessed 12 June 2011]; Conselho de Ministros de Moçambique, 2006. *Estratégia de Ciência, Tecnologia e Inovação. Horizonte temporal: 10 anos*. [online] June 2006. Available at: <<http://www.mct.gov.mz/pls/portal/docs/page/portalcienciaetecnologia/publicacoes/ectim%20aprovada%20cm%20final%2367A.pdf>> [Accessed 2 June 2011]

³ See Ministério da Indústria e Comércio. Gabinete de Apoio ao Sector Privado (2006).

⁴ See AICEP (Agência para o Investimento e Comércio Externo de Portugal) Portugal Global, August 2010. *Moçambique, Ficha de Mercado*. [online] AICEP Portugal Global. Available at: <<http://www.aicep.pt>> [Accessed 12 June 2011].

⁵ See OECD, (Organization for Economic Cooperation and Development), 2007. *African economic outlook 2005/2006: Mozambique*. [online] Available at: <<http://www.oecd.org/dataoecd/27/15/38562933.pdf>> [Accessed 4 May 2011]

⁶ See OECD, (Organization for Economic Cooperation and Development), 2005. *African economic outlook 2004/2005: Mozambique*. [online] Available at <<http://www.oecd.org/dataoecd/42/52/34871973.pdf.pdf>> [Accessed 5 May 2011]

⁷ See Conselho de Ministros de Moçambique (2006).

⁸ To compare: Angola takes the 59th position.

D. Which are the issues and necessities of demand?

A. We remember the three previously defined groups (“Traditional”, “Highly competitive” and “Growing fast”) of economic sectors that are expected to become potential consulting clients on any host market. Furthermore, the research has shown that there is a high probability of intersection between the defined categories meaning, that one economic sector can be highly competitive, grow fast and on top of that represent a traditional consulting client. In Angolan and Brazilian markets we saw that oil industry represents a highly competitive market player that is growing fast on national as well as on international arena. From the first sight, these findings can question the utility of the performed categorization, however if we dig deeper, we can recognize its advantages: it describes major characteristics of the potential consulting clients and helps to identify possible concrete necessities of demand, bringing in this way crucial knowledge to the outsider about the demand conditions on the host market.

Analysis of Mozambique market has shown that some national economic sectors simultaneously belong to the two defined categories. Following the same logic that was pursued previously, the analysis of the economic sectors that could become potential consulting clients on Mozambique market starts with the examination of Traditional consulting clients, namely: Energy and Utilities, Financial Services, Public Administration and Telecom.

Being a traditional consulting client, Energy and Utilities economic sector in Mozambique is also growing fast, representing one more intersection between the defined categories. The utility of the performed categorization can be demonstrated by the following: an outsider willing to internationalize to Mozambique would expect the examined economic sector to have similar needs as it does on the home market¹ and in addition to this, the necessities that are implied by the industry’s rapid growth rate.

The sector is expected to pursue a continuous growth due to one crucial reason: it is considered to be strategic for the country² thus, captures high governmental attention that is oriented on extensive investments into this economic sector. Mozambique has high hydroelectric potential that is still underdeveloped. Despite of the existing exports of energy to South Africa and Zimbabwe³, Mozambique is still far behind the energetic auto sufficiency that is more than possible if taking into account extensive hydroelectric resources of the country.

Financial services including Banking and Insurance economic sectors cannot be characterized as highly competitive or rapidly growing as the growth is impeded by high regulatory requirements, under and overregulation and underdeveloped capital markets⁴. Nevertheless, the two are found at the stage of constant development with the number of market players steadily increasing.

¹ Traditional consulting client is expected to have traditional needs.

² See Investir Lda (2009).

³ KPMG, 2008. *Ranking of the Top 100 Companies in Mozambique. Survey*. [online]. Available at: <<http://www.kpmg.co.mz/corporate/Publicacoes/Arquivos/As-100-Maiores-Empresas-de-Mocambique>> [Accessed 5 June 2011].

⁴ See KPMG, 2008. *Banking Survey 2008*. [online] Available at: <<http://www.kpmg.co.mz/corporate/Midia/Files/Pesquisa-do-Sector-Bancario-2008>> [Accessed 5 June 2011].

Public Administration in Mozambique is concerned about country's development and uses national resources and international donor help to improve the national infrastructure. For these reasons Public Administration is expected to intensively demand consulting tools, same is projected for Telecommunications sector that has been developing at a rapid growth rate over the last years¹. Despite of being underdeveloped in comparison to African average² and having to struggle with numerous market issues that impede faster growth, Telecommunications in Mozambique are considered to be investor attractive and promising economic sector, showing in this way an intersection between the "traditional" and "growing fast" categories.

There are few competitive sectors in Mozambique, none can be considered highly competitive. The country exports mainly natural resources including aluminum, coal, biofuels (Arndt et al. 2009), agriculture products- cotton, sugar³, tobacco as well as fishery⁴. Unfortunately for Mozambique, these economic segments are often affected by the increasing international competition⁵ thus, cannot be considered highly competitive. According to Mozambique government the reason for this is the small size of national economy and low international competitiveness of the country⁶.

Despite of the current absence of economic segments that can be considered highly competitive on international arena, there is a bunch of sectors that are growing and developing at a fast pace. Among them are: construction, public works, transportation, tourism⁷ and health. Agriculture and Fishery grow fast and represent two economic sectors that contribute significantly to the development of national GDP. Mozambique is rich in arable land which is still underexplored: only 10% of the total capacity is being exploited for now. In addition, these industries are the main source of income for around 80% of the population of Mozambique⁸.

The above named economic segments are connected in one way or another to the development of national infrastructure that, as we can conclude now, can be called a characteristic phenomenon for a developing country. There have been noticed infrastructure issues in all three examined countries and detected the tendency of rapid growth of those economic segments which development is dependent on national infrastructure improvement. Consequently, in Mozambique, construction and public works are flourishing and offer big opportunities⁹ due the need of infrastructure rehabilitation (Arndt 2009), same happens with transportation with one difference: transport corridors are strategic for Mozambique thus, enormous efforts are being made in order to recover this economic segment.

¹ See Anonymous, 2011. *Mozambique - Telecoms, Mobile, Broadband and Forecasts*. [online] May 19. Available at: <<http://www.companiesandmarkets.com/Market-Report/mozambique-telecoms,-mobile,-broadband-and-forecasts-612127.asp>> [Accessed 5 June 2011]

² Same as 1st

³ See OECD, (Organization for Economic Cooperation and Development), 2008. *African economic outlook 2008*. [online] Available at: <http://www.oecd.org/document/61/0,3746,en_2649_15162846_39963489_1_1_1_1,00.html> [Accessed 5 June 2011]

⁴ Mozambique company Pescamar exports 12% of the total export value from all fishing products.

⁵ For instance, Mozambique prawn exports suffer from Chinese competitors that offer prawns raised in aquaculture for much lower prices.

⁶ See KPMG, 2008. *Ranking of the Top 100 Companies in Mozambique. Survey*. [online], Available at: <<http://www.kpmg.co.mz/corporate/Publicacoes/Arquivos/As-100-Maiores-Empresas-de-Mocambique>> [Accessed 5 June 2011]

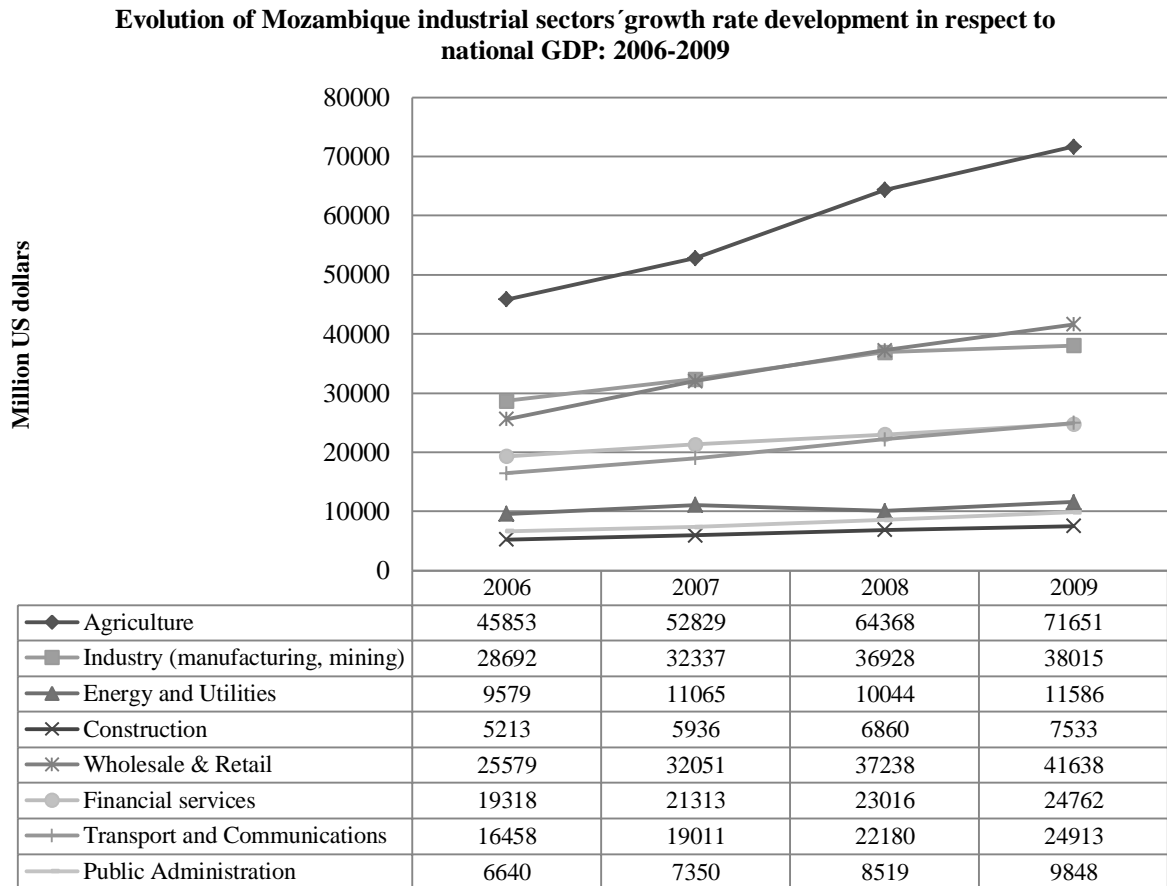
⁷ See Investir Lda (2009).

⁸ See Nexant Inc. (2005).

⁹ See KPMG Mozambique, 2010. *Business Confidence Index in Mozambique*. [online] Available at: <<http://www.kpmg.co.mz/corporate/Midia/Files/Indice-do-Ambiente-de-Negocios-2010>> [Accessed 2 June 2011]

A clear picture of the development of major national economic segments is given by the following Figure:

Figure 20: Evolution of Mozambique industrial sectors' growth rate development in respect to national GDP: 2006-2009



Source: Personal contribution based on the information provided by African Development Bank Group

B. Various cities in Mozambique have potential to grow: Beira, Inhambane (Mendonça de Castro 2009), Nacala, Pemba, Tete, Quelimane and Xai-Xai are expected to develop in the next years having a potential of becoming strategic industrial centers of the country. Nevertheless, they might not become that crucial for consultancy oppositely to Nampula- capital of Northern region of Mozambique that already attracts attention of consulting market players (KPMG is an example) due to the high geographical concentration of demand in this city. Nampula is expected to experience an industrial “boom” in the next few years (Games 2007) and could become an interesting consulting destination to explore. As for now, Mozambique capital Maputo represents the most developed city and the major business center of the country, it is a must-be of international giants (KPMG) and the main center of attention of medium-sized consulting companies (PMO Projects).

C. Various factors can influence the demand and cause its positive (increase the demand for consulting services) or negative (decrease) fluctuation. Most of these factors are similar to those that were already studied during the examination of Angolan and Brazilian markets. Accordingly, governmental policies and reforms including the ones, oriented on the battle with the market strategic issues, are expected to positively affect demand for consulting. Such conclusion is made on the

knowledge of Mozambique governmental orientation on growth, development and intelligent strategic planning. In addition to this, governmental investments into national infrastructure and external donor help as well as foreign direct investment would positively affect the demand side. Oppositely, as it has been already seen, oil shocks negatively affect the demand, creating uncertainty not only in the oil industry, but on the overall market as well. Despite of being an oil producer, Mozambique could be more affected by natural disasters than by oil shocks: if in Angola and Brazil, oil sector takes a prevailing position in national GDP, Mozambique is oriented on Agriculture, Forestry and Fishery that suffer from natural disasters, decreasing in this way the demand for consulting from these and related economic segments. Natural disasters is an unpredictable demand-influencing factor. It comes to the first place in Mozambique due to the type of country's economic activity, but is relevant for Angolan and Brazilian markets as well.

Factors that were called "other stimuli" during the analysis of Brazilian market in Mozambique are related to mega-projects that are being developed within the national borders. Projects dimensions and their contribution to GDP's development have led to the definition "mega". Mozambique mega-projects include Mozal and Sasol ventures that stimulate the development of the respective economic sectors (aluminum and chemical industries) as well as the overall economy, influencing the whole market demand in a positive way.

D. All of the three examined markets have different characteristics and peculiarities however, there is one aspect the three have in common: they are the markets in developing countries. This fact generates a variety of similarities, which can be seen well when looking at the overall features of the markets. As we remember, these features shape the necessities of demand, it was proved during the investigation of demand necessities in Angola and Brazil. Now, connecting all the information together, we would see that similar features of the three developing markets shape similar necessities with only few deviations.

The three markets are growing and developing rapidly, with growth and development supported by national projects. Management of these projects requires special skills though, the markets are young, there is a lack of qualified specialists, consequently- a high need of learning that can be felt in the three countries.

Angola, Brazil and Mozambique suffer from similar strategic issues including corruption and bureaucracy, creating the necessity of Risk Management. The nature of these strategic issues varies from country to country, so does the Risk Management offer that is adapted to a particular national situation.

Despite of being considered young, the three markets are concerned about competitiveness increase. Here we can find a little deviation from the overall similarity of the countries. Brazil takes the first place in our competitiveness ranking: Brazilian market is rather sophisticated and is concerned about the development of competitive advantage. Angolan market takes the second position among the three countries. Despite of being underdeveloped, with numerous strategic issues, Angolan market, especially some of its segments (financial services) worry about competitiveness increase. Different situation is found in Mozambique, which competitiveness is considered to be lower than in other

examined countries. The market has big potential on African and international arena and needs to become globally competitive as well as know how to deal with its international rivals. This example demonstrates one of the existing differences between the three markets that consist mostly in the diverse nature of the same phenomena, in our example- market necessity. Consequently, the consulting approach to the offer creation in the three countries will differ dependently on the variations of nature of the same need.

Looking at the concrete example of necessities of the financial economic sector of Mozambique, we can understand that they are analogous to the ones of Angola and Brazil: Corporate Governance, Compliance, Risk and Liquidity Management are the areas of first priority of Mozambique financial institutions. These findings prove our above assumption about the similarity of demand necessities caused by analogous features pursued by the three markets and facilitate our further analysis by reducing the number of characteristics that would need to be compared to the elements of internationalization strategy of the examined company.

5.1.3.3. Rivalry: supply conditions

Consulting is named to be one of the opportunistic businesses in Mozambique¹, however the analysis of supply conditions in the country make us think why only a few companies have taken advantage of these opportunities. There was identified one company- PMO Projects present on Mozambique market and correspondent to the three criteria developed for supplier selection: it is the only company which business model is comparable to GTBC, besides that is referred by Mozambique clients as well as is known to the experts who were interviewed during the supplier-selection process.

Consulting market opportunities and existing demand for consulting services can be confirmed by looking at KPMG client base. This consulting giant serves “34 of the top 100 companies, 10 of the top 16 institutions in the Banking sector, seven of the top 10 companies in the Energy sector, four of the top 10 companies in the Tourism and Hospitality sector, eight of the top 20 companies in Transport, Terminals and Related Services, six of the top 10 companies by turnover as well as the key ministries and public companies”². The vast list of KPMG clients proves and demonstrates the need of consulting in Mozambique, broad client base, somewhat monopolistic position of KPMG on the market caused by the lack of consulting offer and few competitors. Market strategic issues could be the reason why international consulting companies, including consulting giants (Accenture, Deloitte), have not entered yet the market of Mozambique. However, the existing example of the successful activity of present market players, when known to international rivals, might lead to the fast situational change.

Being a medium company, PMO Project was not discouraged by the Mozambique market issues. As for now it is the only enterprise found on national market that provides certified Project Management

¹ See AICEP (Agência para o Investimento e Comércio Externo de Portugal), 2008. *Moçambique: Oportunidades e Dificuldades do Mercado*. [online] October 2008. Available at: <www.aicep.pt> [Accessed 8 June 2011].

² See KPMG, 2009. *KPMG in Mozambique: Introduction Brochure*. [online] Available at: <<http://www.kpmg.co.mz/en/Home2/KPMG-Mozambique-Introduction-Brochure>> [Accessed 5 June 2011]

services. Taking into account the “mega” level of Mozambique projects we can assume, that PMO Projects has been taking benefiting from a first-mover advantage ever since the market entry.

The company respects the key success factors of consulting industry and follows similar niching strategy as in Angola and Brazil. Looking at PMO Projects on Mozambique market and comparing its positioning in Angola, Brazil and Portugal, we can confirm the above assumption, that the probability of overcoming the Weaknesses and losing the Strengths (previously developed on the home market) on the host market is quite low. The main attention of PMO Projects is concentrated on Project Management, it has high level of expertise in the field, well developed networking capacity and strong leader image however, the company continuous suffering from the same weaknesses as it does on the Portuguese market. Weakness improvements would present new opportunities to the company as well as it will do the strategic usage of first-mover advantage in the field of Project Management. PMO Projects could attempt to create a steady client database, orienting its policy on the increase of clients’ loyalty. Other opportunities and Threats are quite similar to the ones detected for Angolan and Brazilian markets. As for now, the main difference is explained by PMO Projects market positioning (the only certified provider of Project Management Services). Yet, the situation might not last for a long time. Opportunities existing on Mozambique market are growing, battle with market strategic issues- continuing. This would overweight the existing issues and attract more consulting companies to the segment in the nearest future.

5.1.3.4. Related and Supported Industries

Mozambique Information Technologies sector is found at the similar stage of development as the Angolan one. Information technologies are being used in public and corporate world¹, nevertheless, there is lack of modern technology in the country (Ackermann et al. 2008) and, importantly, there is a high demand for it. As in Angola, demand is not stopped by the still high prices in the industry caused by infrastructure deficiency. The situation is slightly changing with the increase of IT market players and introduction of new technologic solutions, among them: ADSL, 3G connection, Fiber optic etc. The majority of these technologic solutions are offered in the capital- Maputo², demonstrating one more time the geographic underdevelopment of the country³. Despite of the changes and oppositely to Brazil, Mozambique IT market is still underpenetrated and is ready to offer opportunities to national and international investors⁴.

We remember that the country needs to become more internationally competitive. This is merely impossible without information technologies that bring innovative solutions and help resolve issues imposed by globalization. Importantly, Mozambique government realizes the critical character of information technologies. Already in 1979, right after getting independence, the country created

¹ Anonymous, 2011. *Empresa portuguesa de sistemas de informação procura mercado em Moçambique*. [online] 13 April. Available at: http://www.portaldogoverno.gov.mz/noticias/news_folder_econom_neg/abril-2011/empresa-portuguesa-de-sistemas-de-informacao-procura-mercado-em-mocambique [Accessed 4 May 2011].

² There are few Internet users outside the capital due to the underdeveloped fixed-line communications infrastructure.

³ See Anonymous, 2011. *Mozambique - Telecoms, Mobile, Broadband and Forecasts*. [online] May 19. Available at: <http://www.companiesandmarkets.com/Market-Report/mozambique-telecoms,-mobile,-broadband-and-forecasts-612127.asp> [Accessed 5 June 2011].

⁴ See AICEP (Agência para o Investimento e Comércio Externo de Portugal), 2008. *Moçambique: Oportunidades e Dificuldades do Mercado*. [online] October 2008. Available at: www.aicep.pt [Accessed 8 June 2011].

Informatics Commission with the main objective of information development. The initiative did not function at the time (Lee Yen 2003), however, served as a great example of governmental understanding of information importance. 2006 brought recent governmental attempt of IT policy development. Mozambique has created an electronic governance system- a project of great national importance- and is currently integrating a system of electronic personal IDs, companies' registry etc. More IT specialists are needed in order to promote and spread information technologies all over the country¹. The resolution of the named issues would take time- at least 30 years according to Mozambique Board of Ministers (2006). The effort must be done now since the development of IT for the whole country is not a one-week process². Importantly for customers, suppliers and the whole nation, a good start has been already done.

5.1.3.5. Strategic Issues and Key Success Factors

Doing business in Mozambique is not easy. According to the latest World Bank report for 2010, the country ranks 135th out of 181 evaluated countries³. Such a low ranking is created by numerous issues the market is suffering from. Some have been already mentioned in the above discussion of factor and demand conditions, others have been studied in Angolan and Brazilian markets. During the examination of Mozambique market strategic issues it was confirmed one more time the similarity of development of the three countries, including the strategic issues all are struggling with. Mozambique main issues include corruption, bureaucracy, high interest rates, lack of qualified specialists and infrastructure deficiency- all raise costs of doing business. The phenomena itself are the same in the three countries, however market peculiarities bring them different characteristics. One example can explain this statement: application of arbitrariness-pervasiveness framework (Lorraine, Rodriguez, Uhlenbruck, 2005) shows that corruption in Mozambique is both arbitrary and pervasive and this shows its similarity to Angolan and Brazilian corruption yet, literature (Games, 2007) highlights the high level of bribery as a type of corruption existing in Mozambique⁴. The nature of bureaucracy⁵ in Mozambique is shaped by highly centralized government (Games 2007). The majority of governmental authorities is located in the capital-Maputo, underdeveloped infrastructure and communications networks⁶ combined with numerous bureaucratic rules and required approvals lead to the substantial delays in decisions, negatively affecting national business activity.

Despite of the governmental efforts oriented on the battle with corruption, including bribery and bureaucracy since 1995 (Games 2007), both are still flourishing in the country, contributing to the reduced ranking of Doing Business.

¹ See INTIC (2005).

² See Conselho de Ministros de Moçambique (2006).

³ See Embassy of Switzerland in Maputo (2010).

⁴ The World Bank Group, 2010. *Business Environment Snapshot for Mozambique*. [online], Available at: <<http://rru.worldbank.org/besnapshots/>> [Accessed 4 June 2011].

⁵ See Anonymous, 2011. *Angola e Moçambique: oportunidades de negócio*. Banco Português de Investimento. [online] Available at <https://www.apdl.pt/fotos/gca/127687301412.pdf> [Accessed 2 May 2011].

⁶ See Ministério da Indústria e Comércio. Gabinete de Apoio ao Sector Privado (2006).

Realizing that country strategic positioning cannot be fully used without substantial investment into national infrastructure, government recognizes the high priority of the last. However, the situation is still far from being ideal and poor infrastructure causes high costs of doing business. Infrastructure problems could not be considered an issue by some medium international investor-company planning to centralize its business in Maputo however, high interest rates as well as Mozambique characteristic strategic issue namely, limited access to finance, and especially credit- would certainly represent a concern of great dimension¹. Credit limitation affects Mozambique mega-projects participants², not talking about small and medium enterprises. As for now the issues is being resolved on the capital markets outside the country nevertheless, it creates a significant business obstacle for both sides- Mozambique market players and international investors.

Other characteristic national issues include donor dependency, undiversified economy tied to mega-projects, poverty, organized crime, pandemics and epidemics (HIV, AIDS, Malaria etc.)³, constantly changing and underdeveloped legal system⁴. All the demonstrated issues could prevent an outside investor from entering Mozambique market. The decision of entry is based on the calculated weighting of market issues and opportunities. There is a bunch of the last in the country as we remember from the words of António Fernandes- Mozambique Minister of Industry and Trade. The national issues are typical for a transitional period the country is passing through and, importantly, Mozambique recognizes its problems and strategically addresses them, getting in most of the cases positive results⁵.

Positive results on Mozambique market can be achieved, if company respects and follows the knowledge of the key success factors of the market. We already know, that brand differentiation, innovation, networking and price/quality ratio, when respected and applied properly in corporate activity, can become the key ingredients of the recipe of success in any consulting market. However, and this has been already identified, adaptation of the key success factors to local conditions is compulsory for those market players, who are truly concerned about their competitive advantage and constantly increasing competitiveness.

One can think that young markets (if not thinking about market strategic issues) can be easy for doing business due to the low level of consumer knowledge and sophistication. Developing markets, in general, are lowly penetrated with a few competitors taking advantage of their monopolistic positioning. Until recently, developing countries market players have not been paying the same attention and dedicating as much effort as they do in the developed countries however, the increasing globalization has reached all the countries, educating customers all over the world. Exactly for this reason, customer satisfaction that can be achieved through price/quality ratio and innovation is now

¹See Finantia (2008).

²See BPI (2009).

³ See KPMG Mozambique, 2010. *Business Confidence Index in Mozambique*. [online] Available at: <<http://www.kpmg.co.mz/corporate/Midia/Files/Indice-do-Ambiente-de-Negocios-2010>> [Accessed 2 June 2011]; INTIC (2005).

⁴ See Ackermann et al. (2008); Games (2007); Jusob Mahomed, n.d. *Tendências do Investimento Privado em Moçambique*. [online] Available at: <<http://www.amecon.co.mz/docs/palestras/tendencias2-041124.pdf>> [Accessed 3 June 2011].

⁵ See The International Finance Corporation, The World Bank, 2009. *Doing Business 2010, Mozambique*. [online] Available at: <<http://www.ccpm.pt/EconomyProfile-Mozambique2010.pdf>> [Accessed 5 June 2011]; The World Bank Group, 2007. *Miga- Relatório Anual 2007*. [online], Available at: <http://www.clubofmozambique.com/pt/solutions/business/economy/Relatorio_Miga_2007.pdf> [Accessed 4 June 2011].

put on the first place in both developing and developed countries. Same happens in Mozambique. Gradually, customers start to dictate the rules of the game, paying attention to the breadth of products and services offered by supplier¹. Visibility on the market created by brand differentiation and market share plays an important role as well. Despite of not being mandatory as in Angola, partnerships and networking, especially in the country full of corrupted bureaucrats, can be seen as crucial element of internationalization strategy and central key success factor for Mozambique consulting market.

The main characterizing features of Mozambique market are illustrated with the usage of Porter's diamond framework, reminding the reader the most crucial aspects of market analysis (see Appendix D).

5.2. GTBC PERFORMANCE POTENTIAL ON THE SELECTED MARKETS

The best way to predict the future is to create it.

Peter Drucker

5.2.1. INTRODUCTION

5.2.1.1. Factor choice

Based on Literature Review GTBC directors², named to be experts due to their knowledge of the four examined markets, selected the factors that were considered to simultaneously affect external markets' attractiveness and firm's potential for successful performance in internationalization. The factors were chosen accordingly to the four dimensions of Porter's diamond³ that were considered as dimensions that can give us a 360° view of any market. Accordingly, nine factors were selected to characterize factor conditions and seven- to overview each of the other three dimensions of Porter's diamond.

Table 11: Factors selected for characterization of markets' factor, demand, supply and supported industries' conditions

Factor conditions	Demand conditions	Supply conditions	Related and supported industries conditions
Rapidity, stability of growth	Diversity and breadth of attractive economic sectors	Low market penetration	Market growth and development
Market dimensions	Activity of traditional consulting clients	Few market players	Low market penetration
Economic diversification	Demand stability	Few qualified specialists	Few market players
Richness of Natural Resources	Unsophisticated demand	Low level of supply sophistication	Few qualified specialists

¹ See KPMG, 2008. *Banking Survey 2008*. [online] Available at: <<http://www.kpmg.co.mz/corporate/Midia/Files/Pesquisa-do-Sector-Bancario-2008>> [Accessed 5 June 2011]

² António Fernandes, Carlos Jerónimo, Vânia Patrício. The consistency between the evaluation and the performed market analysis was confirmed by the author of this work;

³ See Appendix A for more detailed explanation of Porter's diamond and its interpretation in this work.

Economic independency	Demand geographically concentrated	Undiversified offer	Low level of offer diversity and sophistication
Political stability	Need for Training	Inability to provide service-packages	Low costs for hardware and high-for software
Intelligent governmental policies	Need for BA, BI, PM, GRC	Supply unaffected by market issues	IT segment unaffected by market issues
Absence of strategic issues			
Overall future potential			

Source: selection performed by the author and GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

5.2.1.2. Factors as criteria for evaluation

The selected factors became the criteria for market and potential for successful performance evaluation. Before making this evaluation though, it was created a sort of a dictionary in order to explain in details what is meant by one or another factor. Followed by this dictionary was presented the evaluation of the factor itself (see Appendix E).

5.2.1.3. Goal and scale of evaluation:

The main goal of evaluation is to demonstrate the attractiveness of the markets for consulting as well as the impact of all the factors for SME's potential for successful performance in internationalization. In order to accomplish this goal, special attention was given to factor formulation. It can be noticed on table 11 that formulation of some of the factors can appear to be bizarre. Yet, it is explained by the goal of our evaluation. All the factors were formulated as "consulting-positive" ones, meaning that (in markets' comparison and attractiveness analysis)- the higher the evaluation is, the more favorable conditions for MC SME are created by the evaluated factor. Similarly, in firm's potential for successful performance' analysis, the higher the evaluation of the factor is, the more it is considered to be important for firm's potential for successful performance in internationalization.

The evaluation scale in markets' comparison and attractiveness analysis consists of 5 elements:

Table 12: Evaluation scale for markets' comparison and attractiveness analysis and its interpretation

Score/points	Interpretation
1	Low
2	Low-to-medium
3	Medium
4	Medium-to-high
5	High

Source: Developed by the author

We can confirm on the above table that, the higher is the scoring, the stronger is the country on this factor. For instance, if demand stability in Brazil was evaluated with 5 points it would mean that there is, indeed, high demand stability on Brazilian market. The reason for middle scoring usage (2 and 4 points are interpreted as “low-to-medium” and “medium-to-high”) is the following: any market is not a static phenomenon, but phenomena that is constantly developing. Thus, “2” or “4” points evaluation would mean that the market is gradually improving in the analyzed factor.

Table 13: Evaluation scale for markets’ comparison and attractiveness analysis and its interpretation

Score/points	Interpretation
1	No impact on MC SME’s potential for successful performance in internationalization
2	Low impact
3	Medium impact
4	High impact
5	Critical impact

Source: Developed by the author

We can confirm on the table that the evaluation of one point means that the analyzed factor is expected to have no impact on MC SME’s potential for successful performance in internationalization, while the evaluation of five points would mean that the impact would be crucial.

Now, that the preparatory part for results analysis was explained, we can proceed to the answers to the hypotheses.

5.2.2. GTBC PERFORMANCE POTENTIAL IN ANGOLA, BRAZIL AND MOZAMBIQUE

This part of our Results Analysis represents the final results of our investigation in a way to answer the Hypotheses that were stated at the very beginning of this work.

5.2.2.1. Testing Hypothesis 1: Will the strengths and opportunities of Angolan, Brazilian and Mozambique markets outweigh their weaknesses and strategic issues, making them an attractive and opportunistic internationalization destination for Portuguese MC SME?

Along the Literature Review in respect to the first Hypothesis we have seen various approaches to measurement of external country’s attractiveness: grouping, ranking and indexing. However, none of them is used in current work in order to determine whether Angolan, Brazilian and Mozambique markets are an attractive destination for PMC SMEs.

We offer the methodology that merges SWOT analysis with four dimensions of Porter’s Diamond. Using the evaluation of factors that characterize market conditions in four dimensions of Porter’s Diamond, we analyze the selected markets accordingly to their strengths and weaknesses. We furthermore claim, that in the situation when market strengths overweigh its weaknesses and strategic issues, the market can be considered investor-attractive and opportunistic.

Importantly, we relate the answer to first Hypothesis to market attractiveness from the point of view of Portuguese MC SME. In this way we follow the definition of Elango (2003), who claims that market attractiveness equals firm’s desirability to enter there. GTBC managers were the ones who performed the balancing process of external market strengths/opportunities and weaknesses/threats. Markets that were considered to be attractive were in this way said to be desirable to enter to. Since we consider GTBC to be a typical Portuguese MC SME, we could apply the conclusions we would be able to achieve after answering the first Hypothesis to other Portuguese MC SMEs¹.

5.2.2.1.1. Analysis of Angolan market attractiveness

The final results of the performed qualitative study and evaluation of Angolan market can be represented in the table format.

Table 14: Representation of Angolan market evaluation on factor, demand, supply and related industries conditions

Factors	Angolan market evaluation
Factor conditions	57,78%
Demand conditions	77,14%
Supply conditions	60%
Related and Supported Industries	60%

Source: Evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

Several ideas can be derived from the above table. It can be seen that the strongest dimension of the market is the one of demand conditions.

If we return to the results of our evaluation (see Appendix E) and look at the factors that were evaluated with maximum scores, we can conclude that demand conditions are ready to offer numerous opportunities for consulting companies: there is a variety of consulting-attractive segments, high need of training as well as for BA, BI, PM, and GRC. Importantly, there is no factor in demand conditions that was evaluated with low score. The minimum number of points obtained

¹ Talking about external markets’ attractiveness we could want to use the weighted average of the evaluation of factors representing market conditions with the impact they believed to have on GTBC potential for successful performance. However, we followed an approach as it is explained in this part of the Chapter in order to be able to objectively evaluate external markets’ attractiveness (at this part of the work). In this way we would be able to compare this analysis with other results where we would verify which is the market where GTBC is considered to have the hisghest potential for successful performance. It would be interesting to find that the market that was considered to be the most attractive along the testing process of Hypothesis 1 would be the same market where GTBC would be estimated to have the hisghest potential for successful performance. In addition, it would prove that the technique we use to test the first Hypothesis is valid.

by all factors in this dimension of Porter's diamond is 3 points, meaning that Angolan demand conditions present no weaknesses or threats for consulting companies

We can verify, that factor conditions is the dimension, that obtained the lowest scoring in comparison to other three dimensions of Porter's diamond. Despite of having three factors evaluated with high scores (rapidity and stability of growth; richness of natural resources and overall future potential), low scoring of other factors reflects the level of development of national economy and MC market as well as numerous strategic issues existing in Angola: economic dependency, low level of economic diversification, governmental participation in the majority of economic sectors, corruption, bureaucracy, high costs of doing business, infrastructure deficiency etc. These weaknesses of Angolan market represents threats for a newcomer to the market yet, the market can still be named consulting-attractive, if the opportunities Angola is ready to offer outweigh market deficiencies, which can be seen after finishing the analysis of other two market dimensions.

The level of evaluation of supply and related industry conditions is relatively high. The major opportunities for MC companies in these areas exist due to the lack of qualified specialists as well as still-existing free market space for the new-comers. No factor in supply conditions obtained a low score, proving that the threats in this dimension of Porter's diamond are reduced. Opposite situation is found in Angolan IT industry, where the market suffers from the existing strategic issues, namely, infrastructure problems, which lead to high costs and concentration of offer in Luanda.

Having seen the strengths and weaknesses of Angolan market, which, in fact, represent opportunities and threats¹ for internationalizing firms, we can now conclude whether the strengths outweigh the weaknesses of the market or, using different expression, whether the opportunities are worth the battle with threats present on Angolan market.

Factor conditions is the only dimension that was considered to be deficient due to various strategic issues existing on the market, affecting business climate negatively. Yet, this deficiency is compensated by high demand for consulting services and opportunities in supply and related industries' conditions.

Therefore, when balancing problematic questions with highlighted strengths of Angola in terms of consulting opportunities, we would not only obtain a positive balance of strengths and weaknesses, but also will observe that Angolan strengths outweigh the weaknesses, making this market an opportunistic destination for Portuguese MC SMEs².

5.2.2.1.2. Analysis of Brazilian market attractiveness

¹ Strengths represent opportunities, while weaknesses- threats.

² The study is focused on Portuguese MC SMEs. The evaluation of factors was performed by GTBC managers, which does not allow us to generalize the conclusion, saying that Angola is an attractive destination for any firm, in any industry, from any country. Yet, a remark on this issue would be made in Chapter 7.

The subjective factor that proved to be helpful along the process of factor evaluation would facilitate our analysis of Brazilian and Mozambique markets. By looking at the presentation of evaluation results we can verify that there is a difference between the scoring of Angolan and Brazilian markets. Brazilian market is more developed than the markets of Angola or Mozambique, which is reflected, for instance, on the high score of factor conditions and low of supply conditions, meaning that the first is highly attractive for consulting companies, while the second has less market space than in Angola.

Table 15: Representation of Brazilian market evaluation on factor, demand, supply and related industries conditions

Factors	Brazilian market evaluation
Factor conditions	88,89%%
Demand conditions	80%%
Supply conditions	42,86%%
Related and Supported Industries	57,14%

Source: Evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

We can start the comprehensive examination of the performed evaluation with demand conditions, which is crucial for any service company. In order to see in details whether Brazilian demand conditions are opportunistic for consulting companies, we can see the results of our evaluation. What must be noticed is the highest level of scoring that was obtained by the majority of factors in demand conditions (5 out of 7), meaning that there is a large diversity and breadth of consulting attractive economic sectors, that the level of activity of traditional consulting clients is high, demand is stable and there exists a high need of training as well for BA, BI, PM and GRC. This high scoring and the factors it is correspondent to, represent opportunities for internationalizing MC companies and, taking into account, that only two factors differed from the other five in scoring (demand sophistication and demand geographical concentration), we can say that Brazilian demand represents abundant opportunities for consulting companies. It must be noticed, that Brazilian demand was named to be sophisticated, meaning that only those companies that are able to satisfy these sophisticated needs, would be able to stay competitive on the market, otherwise, this high sophistication would represent a threat to internationalizing firm.

Factor conditions represent the strongest dimension of Brazilian market and contribute to the conclusion that this market is opportunistic for investors in general and MC companies in particular. The scores attributed to the factors of this dimension were generally high or medium-to-high, which tells us about the strength of Brazilian external market environment that favors and facilitates not only consulting, but overall business activity as well. The existing market issues reveal Brazilian weaknesses, which, as we already know, represent threats for investors. By looking at Brazilian

factor conditions' evaluation, namely: bureaucracy, corruption, high costs etc., we can realize that they are outweighed by other positively evaluated factors in this dimension. Still, these threats would be balanced with overall market opportunities after supply and related and supported industries analysis.

Brazilian MC market is the most developed among the three external markets that we have analyzed, which is proved by the low score obtained by this dimension. We remember, that low score means low consulting attractiveness and, in fact, if we look at details of Brazilian supply conditions' evaluation, we can prove it. Brazilian supply offer was considered to be diversified and sophisticated, meaning that the market is occupied by MC professionals that could represent a serious threat to the new comer. Another threat comes from external environment that, despite of being, much more favorable than the one of Angola, continues to negatively affect Brazilian supply of MC services. Despite of these threats, we were able to detect some opportunities in this dimension of Porter's diamond. For instance, there still exists free market space for more MC companies, the needs' of demand are higher than existing suppliers' ability to satisfy them, Brazilian suppliers still need to learn to provide service packages and, finally, just as in Angola, Brazilian MC market suffers from the lack of qualified specialists.

We remember that the majority of factors in supply and related industries conditions are identical. Their evaluation can be different, as it happened in the case of Brazil, however, the threats and opportunities that come from both dimensions were identified as being quite the same. In this way, the opportunities that can be found in IT industry include market growth and development, good possibilities for office establishment and software selling, demand for qualified specialists in the field, suppliers' inability to fully satisfy demands' needs and existence of free market space for new comers. These new comers must be highly prepared in order to enter Brazilian market. We might remember, that geographical approximation to the United States made Brazilian demand and, consequently, supply highly sophisticated and offer- diversified.

The opportunities of Brazilian market are abundant and are presented in four examined dimensions, proving the reasoning why Brazilian market is placed among the four most promising markets in the world (BRIC block).

Factor conditions as well as demand create favorable and opportunistic climate for consulting, while supply and related industry conditions still offer free market space for new-comers.

The opportunities that Brazil is ready to offer to consulting companies compensate the existing issues as well as their impact on demand, supply and related and supported industries. The free space in supply as well as lack of qualified specialists makes Brazil doubly investor-inviting, leading to the conclusion that this market is an attractive destination for internationalization of PMC SMEs.

5.2.2.1.3. Analysis of Mozambique market attractiveness

The consistency of our qualitative analysis performed in the part 5.1.3. of this dissertation with evaluation (see Appendix E) can be confirmed by looking at the strengths and weaknesses of Mozambique market that are illustrated on the following table and would be concretized below:

Table 16: Representation of Mozambique market evaluation on factor, demand, supply and related industries conditions

Factors	Mozambique market evaluation
Factor conditions	57,78%
Demand conditions	74,29%
Supply conditions	68,57%
Related and Supported Industries	65,71%

Source: Evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

Various conclusions can be drawn out of the table. The most apparent consists in the lower score that Mozambique market obtained in comparison to Angola and Brazil. This confirms our qualitative results as well as their consistency along the evaluation process and demonstrates that the stage of development of this market is lower than the one of Angola and Brazil. This underdevelopment is present in four dimensions that characterize the market and raise the question whether it would lead to the negative answer of the first hypothesis for Mozambique market.

This doubt can be resolved by the process of outweighing of market strengths/opportunities and weaknesses/threats that was proved to facilitate the answer to the question of the first hypothesis.

We have concluded that demand conditions of Angolan market represent numerous opportunities for consulting companies. We can confirm that the evaluation of the factors within demand conditions dimensions of Angola and Mozambique had only one difference, namely, traditional consulting clients are admitted to be less active than in Mozambique which is explained along our market analysis (see 5.1.3.). Yet, the diversity and breadth of consulting- attractive segments is high as well as the need for training, BA, BI, GRC and PM. The highest scores possible obtained by the two last factors compensates the lower level of activity of traditional consulting clients in comparison to the ones in Angola, allowing us to conclude, that demand conditions in Mozambique are consulting-appealing and are rich in opportunities ready to be explored.

Repeatedly, as in Angola, there is no factor in Mozambique demand conditions that was evaluated with one point, meaning that this market's demand conditions present merely no threats for MC companies.

Factor conditions in Mozambique are the ones that form the external environment for MC. Despite of representing a case of success of economic recovery and development, Mozambique still struggles with numerous weaknesses, namely: economic dependency on donor help and mega-projects and such strategic issues as corruption, bureaucracy, high interest rates, organized crime etc. All these issues represent threats of major dimension for any investor that is not prepared for local peculiarities. The certainly-negative impact these issues can have on consulting could be compensated by opportunities presented by national growth, intelligent governmental policies oriented on investor protection and overall future potential (all these factors obtained the “medium” and medium-to-high evaluation, showing positive expectations for the market), but still need to be balanced with other opportunities that market is able to offer.

The evaluation of the two other dimensions shows a big gap between the existing demand for consulting, IT services and market offer. It could be assumed, that market issues threatened consulting and IT suppliers and created barriers to entry. This assumption can be denied by the example of KPMG and PMO Projects that represent two cases of success on Mozambique market due to the high demand and low level of supply.

This consideration and example leads to the conclusion that despite of being underdeveloped and suffering from numerous strategic issues, Mozambique presents an attractive market place for consulting with high future potential: demand for consulting services is expected to be high and factor conditions deficiency can be compensated by consulting supply and IT opportunities.

Having performed the examination of the strengths and opportunities of Angolan, Brazilian and Mozambique markets, we can now conclude that, indeed, they outweigh the selected markets’ weaknesses/threats, making Angola, Brazil and Mozambique an attractive and opportunistic internationalization destination for Portuguese MC SME.

The model we have developed is comprehensive and user-friendly. Neither it is a complex task to perform the evaluation of the defined factors within the four dimensions of Porter’s diamond, no it is difficult to track the opportunities (factors with the highest evaluation) or threats (factors with the lowest evaluation) for internationalizing companies. The model is also flexible. Dependently on market evaluation over time or internationalizing firm’s¹ needs, new factors could be considered within the four dimensions and, consequently, evaluated. However, the model is appropriate only in those situations where firms want choose the most attractive markets among a variety of seemingly appealing countries. For instance, internationalizing firm could study 10 countries that seem to be interesting internationalization destinations to be considered. By using our internationalization

¹ Meaning the firm that performs the evaluation.

attractiveness measurability model, the number of attractive markets could be reduced. The model is, however too vague to be used in the situations where internationalizing firm want to estimate its performance potential on external markets. Answer to our second hypothesis could provide some interesting suggestions for such a case.

5.2.2.2. Testing Hypothesis 2: Will the internationalizing Portuguese MC SME that has a successful performance on home market have potential to perform successfully on external host markets with comparable or facilitated market conditions than the ones of home market?

The preparatory work that would allow us to confirm this hypothesis was done along the literature review. In addition, in order to answer second Hypothesis, we need to follow the following procedure:

1. Since we are focusing on the firm that performs successfully on its home market, we need to verify whether the selected firm- GTBC- is, indeed, successful in Portugal. That would be done through the qualitative analysis of information that has already been reviewed in the case study.
2. We narrow the examination of performance potential to the markets that we consider to have similar o facilitated conditions than the ones of the home market thus, what we would need to do is to compare home and three external markets in between each other. External factors chosen for the evaluation of home market and external markets are the same: for instance, rivalry, demand etc., however, the conditions they create- differ. For instance, rivalry in Portugal is not the same as in Angola. The performed evaluation allowed us to create the models of home and host markets. The fact that the evaluation criteria are the same for home and host countries, allows us to compare the created models in between each other.

In addition, we remember, that factors that we chose for market evaluation were all formulated in the way to become “consulting-positive” ones, meaning that the higher the evaluation of the factor is, the better is for Portuguese MC internationalizing SME. Consequently, the higher the score of the market is in the four dimensions, the better is for Portuguese MC internationalizing SME. Reformulating this statement we can say that external markets that obtain higher scores than Portugal in the four dimensions of Porter´s diamond can be called markets with facilitated conditions.

We exclude from our analysis markets which conditions are not facilitated accordingly to our definition since it is hard to foresee how these complications would affect firm´s performance potential on external markets.

3. Finally, we would need to estimate GTBC potential for successful performance on external markets, answering in this way the second hypothesis. To resolve this issue we can think in the

following direction: the success of performance of any firm depends on certain factors. These factors are called the influential ones and have been briefly observed in literature review. The factors were divided into internal and external ones. Internal factors are the same on home and host markets since they are firm-related and the firm as we know is not going to change its structure or strategies radically unless host market environment requires some adaptation. For this reason we concentrate our attention on external factors' influence of performance potential on selected markets. Here we would use another evaluation performed by GTBC management, namely- evaluation of influential external factors on their impact on firm's potential for successful performance in internationalization. Doing a weighted average of external factors' evaluation for markets together with external factors' evaluation for their impact on firm's potential for successful performance in internationalization, we would obtain a number on scale from 1 to 5 that would indicate us the potential for successful performance of GTBC on external markets. The interpretation of the number would be made with the usage of following scale:

Table 17: Numerical results of potential for successful performance in internationalization and their interpretation

Factors	Potential for successful performance
$[1 \leq X < 2]$	Low
$[2 \leq X < 3]$	Medium
$[3 \leq X < 4]$	High
$[4 \leq X \leq 5]$	Excellent

Source: Personal contribution

The results of these simple calculations would be done for Portuguese and external markets that would allow us to see whether the performance on market with similar or facilitated market conditions would be better than the one in Portugal, allowing us to answer the second hypothesis.

5.2.2.2.1. Analysis of GTBC performance on Portuguese market

Numerous strengths of the company were demonstrated along the Case Study. In addition to the ones that were identified in SWOT analysis¹, there have been identified the following strong capabilities of the firm:

- Ability to grow in terms of turnover and Human Resources;
- Ability to stay strategically oriented;
- Ability to keep up a flexible business model allowing constant adaptation to business environment changes proved by performed corporate restructurings;

¹ Strategic orientation, human resources experience and dynamism, innovation and flexible product portfolio adapted to clients' needs and, finally, specialization together with fast quality.

- Ability to maintain competitive advantage through the development of five core competencies correspondent to five areas of consulting;
- Ability to sustain strong portfolio correspondent to the latest industrial trends;
- Ability to preserve solid client database within diverse economic sectors;
- Ability to develop strategic partnerships;
- Ability to stay innovative and think outside-the-box;
- Ability to define a flexible internationalization model, where Management is oriented on the continuation of GTBC business model outside the national borders yet, is ready to adapt to local conditions in order to take the full advantage of the existing opportunities and protect the company from existing market threats.

We remember, that marketing area, brand image, simultaneous growth of all of the Competency Centers and slow internationalization process were identified as corporate weaknesses. Looking closer at the last two we can understand, that they are more the corporate “wishes”. Asynchronous growth of the Competency Centers demonstrates their response to increased or decreased demand for certain consulting services, while slow internationalization process is explained by scrupulous preparatory process that is happening now.

Based on our qualitative analysis of GTBC strengths and weaknesses, we can make three conclusions. First is that named capabilities form a strong business model of GTBC that is able to handle demanding conditions of Portuguese consulting market. Second is that corporate strengths compensate and overcome the weaknesses. Finally, third and the most important conclusion is that GTBC can, indeed, be considered to be a Portuguese MC SME that performs successfully on its home market.

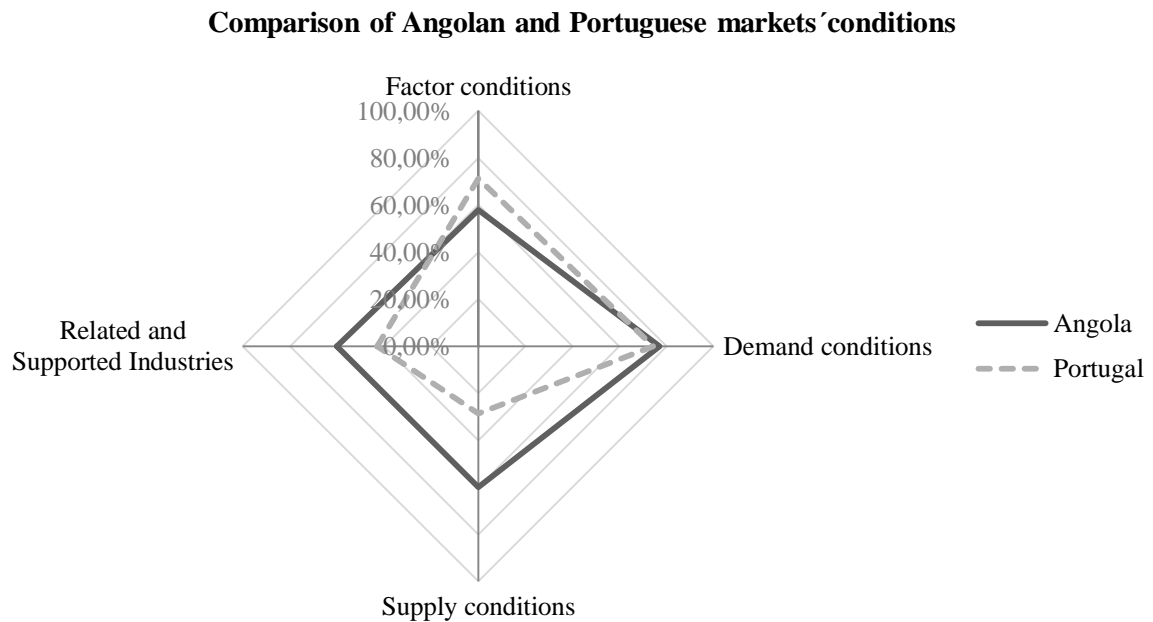
5.2.2.2.2. Comparison of Portuguese and selected external markets’ conditions

We have established the criteria of comparison as well as defined the situations where market conditions would be considered facilitated in contrast to the ones of the home market. For simplification purposes, we present the comparison of home and external markets conditions in graphical format. Taking into account the specificities of radar graphic used for markets’ conditions comparison, we can confirm that an external market would be considered to have facilitated conditions in comparison to the ones of the home market in case if its graphic’s area would cover the area of the graphic, representing Portuguese market’s model.

1. Comparison of Angolan and Portuguese markets’ conditions

The following figure allows us to compare Angolan and Portuguese market’s conditions.

Figure 21: Comparison of Angolan and Portuguese markets' conditions



Source: Personal contribution based on the evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

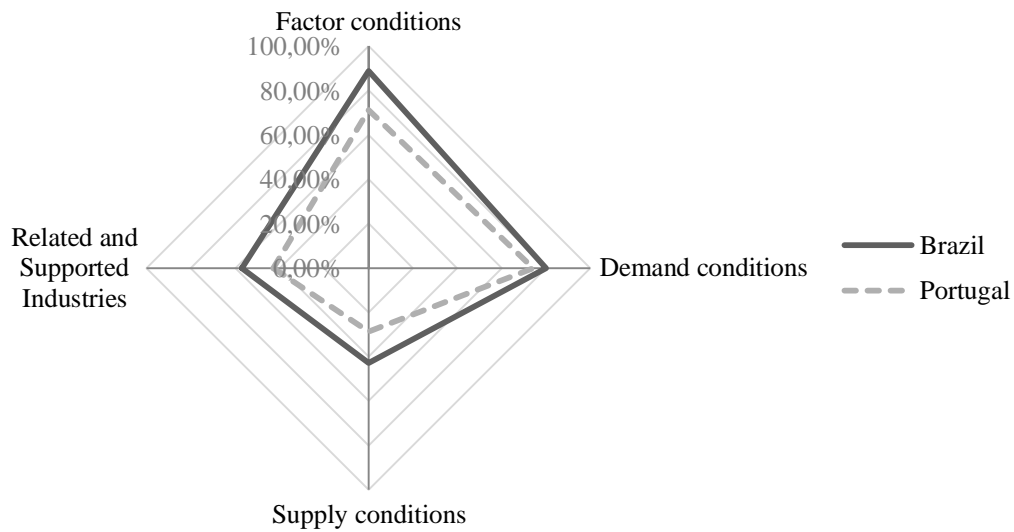
Figure 21 demonstrates that three dimensions of Angolan market can be considered to be facilitated in comparison to the respective dimensions of Portuguese market. Yet, factor conditions, which, as we might remember, contained the majority of Angolan market weaknesses, appear to be less favorable for Portuguese MC SMEs than the home factor conditions. This fact does not allow us to conclude that Angolan market has similar or facilitated market conditions (we are talking about overall situation here and not about particular dimensions) in comparison to the ones of home market.

2. Comparison of Brazilian and Portuguese markets' conditions

As for Brazil, we can look at Figure 22 to verify, whether any of Brazilian market dimensions have similar of facilitated market conditions to the ones of home market.

Figure 22: Comparison of Brazilian and Portuguese markets' conditions

Comparison of Brazilian and Portuguese markets' conditions



Source: Personal contribution based on the evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

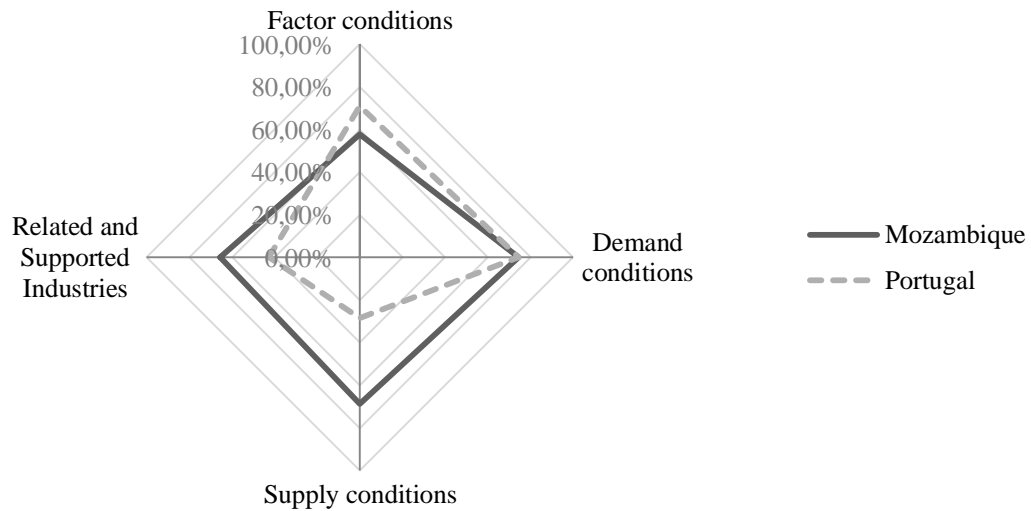
Confirming the results of market evaluation performed in the first part of this Chapter as well as the conclusions on market attractiveness, the above figure reflects Brazilian market strengths and opportunities. The area of Brazilian graphic is clearly bigger than the one of Portuguese, meaning that overall situation on this particular market is consulting-positive and, importantly, more favorable than the situation on Portuguese MC market. These considerations allow us to conclude that Brazilian market can be called a market where factor, demand, supply and related industries conditions are facilitated in comparison to the respective conditions of Portuguese market.

3. Comparison of Mozambique and Portuguese markets' conditions

Finally, we can look at Mozambique market in order to see first how the above performed market analysis as well as attractiveness measurement is reflected on the following figure.

Figure 23: Comparison of Mozambique and Portuguese markets' conditions

Comparison of Mozambique and Portuguese markets' conditions



Source: Personal contribution based on the evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

Figure 23 confirms the results of market analysis and demonstrates that two dimension- supply conditions and related and supported industries appear to be more facilitated than in Portugal. Although the scoring of demand conditions came out to be equal, one dimension of the market present less favorable conditions for MC SMEs in comparison to the ones of home market. This does not let us conclude that overall market conditions on Mozambique can be considered similar or facilitated in comparison to the Portuguese market.

Having compared home market with selected external markets we can now proceed to the final step that would let us answer our second hypothesis.

5.2.2.2.3. Estimation of GTBC successful performance potential on selected external markets

Although we have decided to focus only on markets with similar or facilitated market conditions, due to researcher's interests, we can test GTBC performance on Angolan and Mozambique markets even if they were not considered to be similar facilitated in comparison to Portuguese market.

We have done a weighted average of external factors' evaluation for markets and external factors' evaluation for their impact on firm's performance in internationalization as explained above. Consequently we calculated the average of 4 results obtained for four market dimensions. The achieved results are demonstrated on the table below.

Table 18: Estimation of GTBC potential for successful performance on selected external markets and performance on home market:

Score	Potential for successful performance			Performance in Portugal
	In Angola	In Brazil	In Mozambique	
	3.22	3.56	3.29	2.9

Source: Personal contribution based on the evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

Accordingly to the interpretation of numerical results of successful performance potential in internationalization (see table 19), potential for successful performance is considered to be high on the three external markets. Looking at the results of table 18, we could answer positively the second hypothesis. However, remembering about constant lower evaluation of Mozambique market in various situations and seeing that this market obtained higher score for performance potential than performance in Portugal we have decided to double verify the results of weighted average for the four dimensions of each of the examined markets.

Table 19: Estimation of GTBC potential for successful performance on selected external markets and performance on home market:

Factor	Potential for successful performance			Performance in Portugal
	In Angola	In Brazil	In Mozambique	
conditions score	2.84 (T)	4.5 (O)	2.81 (T)	3.56
Demand conditions score	<u>3.96 (T)</u>	4.42 (O)	3.81 (T)	4.23
Supply conditions score	3.13 (O)	2.35 (O)	3.43 (O)	1.52
Related and supported industries conditions score	2.96 (O)	2.96 (O)	<u>3.14 (O)</u>	2.27

Source: Personal contribution based on the evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

Table 19 confirms that doubled verification of results was reasonable. We have seen on table 18, that GTBC is expected to have superior performance on all three selected external markets than it has in Portugal. What we observe on table 19 is that in Angola and Mozambique there are dimensions that could threaten GTBC performance on these markets (indicated with lighter color and “T” sign. Accordingly, “O” means “opportunities”), meaning that firm’s management must not get illuded with the estimations of external markets’ performance superiority, but to dig deeper and perform detailed examination of results, like it was done on table 19.

Another important observation can be made in regards to the results of table 19. In the evaluation of potential for successful performance on Angolan and Mozambique markets there were found two dimensions (indicated with an underline) that represented opposite findings in comparison to the ones we obtained in 5.2.2.2.2. Accordingly to this above findings, demand conditions in Angola were found to be more favorable than in Portugal, however, when we look at successful performance potential in this dimension, we notice, that it is expected to be lower than current performance score

for Portugal. Opposite situation is found in results for related and supported industries conditions on Mozambique market. If it was said before that this market dimension is less favorable in comparison to the home market, we can see on the table 19, that it would have more opportunities for GTBC in terms of successful performance potential.

Crucially, results for Brazilian market are consistent in any part of our analysis: in the first part of this Chapter, in Brazilian and Portuguese markets comparison, in overall performance potential and, finally in demonstration of performance potential by four market dimensions. That allows us to make an important conclusion, that formulation of the second hypothesis was successful and the answer to this hypothesis is positive. Indeed, internationalizing Portuguese MC SME that has a successful performance on home market, has potential to perform successfully on external host markets with facilitated market conditions than the ones of home market. Due to the fact that none of the selected external markets was considered to be comparable to the home market, we cannot make the answer in regards to this part of hypothesis.

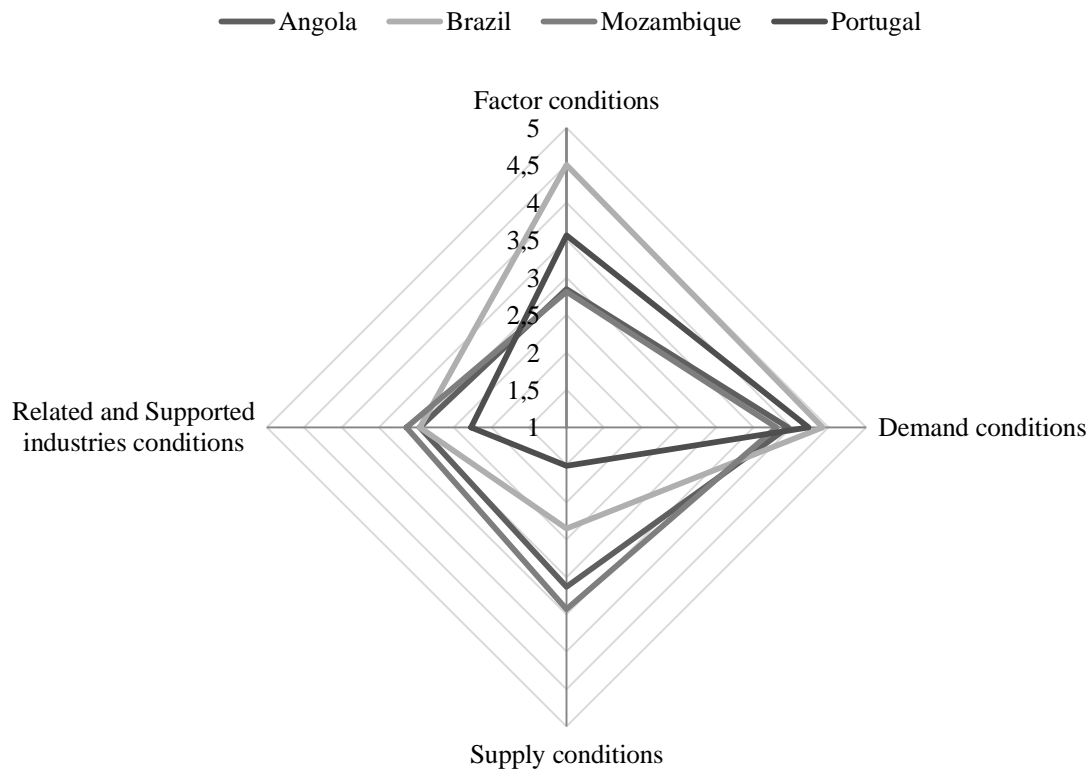
We have previously said that we would only concentrate our attention on markets with the examination of GTBC performance potential on Angolan and Mozambique markets although both were not considered to be neither facilitated, no comparable to Portuguese one. Nevertheless, due to the research interests, the analysis was continued. What can be suggested now is the following. Since there was found a divergence of several results that was explained above, we should recommend to the management that it considers the results of performance´ potential calculation as superior to the ones obtained in market evaluation since the first takes into account their weighted average and is directly linked to the firm.

We have previously agreed with Erramilli (1991) that home and external markets´ similarity can be used to determine external market attractiveness. To conclude, we might suggest that the technique that was used during the comparison of Portuguese and selected external markets´ conditions (see 5.2.2.2.2) could complement the verification of external market attractiveness (see 5.2.2.1.)

We can visibly confirm our conclusions on the following graphic.

Figure 23a: Graphical representation of GTBC potential for successful performance on the markets of Angola, Brazil and Mozambique in comparison to its performance in Portugal

Graphical representation of GTBC potential for successful performance on the markets of Angola, Brazil and Mozambique in comparison to its performance in Portugal



Source: Personal contribution based on the evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

5.2.2.3. Testing Hypothesis 3: Will the difference in between home and selected external markets' conditions have positive impact on the internationalizing SME's potential for successful performance?

No specific technique is needed for answering the third hypothesis, since we have already got in touch with the topic. Our results have shown that those differences in between home and host market conditions that are reflected by higher evaluation of factors within four market dimensions, would be facilitated and affect firm's performance in a positive way, like it happened in the case of Brazilian market. However, as our analysis has shown, lower evaluation does not necessarily mean negative impact on firm's performance. What becomes superior in such cases is the weighted average of external factors' evaluation for markets together with external factors' evaluation for their impact on firm's potential for successful performance in internationalization. Having said that, we can now give the following answer to the third hypothesis:

The answer is "yes" in the case of Brazilian market, while differences between Angolan, Mozambique and Portuguese markets were said to have both positive and negative effects on GTBC's potential for successful performance. Thus, managers are suggested to analyzed in details the situation on these two markets.

CHAPTER 6:

TEACHING NOTE

6. TEACHING NOTE

In order to enhance the practical applicability of the dissertation, this part of our work is dedicated to several suggestions that can be followed in the teaching process of the developed case study. In order to facilitate the teaching process, we present a short overview of the case, followed by learning objectives that can allow professors to make a decision on whether the case suits goals of the teaching course. Furthermore, discussion questions and proposed answers are suggested, creating guidelines that could be followed along the case study's teaching process. Finally, summary comment and few teaching suggestions are made.

Some questions are more important than answers

Nancy Willard

6.1. SYNOPSIS

The developed case study deals with several issues regarding internationalization of Portuguese Management Consulting SMEs, namely:

1. Measurement of external MC markets' attractiveness;
2. Estimation of SME's potential for successful performance on external MC markets.

One Portuguese MC SME, GTBC, was selected in order to test the developed hypotheses in practice and simultaneously derive some theoretical suggestions from the developed research.

GTBC is a Portuguese Management Consulting company that was founded in 2004. Having started its operations with few collaborators and low revenues, GTBC was able to grow in both terms along the seven years of business activity.

The core competence of the company serves as criteria for its organizational structure. Accordingly, GTBC is divided into five Centers of Competences: BA, BI, GRC, KT and PM. Importantly, the firm is considered to have competitive advantage that is explained by the following corporate and managerial abilities:

- Ability to grow in terms of turnover and Human Resources;
- Ability to stay strategically oriented;
- Ability to keep up a flexible business model allowing constant adaptation to business environment changes proved by performed corporate restructurings;
- Ability to maintain competitive advantage through the development of five core competencies correspondent to five areas of consulting;
- Ability to sustain strong portfolio correspondent to the latest industrial trends;
- Ability to preserve solid client database within diverse economic sectors;

- Ability to develop strategic partnerships;
- Ability to stay innovative and think outside-the-box;
- Ability to define a flexible internationalization model, where Management is oriented on the continuation of GTBC business model outside the national borders yet, is ready to adapt to local conditions in order to take the full advantage of the existing opportunities and protect the company from possible market threats.

All of the indicated corporate and managerial abilities can be reduced down to one competitive advantage: GTBC is able to simultaneously create external and internal value. First- for the client that is crucial in any service industry, second- for the firm itself, which allows the company and its collaborators to grow in both career and financial terms.

GTBC entered Spanish market on the second year of its business activity. Spanish experience was, undoubtedly, positive. The firm was able to establish solid client database and to start its growth on the neighbor market. Yet, the company passed through some issues that it would like to avoid in further internationalization process that is about to happen. Taken into account financial crisis that has recently hit the world, GTBC management wants to reduce all possible risks that the firm can encounter along its internationalization process to the maximum extent. For this reason, before internationalizing further, the firm wants to satisfy some certain concerns, namely:

- Concern about decision-making process on whether certain host markets are attractive and opportunistic or not;
- Concern about continuation of GTBC successful performance outside the national borders;
- Concern about understanding how GTBC potential for successful performance on external markets could be affected by the differences between home and host countries' conditions.

6.2. TEACHING OBJECTIVES

The case study is concerned about theoretical and practical issues. Theoretically, it is oriented on the compensation of the existing deficiency of research on internationalization of Portuguese MC SMEs, while practically it attempts to develop two models: external market attractiveness measurement model and model of estimation of MC SNE's successful performance potential on external markets.

We suggest that the developed case study could have potential interest for both academic and business world. It can be offered academically to postgraduate students on specialized courses like, for instance, International Industry Analysis. In business world it can be presented and studied on specialized workshops dedicated to internationalization oriented on management consulting professionals.

The developed case study has the following objectives:

1. Create an understanding that in the situations when strengths and opportunities of external markets outweigh their weaknesses and strategic issues, external markets can be considered to be an attractive and opportunistic internationalization destination for Portuguese MC SME;
2. Build a comprehension that if a Portuguese MC SME has a successful performance on the home market, it is likely to have high potential for successful performance on external host markets with facilitated market conditions than the ones of the home market;
3. Explain to students/ professionals that in the situations when external market conditions are considered to be facilitated in comparison to the ones of home market, the differences between home and external markets would likely have positive impact on Portuguese MC SME's potential for successful performance;
4. Stimulate students/professionals to develop a "go-to-markets" plan that will allow an internationalizing Portuguese MC SME to select the most opportunistic markets to enter in and estimate its potential for successful performance there.

6.3. DISCUSSION QUESTIONS AND DISCUSSION OUTLINE

6.3.1. DISCUSSION QUESTIONS

Corey (1998) highlights the importance of definition of questions in teaching note which, as the author believes, take a central place of this crucial part of the case study. Accordingly, four major questions were formulated (each includes several subquestions). We suggest that they could become a part of guidelines that a professor teaching the developed case study could use to lead the students through the case (Mesny 2011).

Question 1: How can we measure external Management Consulting markets' attractiveness?

Question 2: can we compare home and host Management Consulting markets' conditions? Once they are compared, which are the conditions that can be considered to be more attractive in comparison to the ones of the home market (use factors that and their grouping that were defined in the answer to question 1). Among the selected markets, which is the market where market conditions can be considered to be more attractive and facilitated for a Portuguese MC SME?

Question 3: Using the information that is available in the case, please, choose the market where the studied Portuguese MC SME (GTBC) is expected to have the highest potential for successful performance. Explain, why.

Question 4: Summarizing what has been learnt up to now, please, develop a brief “go-to-market” plan that would allow a Portuguese MC SME to first, choose the external markets to enter in and, second, to estimate its performance potential there. Make references to the correspondent parts of the case study.

Having developed a set of questions that can serve as guidelines for case teaching, we can suggest some tips to answer them (Mesny 2011).

6.3.2. DISCUSSION OUTLINE

6.3.2.1. Measurement of external Management Consulting markets’ attractiveness

Literature recognizes numerous factors that are said to affect market attractiveness: market size, growth, investment risk (Agarwal and Ramaswami 1992), competition, servicing costs, social, political and economic environment (Erramilli 1991), user’s profile and availability of consumers (Araújo 2008).

Taking into account the variety of factors that are said to affect market attractiveness, academics attempted to make factor categorization. Consequently, grouping approach was developed (John 2002) that divided all factors into political and legal, cultural, market factors and resource factors.

In addition, literature distinguishes three approaches for market attractiveness measurement. First approach is based on grouping method that compares markets based mainly on their macro characteristics. Second approach makes countries’ ranking accordingly with some pre-defined criteria. Finally, third approach is an indexing one. For instance, John (2002) developed a country’s attractiveness index based on a group of variables that define market’s attractiveness.

In order to develop a practical model of external markets’ attractiveness measurement we might start with the definition of factors that explain and influence it. Agreeing that the factors recognized by the literature, indeed, affect external markets’ attractiveness, we might want to narrow down this approach. In order to individualize the study and see which are the specific factors that define external MC markets’ attractiveness we might want to interview the professionals of home MC industry. By demonstrating them the examples of the factors that are said to affect the attractiveness of external markets, we might offer them to choose the ones they believe will affect the attractiveness of external MC markets and to complement the list with other factors. By doing so we would obtain a list of factors that define the attractiveness of MC industry on external markets¹. Such an approach appears to be flexible and allow the adjustments dependently on the niche of MC industry we are looking at.

¹ See table 11 for the suggested list of factors.

Being flexible in the definition of factors we might want to create unique criteria for factors' grouping. An adjusted Porter's Diamond framework (see Appendix A) is a tool that could provide a 360° vision of external markets. Consequently, the factors can be grouped accordingly to the four dimensions of the Diamond: factor, demand, supply and related and supported industries' conditions.

Having performed the procedure of factor definition and grouping, we can proceed to the measurement of external MC markets' attractiveness.

Managers¹ of the firm that is looking for measurement of external MC markets' attractiveness might be offered to perform a procedure of factor evaluation². By summing up the score of the factors within each dimension of Porter's diamond we would be able to obtain the total score for each dimension, which can be transferred into a percentage to show the relationship between the obtained score and the maximum number of points each dimension could obtain.

Taking into account that the definition of factors was done in the way, that the higher the evaluation is, the better conditions the factor is expected to create for MC, we would be able to see which are the dimensions of the market that are the more and the less favorable for a MC SME. Accordingly, the more favorable dimensions would be those with higher percentage, the less- with lower percentage.

Having obtained an overall picture of the market, we can return to the factor-by-factor evaluation in order to detect the factors that represent opportunities and threats for a Portuguese MC SME. Factors with high evaluation are said to be opportunities, while factors with low evaluation reflect market's threats.

Asking managers of the firm that is looking for measurement of external MC market's attractiveness to balance the detected opportunities and threats, we would be able to obtain a conclusion, whether a certain external MC market is an attractive destination for a Portuguese MC SME.

6.3.2.2. Home and host Management Consulting markets' conditions and attractiveness comparison.

Looking at the list of factors that were developed in order to measure external markets' attractiveness, we can realize that they have high ability to give a 360° characterization of the market. For this reason, same factors can be used in order to compare home/ host markets' conditions. Remembering that we are using Porter's Diamond framework in order to group the factors, we can make a suggestion that a graphical form (radar graphic) could be used in order to facilitate markets'

¹ They can be those professionals that were offered to create the list of factors that are believed to affect external MC markets' attractiveness.

² See 5.2.1.2. and 5.2.1.3. for more details.

comparison. Taking into account factors' formulation (concept of "consulting-positive" factors explained in 5.2.2.2.), we can suggest that those markets, which graphics would have a major area than the one of the home market, can be considered to have more attractive conditions in comparison to the ones of the home market¹.

Having established the criteria for home and host markets' conditions and attractiveness comparison, we can compare graphical outcomes of factors' evaluation for four markets: Angola, Brazil, Mozambique and Portugal (see 5.2.2.2.). We can verify that the area of Brazilian radar graphic is bigger than Portuguese one in all dimensions, meaning that we can conclude, that this market's conditions can be considered to be more attractive and facilitated for a Portuguese MC SME in comparison to home market conditions.

6.3.2.3. Portuguese MC SME's potential for successful performance on selected external markets

Firms become successful for a reason. Various factors contribute to firms' successful performance. To simplify the analysis of these factors, academics group them into two categories of internal and external factors (Brechtbühler Pešková 2006). First group of factors is related to the company itself, while second group of factors- to the external environment. The group of internal factors includes: firm size (Brechtbühler Pešková 2006, Crespo and Simões 2002), managerial policies (Brechtbühler Pešková 2006) and managerial orientation on internationalization (Rutihinda 2008), firm's international experience (Brechtbühler Pešková 2006), firm's characteristics and motivational aspects (Entrekin et. al 2010), product development capabilities, firm's strategies (Crespo and Simões 2002) and exporting product characteristics (Brechtbühler Pešková 2006). The group of external factors includes type of industry of SME's activity (Crespo and Simões, 2002, Entrekin et. al 2010), "globalization of firm's industry structure, international networks and foreign market potential" (Rutihinda 2008).

We have learn from the case that GTBC is considered to be a successfully performing SME on its home market. Knowing that, the firm's managers are not going to change its strategies radically. The only adaptation of strategies that GTBC managers consider to be acceptable is the adaptation to local needs and conditions, when necessary. Therefore, if we take into account that internal factors that influence firm's successful performance are not going to be changed (only upgraded accordingly to local needs, which can influence SME's performance only positively), we might want to concentrate our attention on external factors that influence firm's successful performance.

When looking at external factors that are recognized as the ones that can influence firm's performance in internationalization, we can realize that these factors represent, in fact, merely any characteristic of external markets. We remember that the factors that were chosen to answer the first

¹ Along the work, we use the term of "facilitated market conditions", meaning, that they are, in fact, more attractive in comparison to the conditions of the home market.

question were the ones that define external MC markets' attractiveness and provide us with the 360° vision of the market. With these two discoveries we can suggest that by evaluating the impact that these factors will have on MC SME's potential for successful performance, we can estimate the potential itself. To make these conclusions visible, we might calculate the weighted average of the score of each factor for each of the external MC markets, we are interested in, with the score of the impact that each is believed to have on firm's potential for successful performance. The higher the result is the higher potential for successful performance the firm has on the evaluated market. We suggest that the evaluation of the impact that selected factors will have on MC SME's potential for successful performance might be performed by the same managers that have previously evaluated the selected markets (see 5.2.2.2. for more information).

By performing this procedure for the three selected external markets, we can see that selected MC SME- GTBC is expected to have the highest potential for successful performance on Brazilian market.

Therefore, we can conclude, that Portuguese MC SME's potential for successful performance would be higher on those markets where market conditions are considered to be facilitated/more attractive in comparison to the ones of the home market.

6.3.2.4. "Go-to-markets" plan

The proposed plan is suggested to be performed by the managers responsible for the internationalization process of a Portuguese MC SME¹.

Table 20: "Go-to-markets" plan

Nº	Action name	Action description	Reference
1.	Choice of the factors that characterize external markets and define their attractiveness. Their formulation.	<ul style="list-style-type: none"> ▪ Ask academically involved professionals to choose the external factors that can characterize external markets and, simultaneously, define their attractiveness; ▪ Factors that are recognized by the literature to affect external markets' attractiveness can be offered to these professionals in order to facilitate the task; ▪ Factors must correspond to four dimensions of the adjusted Porter's 	<ul style="list-style-type: none"> ▪ 5.2.1.1. ▪ 3.1.3.3.1, 3.1.3.3.3. ▪ Appendix A

¹ Importantly, this must be successful on Portuguese market and not want to change its strategy on external markets. Local adaptation is not considered to be a change of strategy.

		<p>diamond model and be formulated in a way, that the higher the evaluation is, the more favorable conditions for MC consulting the analyzed factor creates.</p>	<ul style="list-style-type: none"> ▪ 5.2.1.3.
2.	External markets' choice and study.	<ul style="list-style-type: none"> ▪ Managers need to choose markets (suggestion: maximum three markets) they are interested in and perform a qualitative study of these markets, structuring it accordingly to the four dimensions of the adjusted Porter's diamond model. Selected factors need to be overviewed in this qualitative study. 	<ul style="list-style-type: none"> ▪ 5.1. ▪ Appendix A
3.	Evaluation scale development and interpretation.	<ul style="list-style-type: none"> ▪ Develop and interpret the evaluation scale. The evaluation scale for markets and for factors' impact on firm's potential for successful performance need to be the same (1-to-5 scale is suggested). In the evaluation of markets interpret "1" as "low", "2" as "low-to-medium" in order to demonstrate the direction of factor's development. In the evaluation of factors' impact, interpret "1" as "no impact", "2" as "low impact", "3" as "medium impact", "4" as "high impact" and "5" as "critical impact". 	<ul style="list-style-type: none"> ▪ 5.2.1.2., 5.2.1.3.
4.	Factor evaluation and calculation of the results.	<ul style="list-style-type: none"> ▪ Perform the evaluation of factors in regards to markets and in regards to factor's impact on firm's potential for successful performance. ▪ Sum up the evaluation of factors in each dimension for every evaluated market. Show their relationship to the total number of score possible (for instance, in our case, demand conditions are represented by 7 factors thus, the total score possible is equal to 35). 	<ul style="list-style-type: none"> ▪ Appendix E ▪ Appendix E
5.	Measurement of external MC markets' attractiveness.	<ul style="list-style-type: none"> ▪ Using the radar graphic, present the results (of factors' evaluation in regards to the markets) graphically. Detect which are the dimensions that obtained the 	<ul style="list-style-type: none"> ▪ 5.2.2.1.

		<p>lowest scoring. What you obtained now is the overall picture of the market where the dimensions with the higher scoring represents opportunities, with lower-threats. Go back to the evaluation and see which are the factors that were evaluated with high and low score. They represent opportunities and threats, accordingly. Management is suggested to balance the two, obtaining in this way a perception of external MC markets' attractiveness.</p> <ul style="list-style-type: none"> ▪ Another possibility is to use the method of comparison of home market with external markets. Apply the results of external markets' evaluation together with the results of home market evaluation to the radar graph. Whenever the area of the graph representing external market is bigger than the one of the home market, the external market is considered to have facilitated market conditions and higher level of attractiveness than the home market. 	<ul style="list-style-type: none"> ▪ 5.2.2.2.2.
6.	Estimation of performance on external markets	<ul style="list-style-type: none"> ▪ Make a weighted average of the evaluation of the factors for each market with the evaluation of the impact each factor is believed to have on firm's potential for successful performance. Calculate an average of the 4 results (correspondent to four market dimensions) for each market. Look at the country where the average came out to be higher. The country that was found to be the most attractive external markets must be the one where the potential for successful performance turned out to be higher. 	<ul style="list-style-type: none"> ▪ Table 18 ▪ 5.2.2.2.3.
7.	Conclusions	<ul style="list-style-type: none"> ▪ Use the obtained results in managerial decision-making process. 	

Source: Personal contribution

We suggest that the above table could represent a rough draft of internationalization plan for a Portuguese MC SME.

6.4. SUMMARY COMMENT

Several interesting ideas were developed along the case. We offer their brief overview that could be also used as a guideline in teaching process or/and as a checklist in order to assure that the studying process did not leave any idea without attention.

- Factors that influence external markets' attractiveness are in their majority equal to the external factors that influence firm's potential for successful performance on these external markets;
- These factors can be divided into four categories, accordingly to the four dimensions of Porter's diamond: factor, demand, supply and related and supported industries conditions.
- Performing the evaluation of the factors that influence external markets' attractiveness, using the formulation of "consulting-positive" factors, we would be able to see the dimensions that represent markets' strengths and include opportunities and, oppositely, the dimensions that are weak and present strengths for Portuguese MC SMEs. Going back to the detailed evaluation of each factor we would track the concrete threats and opportunities. By balancing them we can qualitatively analyze the attractiveness' of the market.
- Another method to see external market attractiveness is the method of comparison of the evaluation of all factors of external and home markets. Transforming the results of the evaluation in percentage (the total score of the factors in each dimension of Porter's diamond is divided on the maximum score possible), we can demonstrate the results with the usage of radar graphic. Those graphics, which areas are bigger than the one of the home markets represent the markets that are considered to be more attractive than Portugal (home market).
- We can estimate firm's potential for successful performance by making the evaluation of the developed factors on their impact on firm's potential for successful performance. Making weighted average of this score together with the score of the factors of external market, we can be able to see firm's potential for successful performance on certain external market. The higher the results are, the higher the potential is expected to be. Importantly, firm is expected to perform better on those markets (in comparison to the performance at home) that are considered to be more attractive than the home market.

6.5. TEACHING SUGGESTIONS

We suggest that the case might be studied during two consequent class sessions with preliminary home preparation.

6.5.1. ACADEMIC TEACHING PROCES

6.5.1.1. Home work

Students¹ might be divided into two groups: “academics” and “managers”. Subgroups: two for “academics” and four for “managers” can be created as well.

First group of “academics” might be offered to perform a research on factors that affect external market attractiveness. Second group should perform a research as a well, however, on the factors that affect firm’s potential for successful performance in internationalization. The teacher might recommend to the first group- to think about the list of the most crucial factors that affect external markets’ attractiveness and to the second group- that affect firm’s potential for successful performance in internationalization. The professor should require that the factors are categorized accordingly to the four dimensions of Porter’s diamond.

Each of the subgroups of “managers” should perform a research on one of the three external markets: Angola, Brazil or Mozambique or home market- Portugal. Importantly, the teacher is recommended to offer to “managers” a structure of their research correspondent to the four dimensions of Porter’s diamond.

6.5.1.2. First session

We suggest that the first section can be divided into three parts. First part with the duration of 30 minutes should briefly introduce students to the most crucial aspects of internationalization, including internationalization reasons, destinations, modes, strategies and performance in internationalization process. Following that, an invited GTBC manager is offered to make a brief, 20 minutes introduction of the company with a pre-defined structure that was followed during the analysis of the company in the second Chapter. GTBC professional needs to highlight the fact that the company is not going to change its strategies on external markets, however, will perform their adaptation accordingly to local needs and peculiarities. After that, the teacher may suggest, that students focus on external factors that influence firm’s potential for successful performance as well as external markets’ attractiveness.

¹ By students here we mean postgraduate students. The difference between teaching suggestions for academic course and professional workshop would be explained later in the section.

In the last 30 minutes of the first session two representatives from the two groups of “academics” are offered to develop a list of factors that first, affect external markets’ attractiveness and second, firm’s potential for successful performance. The teacher needs first, to explain the concept of “consulting-positive factors”, so that the formulation of the factors would be performed in the right way and, second, lead the development of the list of factors, at the same time involving the rest of students into discussion. The teaching job at this part of the class is to merge those factors that would differ in order to finish up with one list of the factors so, that the measurement of external factors’ markets attractiveness and firm’s potential for successful performance would be made with the same criteria (factors). The reasoning for such an approach should be explained by the teacher as well, using the explanations of the two developed models (external markets’ attractiveness and firm’s potential for successful performance estimation).

6.5.1.3. Second session

At the beginning of the second session the blackboard should contain list of factors that can be used for external markets’ attractiveness evaluation as well as the evaluation of firm’s potential for successful performance on these external markets. Consequently, the teacher needs to explain the evaluation scale that was developed in the case study and interpret it. Working together with GTBC manager, the two groups of “academics” need to evaluate the impact of the factors from the developed list on firm’s potential for successful performance on external markets. At the same time the four groups of “managers”, working separately, should evaluate the four markets based on the developed list of factors and evaluation scale.

The suggested time for this part of the second session is 30 minutes. Furthermore, all students together with the teacher should calculate the results for each market, by summing up the scores of each factor in four dimensions of Porter’s diamond. The teacher needs to conclude and explain which market is the most attractive, involving students in the discussion in order to explain the answer. Consequently, the weighted average of the results of factors’ evaluation performed by “academics” together with GTBC manager and factors’ evaluation performed by “managers” should be made. Based on the results, the teacher needs to explain to the students that market, where GTBC is expected to have the highest potential for successful performance is Brazil. Students might be involved in the discussion in order to explain the answer.

6.5.2. WORKSHOP TEACHING PROCESS

If the case is offered in the workshop, we suggest that the case study itself and the study of the three external markets and Portuguese market are offered to participants as preliminary reading. The workshop might be divided into two sessions with 1 hour 20 minutes each.

The only difference of the first section is that the list of factors that affect external markets' attractiveness as well as firm's potential for successful performance can be developed by all participants together with teacher and GTBC manager.

In the second session, the division of participants into five groups and their work accordingly to the process explained in 6.4.1.3. is suggested.

Having explained the recommended steps of teaching process, we need to make an important note. The developed case study is flexible. We do agree with Mesny (2011) who advises that "instructors who decide to use the case are free to interpret the case even if their interpretations is different from that of the author".

CHAPTER 7:

CONCLUSION

7. CONCLUSION

This Chapter represents the last part of our work where we pretend to overview first, the main findings that have been developed along the dissertation process and to demonstrate their implications- both theoretical and managerial. Importantly, we admit and disclose the limitations of the research and make several suggestions on how they can be overcome. Finally, we offer some recommendations that could be used in order to develop the selected subject further.

Life is the art of drawing sufficient conclusions from insufficient premises

Samuel Butler

7.1. MAIN FINDINGS

In globalization era we are living in the term “local firm” is gradually vanishing. Companies internationalize to take advantage of opportunities existent outside the national borders, including possibilities to diversify risks or/and increase profits. The increasing importance of internationalization has gained lot of attention of academic and business world. Despite of that both theoretical and practical research lack to cover all the internationalization-related issues, the fact that caused some internationalization subjects to suffer from these deficiencies. The demonstrative example is Portuguese Management Consulting SMEs that feel the necessity to grow outside Portugal, yet, need to build their international experience from zero in the majority of times. Along the preparation for the dissertation there were revealed some concrete concerns regarding to internationalization of Portuguese MC SMEs that were said to seriously impact the acceleration of their internationalization process. Guided by these discoveries two objectives to be achieved along the dissertation investigation were developed together with three correspondent hypotheses. The first objective was directed on the estimation of external Management Consulting markets’ attractiveness, while second was focused on the understanding of potential for successful performance of a Portuguese Management Consulting SME on these markets.

Theoretical and practical platforms were developed in order to achieve the dissertation’s objectives. Both were based on literature review with first looking at the main literature streams correspondent to the developed hypotheses and second- building a methodological framework to be followed along the investigatory performance.

Having chosen the methodology of the case study for our research, we selected GTBC and three external markets (Angola, Brazil and Mozambique) in order to test our hypotheses in practice and increase the validity of our assumptions. Consequently, a case study itself was developed. With crucial preparatory work finished, we proceeded to the analysis of results, focusing our attention on hypotheses’ testing and answering.

The developed results suggest, that factors that affect external markets’ attractiveness can be grouped accordingly to the four dimensions of our adjusted Porter’s diamond model (factor, demand, supply, related and supported industries’ conditions)- a technique that allowed us to obtain a 360° vision of external markets. Evaluation of the factors that affect external markets’ attractiveness with developed

methodology permitted to detect external markets' strengths, opportunities, threats and weaknesses. Their positive balance allowed us to conclude that the three selected external markets (Angola, Brazil and Mozambique) represent attractive destinations for internationalization, in our case- of Management Consulting SMEs. Application of comparison method detailed these results. We suggest, that by applying the results of evaluation of certain external and home markets to radar graphic, we can observe external market attractiveness with more precision. Those markets, which correspondent graphics have bigger area than the one of the home country are considered to be consulting- attractive without any doubt. In our case, Brazil became such a market.

Further investigation revealed that SME's potential for successful performance is higher on those markets that are considered to be more attractive than the home market. Consequently, GTBC was considered to have high performance potential on Brazilian market. Despite the average of potential-for-successful-performance results showed that GTBC will have higher potential for successful performance than it has in Portugal on the markets of Angola and Mozambique as well, the detailed examination of results proved, that they need to be taken carefully by the management. Angola and Mozambique were considered to be attractive external markets for internationalization of Portuguese MC SMEs, however, with certain threats. Consequently it was found out that GTBC potential for successful performance there could be threatened by markets' weaknesses.

7.2. IMPLICATIONS

The resolution of the formulated hypotheses appears to be crucial both theoretically and practically.

7.2.1. THEORETICAL IMPLICATIONS

We suggest that the performed research is able to make some significant theoretical implications. We have already talked about the theoretical deficiency in the field of Portuguese Management Consultancy as well as in internationalization of Portuguese Management Consulting firms. In the periodical literature we can see some discussions concerning the internationalization of concrete Portuguese MC firms, but these discussions are rarely deep and academically acceptable.

In addition, we have previously highlighted several other deficiencies found in the body of internationalization literature. Some of the examples include lack of consistency on the definition of factors that affect external markets' attractiveness, divergence of methods on how external markets' attractiveness can be measured and firm's potential for successful performance- estimated.

We propose an innovative application of Porter's diamond model where it can be used for categorization of factors that affect external markets' attractiveness. Consequently, by merging two dimensions of SWOT framework- strengths with opportunities and weaknesses with threats and applying it to Porter's diamond model, we can obtain a novel structure recommended to use for external markets' attractiveness measurement.

We furthermore argue that by doing weighted average of the evaluation of factors that affect external markets' attractiveness and their impact on firm's potential for successful performance we are able to estimate the potential itself.

In addition, we develop the idea of similarity of home and host market conditions that is highly discussed in internationalization literature, and suggest that first, home and host market conditions are created by the factors that affect markets' attractiveness (grouped accordingly to the four dimensions of Porter's diamond) and, second, that home and host markets can be compared on these factors.

Our research explores all these concepts in regards to internationalization of Portuguese MC SMEs and proves theoretical findings with the case study of GTBC company. By doing so, we expand the borders of literature by looking at the industry that is rarely studied and, importantly, generate some novel concepts.

7.2.2. MANAGERIAL IMPLICATIONS

The definition of dissertation's objectives proves that the author is highly interested in making her study practical and managerially relevant.

The focus of the case study became GTBC- a company that was considered to be a typical Portuguese MC SME with successful performance on home market due to apparent competitive advantage. The author does not intend to generalize and it is hard to explore the whole Portuguese Management Consulting Industry, nevertheless, many of the results of current analysis could be applicable to other medium-sized Portuguese Management Consulting firms, for this reason could contribute to the raise of interest in the field. In addition, the choice of the case study company allows other Portuguese MC SMEs to use the dissertation findings in their internationalization process, including the two developed practical models and "go-to-markets" plan.

Both key and complementary objectives of the dissertation were achieved meaning that we were able to develop two models with high practical significance. First allows Portuguese MC SMEs to make decision on where to internationalize by detecting the most attractive external markets, second permits to estimate firm's potential for successful performance on external markets.

Moreover, the practical utility of the study is increased by the selection of external markets to study. Angola, Brazil and Mozambique develop fast for this reason attracts attention of internationalizing companies from all over the world. The probability of any Portuguese company, including MC SME, to internationalize to these selected markets is high thus, we are contributing to the increase of knowledge about these external markets that could be indeed valuable.

7.3. LIMITATIONS

As any research, this dissertation is not free from limitations. The author's main concern is the generalization of our results based on the examination of only one case study company. Due to the time limits we were not able to study more Portuguese MC SMEs, however, if we were, this could substantially arise the validity of our suggestion- that our findings can be applied to other internationalizing Portuguese MC SMEs. Accordingly, more external markets can be studied in order to increase the validity of external markets' attractiveness measurement model and to test whether firm's potential for successful performance would be higher on those markets that are considered to be more attractive than home market.

Another limitation is the time constraints of the evaluation. We remember, that it was noticed that any market is a phenomenon in constant development thus the results of the evaluation can be applied in the short-to-medium term only. Formulation of the factors that became criteria for evaluation can be changed to overcome this limitation, however, in this way we would lose the possibility to look at all the crucial characteristics of the market.

7.4. SUGGESTIONS FOR FUTURE RESEARCH

Future research can overcome the highlighted limitations. More Portuguese MC SMEs could be studied in order to increase the validity of our findings. Importantly, firms from other service or product-oriented industries can be examined in order to verify whether our suggestions can be generalized, creating in this way not two only practical, but also universal models for external markets' attractiveness measurement and internationalizing firm's potential for successful performance estimation.

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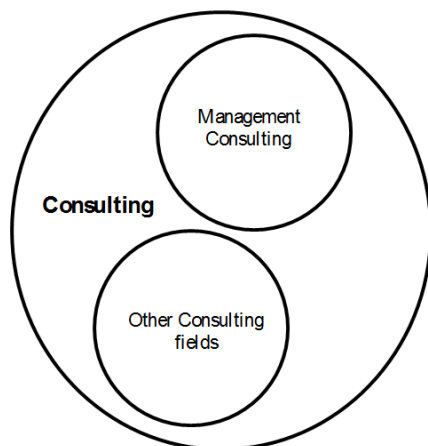
APPENDIX A: DEFINITIONS AND CLARIFICATIONS

1. MANAGEMENT CONSULTING

Based on the overview of various definitions of Management Consultancy given by Simões Freire (2008), we have constructed the following definition of MC: it is a professional service dedicated to corporate value creation and performance improvement through the usage of specific and diverse practices and tools.

Consulting is relatively new industry that has gained high popularity along the last two decades. Consulting has been developing in various directions- consulting areas or fields. There are many categorizations of consulting services. According to MIT (2011), there can be distinguished four major areas of consultancy that include: Management Consulting (MIT relates MC to the services that assist companies in the achievement of their goals), Strategy Consulting, IT Consulting and Industry specific consulting. We are not interested in the discussions of whether this categorization is correct. What is important for us is that we see, that Management Consulting represents one of Consulting directions, thus their relationship can be explained with the following figure:

Figure 23b: Relationship between Consulting and Management Consulting



Source: Personal contribution

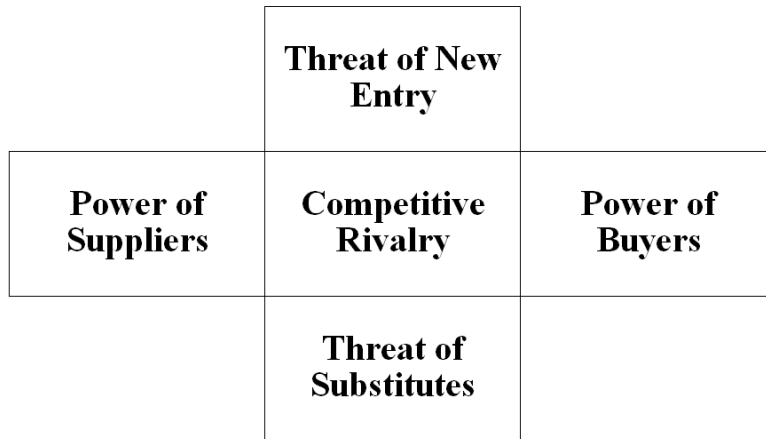
2. FEACO

FEACO or European Federation of Management Consultancies Association is a non-profit organization that aims to support its members through the development and promotion of MC profession. The three main activities of this organization include the development of Management Consultancy market, the promotions of its interests and support of networking within the area.

3. PORTER'S FIVE FORCES

Figure 24 represents graphically Porter's five forces model

Figure 24: Porter's five forces model explication



Source: Adapted from Porter (1979)

According to Porter (1979) this framework can serve in order to assess industry's attractiveness analysis as well as business strategy development. Porter (1979) claim, that there exist five forces on the market that shape its attractiveness: power of buyers, power of suppliers, threat of new entry, threat of substitutes and, finally, competitive rivalry. Some of the factors that are said to characterize these five forces are:

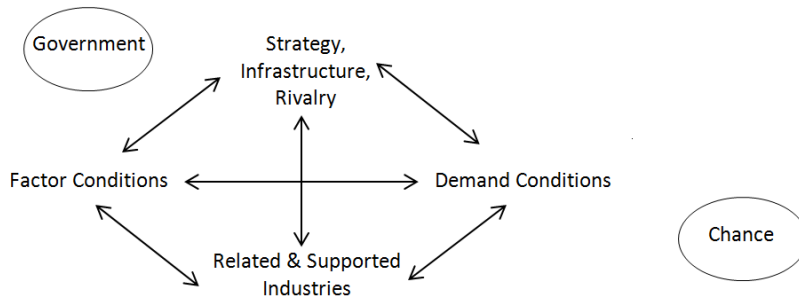
Power of buyers and Power of suppliers: buyers or suppliers are considered to have a high power in those situations where they are able to "capture more value for themselves" by different means. For instance, suppliers can limit the quantity of offer, while buyers can require higher quality of products/services.

- Threat of new entry: time and cost of entry, existing level of specialist knowledge, economies of scale, cost advantages etc.- all these factors are taken into account when making a decision on whether it is a hard task to enter a certain industry or not.
- Threat of substitutes: the existence of substitutes to products/ services of a certain industry as well as switching costs are taken into account.
- Competitive rivalry: rivalry is considered to be intense in the situations where the number of competitors is high, they pursue competitive advantage, have a high level of expertise etc.

In addition, Porter admits that innovation, government and complementary products, affect the indicated five forces.

4. PORTER'S DIAMOND

Figure 25: Porter's diamond model explication



Source: Adopted from Porter (1990)

Porter offers to use the Diamond framework for Competitive Advantage of Nations. It can be seen on the above figure that he believes that factor conditions, related and supported industries, demand conditions, firm's strategy, infrastructure and rivalry affect nations' competitive advantage. Government and Chance are believed to have their impact as well.

According to Porter, factor conditions include human, physical, knowledge as well as infrastructure; demand conditions- quality of demand for certain industry; related and supported industries- industries that are closely connected to the one under analyses. Rivalry follows the same characterization as in Five forces model.

We use Porter's diamond framework to structure our analysis, however, make the following adjustments: in factor conditions we include those factors that characterize the external environment on the market (infrastructure is included in this dimension). We exclude firm's strategy from our model since we know that, despite of it being one of the internal potential for successful performance influence, GTBC is not going to change its strategies. Excluding infrastructure and strategy, we stay with rivalry that characterizes the supply side of the market. Demand conditions and Related and Supported Industries' dimensions stay unchanged in our model. By using Porter's diamond in its adjusted variant, we believe that we would be able to make a 360° overview of selected external markets. Importantly, in markets' study, we include examination of the existing key success factors and strategic issues, that, as we believe, represent crucial characteristics of the market that can affect its attractiveness as well as firm's potential for successful performance.

APPENDIX B: INTERVIEW AND SURVEY QUESTIONS

1. INTERVIEW QUESTIONS¹

1.1. INTERVIEW ON PORTUGUESE MANAGEMENT CONSULTING MARKET: QUESTIONS

- 1) How would you describe the development of Portuguese MC Industry over the recent years?
- 2) How would you evaluate the attractiveness of Portuguese MC market?
- 3) How can you describe the fluctuations of demand for MC services in Portugal- both historically and nowadays?
- 4) In your opinion, what drives Portuguese demand for MC services?
- 5) How would you segment the demand for MC services in Portugal?
- 6) What are the trends in Portuguese demand for MC services?
- 7) How MC supply is geographically distributed in Portugal and why?
- 8) What are the trends in Portuguese MC supply?
- 9) Do you know any categorization of Portuguese MC suppliers?
- 10) How do innovation and new technologies impact Portuguese MC supply?
- 11) How would you define Porter's five forces in Portuguese MC industry on the scale low-to high?
- 12) What are the drivers of MC industry's attractiveness?
- 13) How you could define the major strategic issues of Portuguese MC market?
- 14) Which are the principal competitors of GTBC? Which are the criteria of their definition? What is GTBC strategy towards competitors?

1.2. INTERVIEW ON GTBC GENERAL AND INTERNATIONALIZATION STRATEGIES ASSESSMENT: QUESTIONS

- 1) Could you please characterize the main milestones of GTBC history?
- 2) What are the values, vision and mission of GTBC?
- 3) What is GTBC corporate structure?
- 4) How would you characterize GTBC human resources?
- 5) What are the principal products and services of GTBC?
- 6) What are the main clients of GTBC? Which attitude GTBC holds towards its clients? How can you characterize GTBC consumer strategy?
- 7) What are the main partners of GTBC? Are the existing partnerships strategic for the company?

¹ Along the dissertation there can be found references to GTBC managers that include ideas that were not directly asked along the interviewing process. But, yes, were still revealed along the interviews.

- 8) What is the GTBC financial strategy?
- 9) What are GTBC commercial, human resources and marketing strategies?
- 10) Which, in your opinion, are the main strengths and weaknesses of GTBC?
- 11) Thinking in terms of internationalization, which are the opportunities and threats that you see in further internationalization process of the firm?
- 12) How was/ is the internationalization experience in Spain?
- 13) What is the form of entry that GTBC considers to be appropriate for its further internationalization process?
- 14) What is the differentiation strategy that GTBC is going to use on external markets?
- 15) How would be realized GTBC commercial, human resources, innovation, technological and marketing strategies on external markets?

1.3. INTERVIEW ON ANGOLAN, BRAZILIAN AND MOZAMBIQUE MARKETS ASSESSMENT: QUESTIONS

- 1) Please, give an overview of Angolan external environment.
- 2) How could you describe Angolan demand and supply conditions?
- 3) What information could you provide on the development of Angolan IT industry?
- 4) To your knowledge, which are the key successful factors on Angolan market of MC services?
- 5) To conclude, please, name some of the market's crucial strategic issues.

Same questions were asked in regards to Brazilian and Mozambique markets.

1.4. INTERVIEW ON MARKETS AND GTBC EVALUATION

This interview was not made accordingly to some pre-defined structure. GTBC managers that participated in these interviews were first offered to choose the factors accordingly to the four dimensions of the adjusted Porter's diamond model, that accordingly to their knowledge and perception, affect external markets' attractiveness (if looking through the prism of Management Consultancy) and impact Portuguese MC SME's potential for successful performance on external markets.

Furthermore, the developed evaluation scale was explained and evaluation was performed.

2. SURVEY QUESTIONS

- 1) Which are the key buying factors in the Portuguese Management Consulting industry?
- 2) Which are the key competing factors in the Portuguese Management Consulting industry?
- 3) Which are the key success factors in the Portuguese Management Consulting industry?

- 4) In your opinion, which are the main strengths of GTBC?
- 5) In your opinion, which are the main weaknesses of GTBC?

APPENDIX C: SWOT ANALYSIS OF RIVAL COMPANIES ON ANGOLAN, BRAZILIAN AND MOZAMBIQUE MARKETS

1. Angolan market:

1.1. PMO PROJECTS¹

This Portuguese consulting company is characterized by the strong leader's image² with a big experience in the area of Project Management and well-established connections. The capacity of networking together with leader's experience has been working as the key success factors of the firm in the establishment of the consultant-client relationship. Additionally, leader's professional activity has brought a net of important partnerships to the company- Natio, Hullet & Associates, UNICOM etc.- through which PMO Projects has gained a part of its clients' base. Besides, company is known for an elevated quality of highly specialized Project Management services that has contributed to the successful internationalization of the company. The named strengths match the necessities of Angolan clients, however, the corporate weaknesses, namely, low retention rate of the clients, high employees' turnover, no flexibility on pricing policy- would affect internationalization success in the medium and long-term. Bringing together PMO Projects' strengths and weaknesses to Angolan market, we can determine the Threats and Opportunities this company can face:

Table 21: Analysis of Threats and Opportunities for PMO Projects on Angolan market

Threats	Opportunities
<ul style="list-style-type: none"> ▪ Loss of the clients in the long-term due to the incapability of their retention; ▪ Loss of talents: high employees' turnover can result in losses for the firm due to the investment provided to the new-comers who can leave the company after a while; ▪ Niching strategy working well on the Portuguese market, may fail in Angola where kinds of consulting services are demanded. 	<ul style="list-style-type: none"> ▪ Weaknesses' improvement can lead to a successful long-term development; ▪ Usage of networking capability suits well the Angolan market; ▪ Usage of the established Portuguese client database to gain projects on Angolan market; ▪ Training capacities' promotion and expansion.

Source: Personal contribution

1.2. PESSOAS E PROCESSOS (P&P)³

¹ Written based on the data analysis available at corporate website: <http://www.pmo-projects.com>, Assessed [25 May 2011] as well as on the interview with an ex-PMO Projects employee who preferred to stay anonymous.

² Rodriguez A.

³ Written based on the data analysis available at corporate website: <http://www.pessoaseprocessos.com>, Assessed [25 May 2011].

Pessoas and Processos is strong in training and IT services. Company is oriented on value creation in the training area. It provides the training services to young professionals and guarantees an internship in the partner company. Lobbyism is another component of P&P’s activity through which the company achieves increased margins even on Portuguese market.

Area of improvement includes the need for employee retention rate enhancement that is similar to the one of PMO Projects. Threats and Opportunities of this company are showed on the below table:

Table 22: Analysis of Threats and Opportunities for Pessoas e Processos

Threats	Opportunities
<ul style="list-style-type: none"> ▪ Niching strategy working well on the Portuguese market, may fail in Angola where kinds of consulting services are demanded; 	<ul style="list-style-type: none"> ▪ Continuation of value creation process in the area of training would guarantee a success of P&P on Angolan market. Additionally, the strategy of support of young professionals could be potentially welcomed by Angolan government; ▪ Usage of networking and lobby capability suits well the Angolan market, however need to be properly controlled in order to avoid the threats similar to the one experienced by UNICER; ▪ Usage of the established Portuguese client database to gain projects on Angolan market.

Source: Personal contribution

1.3. REFLEXO DE SABERES (RDS)¹

The fact of being a young market player did not impede this Portuguese consulting firm from rapid economic development as well as from fast internationalization. International expansion to Angola and Mozambique after only three years of corporate life proves the existing competitive advantage of this company. This competitive advantage is formed by the following strengths: quality and innovative services as well as successful training services that are provided together with the firm’s partner- another Portuguese consultancy “Bright Partners”. From a more critical point of view, youth of the firm can also work as its weakness: there can be no lack of consulting expertise, but lack of team experience or good corporate practices can be present in Rds’ business activity. As explained previously, strengths and weaknesses applied to the host market, form the threats and opportunities of the firm.

Table 23: Analysis of Threats and Opportunities for Reflexo de Saberes

Threats	Opportunities
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¹ Written based on the data analysis available at corporate website: <http://www.reflexo-de-saberes.pt>, Accessed [25 May 2011].

- | | |
|---|--|
| <ul style="list-style-type: none"> ▪ Cannibalization of clients by “Bright Partners”¹; ▪ Niching strategy working well on the Portuguese market, may fail in Angola where kinds of consulting services are demanded. | <ul style="list-style-type: none"> ▪ Weaknesses’ improvement can lead to a successful long-term development; ▪ Usage of business-by-partnerships capability suits well the Angolan market; ▪ Usage of the established Portuguese client database to gain projects on Angolan market; ▪ Training capacities’ promotion and expansion. |
|---|--|

Source: Personal contribution

1.4. SINFIC²

This Portuguese consulting company stays apart from its competitors first, due to its vast market experience going back to 1990 and, second, due to their orientation on Information Technologies, which can be considered a core competence of the company. Additionally, the firm has been operating on Angolan market nearly since its foundation, for this reason, had enough time for learning and adaption of their business model to local conditions. Summarizing: Angolan market experience as well as quality Information Technologies services may be named the strong points of Sinfic that has contributed to the creation of a vast client database on the local market. Importantly, they are present in all the provinces of Angola and represented a market player with a high level of local integration. Despite of having all these strong points, Sinfic has suffered from a substantial decrease of reputation: the firm was accused of discrimination of local workers³. This fact can be seen as Sinfic’s weakness regarding human resources policy as well as a threat for the long-term future of the firm.

Table 24: Analysis of Threats and Opportunities for Sinfic

Threats	Opportunities
<ul style="list-style-type: none"> ▪ Decreased reputation due to the media-claimed fact that there is an internal discrimination of local workers; ▪ Niching strategy working well on the Portuguese market, may fail in Angola where kinds of consulting services are demanded. 	<ul style="list-style-type: none"> ▪ Weaknesses’ improvement can lead to a successful long-term development; ▪ Growth to other areas of consulting using the existing client database; ▪ Deepening the Training Services.

Source: Personal contribution

¹ “Bright Partners” that is not in Angola yet, but has such plans for the nearest future (Anonymous 2011).

² Written based on the data analysis available at corporate website: <http://www.sinfic.pt>, Assessed [25 May 2011].

³ Angola Dicas, 2011. *SINFIC: Gestores Portugueses Acusados de Hostilizar Técnicos Angolanos*. [online] April 4, Available at: http://angoladicas.com/notices_detail.asp?ID=18430&a=0 [Accessed 3 May 2011].

2. Brazilian market:¹

2.1. MACROSOLUTIONS:

Macrosolutions was founded in 1999 and by Vargas R.- the first ever Latin American to be chosen as a Chairman of Board of the Project Management Institute. During less than 8 years of existence, the company has grown in a solid enterprise with around 4000 people, 50 million dollars of a yearly turnover and 80 permanent clients forming the portfolio². There is an unclear situation about the still participation of Vargas R. in Macrosolutions: on the one hand, we learn from his Biography that he sold his stake in 2006, on the other hand, when we visit the website of the company (www.macrosolutions.com), it automatically redirects us to the www.ricardovargas.com. Whether the first scenario is true or the second, the analysis of both leads to the conclusion that the growth of business activity concentrated around one person even if he is a high level professional, can prejudice the company in a long term. Another potential weakness is company's niching orientation: the portfolio includes Project Management services and Training in the same area. Nevertheless, for now, this specialization together with professionalism, market knowledge and innovation leads to high quality services provision. This suggestion is proved by big projects that were successfully accomplished by Macro Solutions and that are positively referenced by clients' (many of them are famous Brazilian multinationals: Petrobras, Vale as well as international giants- Sonangol and Brazilian Government) testimony.

Following are the Threats and Opportunities defined for the company:

Table 25: Analysis of Threats and Opportunities for Macrosolutions

Threats	Opportunities
<ul style="list-style-type: none"> ▪ Concentration of business activity on one person image; ▪ Competitors; ▪ Continuation with Niching Strategy. 	<ul style="list-style-type: none"> ▪ Weaknesses' improvement can lead to a successful long-term development; ▪ Usage of networking capability of Vargas R. (in case he's still a company's leader) or (in opposite case) establishment of an agreement with him in order to maintain the successful business model; ▪ Further geographical growth including internationalization; ▪ Diversification of consulting services with the orientation on a complete package that can be demanded by growing demand.

Source: Personal contribution

2.2. EUAX MACRO:

¹ Written on the information available at the corporate websites: <http://www.euax.com.br/>, <http://www.ricardo-vargas.com/pt/projects-brazil/>, <http://www.pmo-projects.com/>, <http://www.portfolioc.com.br/>, Accessed [25 May 2011].

² Data for 2006.

Being the biggest South Brazilian Project Management supplier, EUAX Macro is strongly oriented on the long-term growth and development. The company bets on niching strategy, choosing Project Management and related services (outsourcing, training) as the major and unique specialization. From a positive point of view, this leads to the gradual increase of professionalism due to the continuously gained expertise. This is also facilitated by EUAX' attention to details, clients needs (the company is focused on services individualization) and Brazilian development that implies big projects and specific capacities for their accomplishment. From a negative point, such a specialization could not be appreciated by those clients who pretend to receive a complete package of services (for instance, IT, Business Intelligence etc.). Nevertheless, among the 4 suppliers EUAX appears to have the most diversified portfolio with a large variety of services related to the field of Project Management.

Threats and Opportunities include:

Table 26: Analysis of Threats and Opportunities for EUAX Macro

Threats	Opportunities
<ul style="list-style-type: none"> ▪ Competitors; ▪ Continuation with Niching Strategy. 	<ul style="list-style-type: none"> ▪ Weaknesses' improvement can lead to a successful long-term development; ▪ Usage of a vast partnership network for further geographical growth; ▪ Internationalization; ▪ Diversification of consulting services with the orientation on a complete package that can be demanded by growing demand.

Source: Personal contribution

2.3. PORTFOLIO GESTÃO E CAPACITAÇÃO

The business model of this Brazilian Project Management oriented company is very much alike with the one of its competitors: it is highly specialized, quality and innovation oriented. The firm provides a wide range of training services. Importantly the training team as well as overall Management team pursues a high level of professional and academic degrees. Portfolio Gestão e Capacitação counts on the team members with Post Graduations, MBAs and PMPs having a several academic professors collaborating with the company. This strong team of professionals is a distinctive characteristic of this enterprise and its competitive advantage. Clients appreciate the price/quality equilibrium that the firm is always looking, stay loyal and the word of mouth brings new clients to this analyzed firm. Despite of that, the clients' portfolio that is available on the corporate website cannot be considered a strong one: it does not include any leading company. This can mean two thing- either PGC does not work with these clients, either it does not have a well-developed marketing strategy- we know that positive referencing and previous experience of work with big corporation work well in the new

client procurement process as well as in the process of the relationship between new client-supply development.

Portfolio Gestão e Capacitação could face the following threats and take an advantage of the following opportunities:

Table 27: Analysis of Threats and Opportunities for Portfolio Gestão e Capacitação

Threats	Opportunities
<ul style="list-style-type: none"> ▪ Competitors; ▪ Continuation with Niching Strategy. 	<ul style="list-style-type: none"> ▪ Weaknesses' improvement can lead to a successful long-term development; ▪ Further geographical growth, internationalization; ▪ Diversification of consulting services with the orientation on a complete package that can be demanded by growing demand. ▪ Strengthening client portfolio or/and improving marketing strategy.

Source: Personal contribution

2.4. PMO PROJECTS:

We got acquainted with PMO Projects on the Angolan market. Bearing in mind the defined corporate strengths and weaknesses, we would obtain the following results when projecting them to the Brazilian market:

Table 28: Analysis of Threats and Opportunities for PMO Projects on Brazilian market

Threats	Opportunities
<ul style="list-style-type: none"> ▪ Competitors; ▪ Lack of image of Portuguese quality consulting; ▪ Loss of the clients in the long-term due to the incapability of their retention as well as few Portuguese companies on Brazilian market; ▪ Loss of talents: high employees' turnover can result in losses for the firm due to the investment provided to the new-comers who can leave the company after a while; ▪ Niching strategy working well on the Portuguese market, may fail in Brazilian market where the growing demand can require a wider variety of services. 	<ul style="list-style-type: none"> ▪ Weaknesses' improvement can lead to a successful long-term development; ▪ Usage of networking capability suits well the Brazilian market; ▪ Usage of the established client database on the Portuguese market to gain projects on Brazilian market; ▪ Training capacities' promotion and expansion; ▪ Local partnership to secure the adaptation and respect of the key success factors.

Source: Personal contribution

3. Mozambique market¹:

3.1. PMO PROJECTS:

Bearing in mind the fact that this company is present on the three examined markets and had been already studied twice, we can conclude that its strengths and weaknesses are rather familiar to the reader, therefore, the main attention would be concentrated now the Threats and Opportunities PMO Projects can face on Mozambique market.

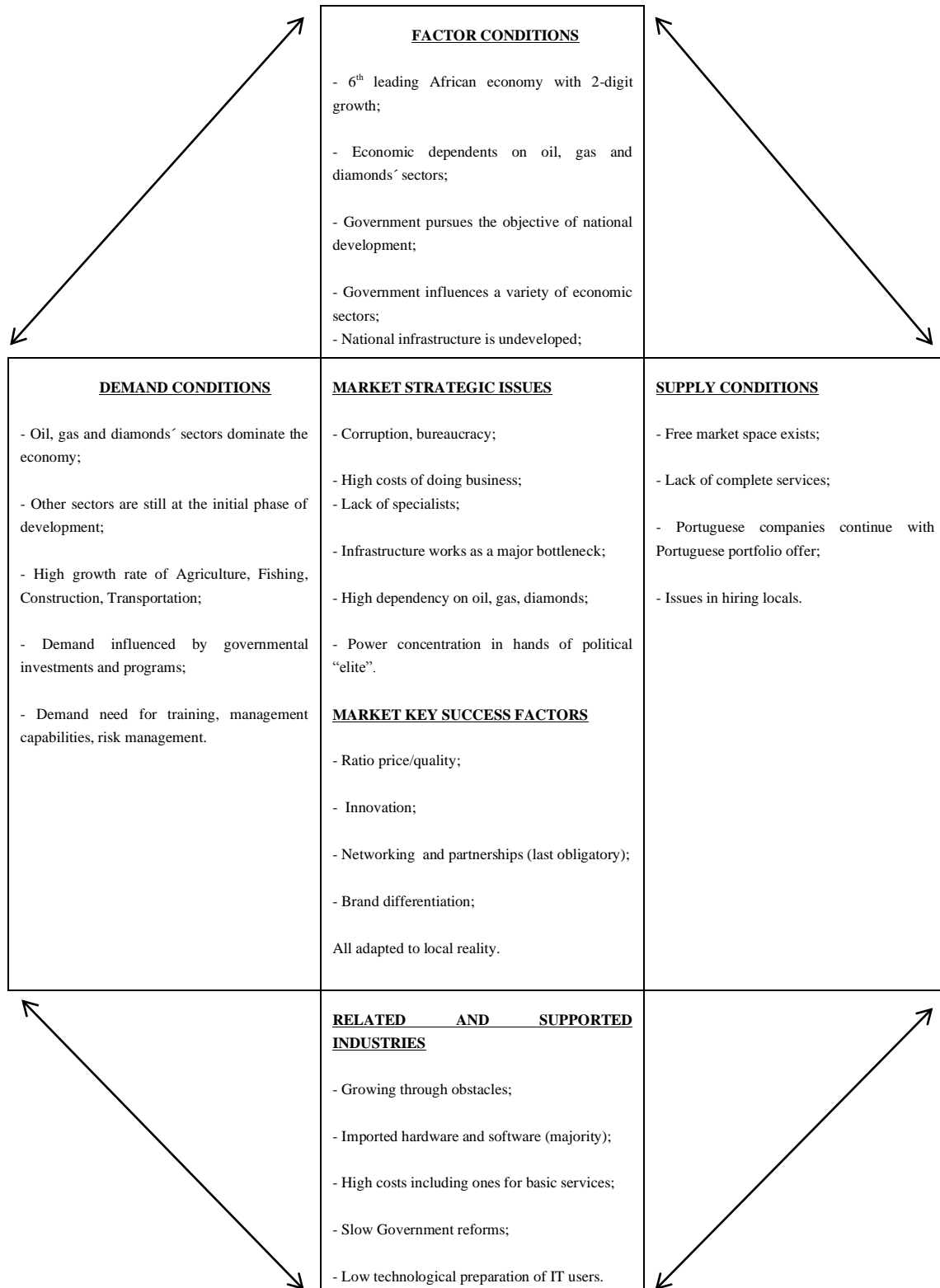
Table 29: Analysis of Threats and Opportunities for PMO Projects on Mozambique market

Threats	Opportunities
<ul style="list-style-type: none"> ▪ New market entrants; ▪ Niching strategy- the country is known for its need of broad consulting services; ▪ Loss of the clients due to new market entrants as well as incapacity revealed on the Portuguese market of keeping the clients loyal; ▪ Loss of talents can be repeated on Mozambique market. While there are plenty of professionals ready to work in Portugal, in Mozambique it would be harder to find highly qualified substitutes to the lost employees. 	<ul style="list-style-type: none"> ▪ Weaknesses' improvement would open a bunch of opportunities to the company that were previously limited by corporate drawbacks; ▪ Strategic usage of first-mover advantage in the field of Project Management. Attempt of client base creation and orientation on loyalty increase; ▪ Approach the already-clients on Portuguese markets present in Mozambique; ▪ Usage of networking capacity for business promotion, possible partnerships that bring local knowledge and assure the correspondence to the key success factors; ▪ Strategic promotion of Training Services as the offer that perfectly fits the existing market needs.

¹ Written on the information available at the corporate websites: <http://www.pmo-projects.com/>, <http://www.kpmg.com>, Accessed [2 June 2011]

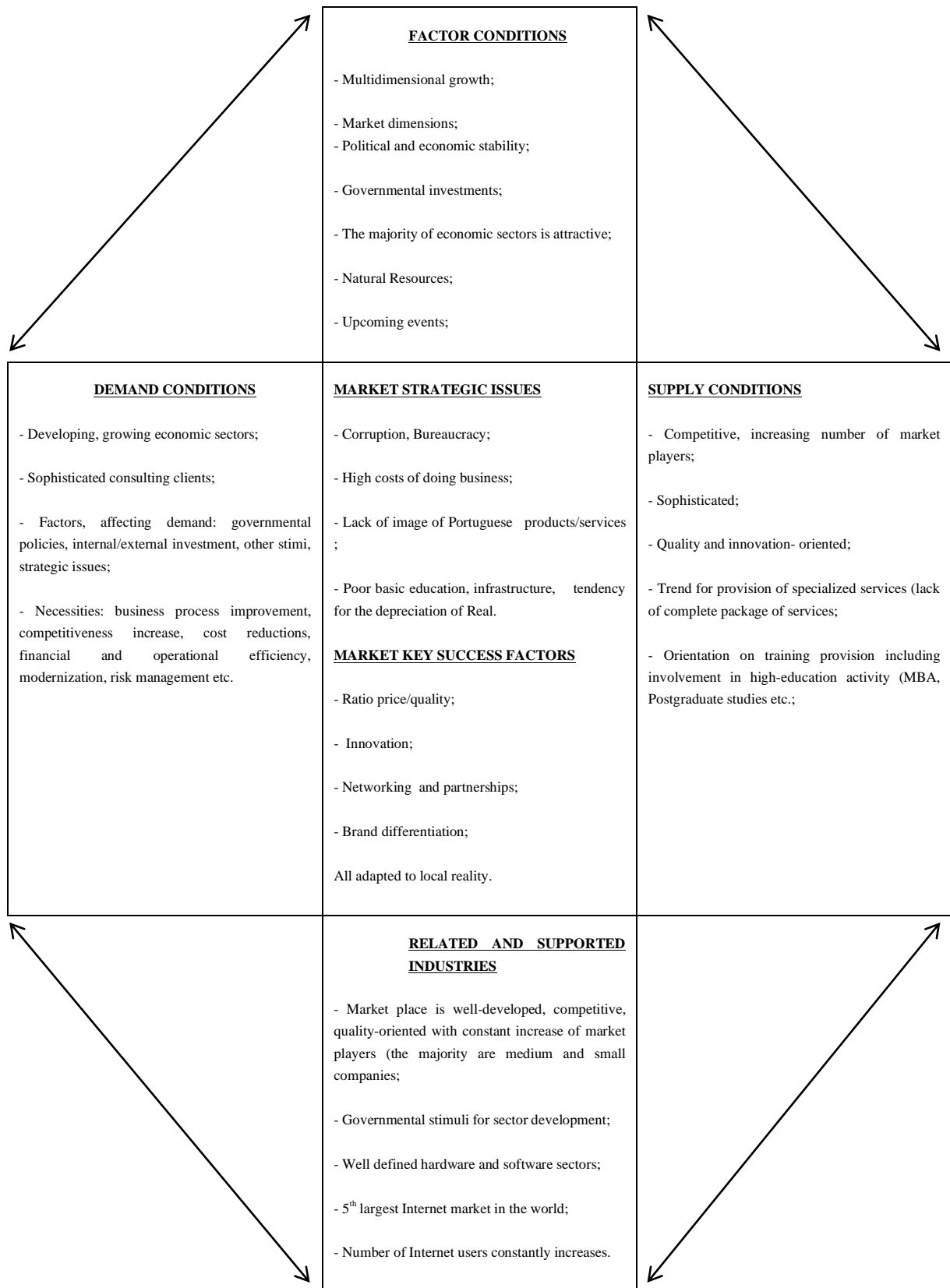
APPENDIX D: OVERVIEW OF ANGOLAN, BRAZILIAN AND MOZAMBIQUE MARKETS INCORPORATED INTO PORTER'S DIAMOND FRAMEWORK

Figure 26: Overview of Angolan market incorporated into Porter's diamond framework:



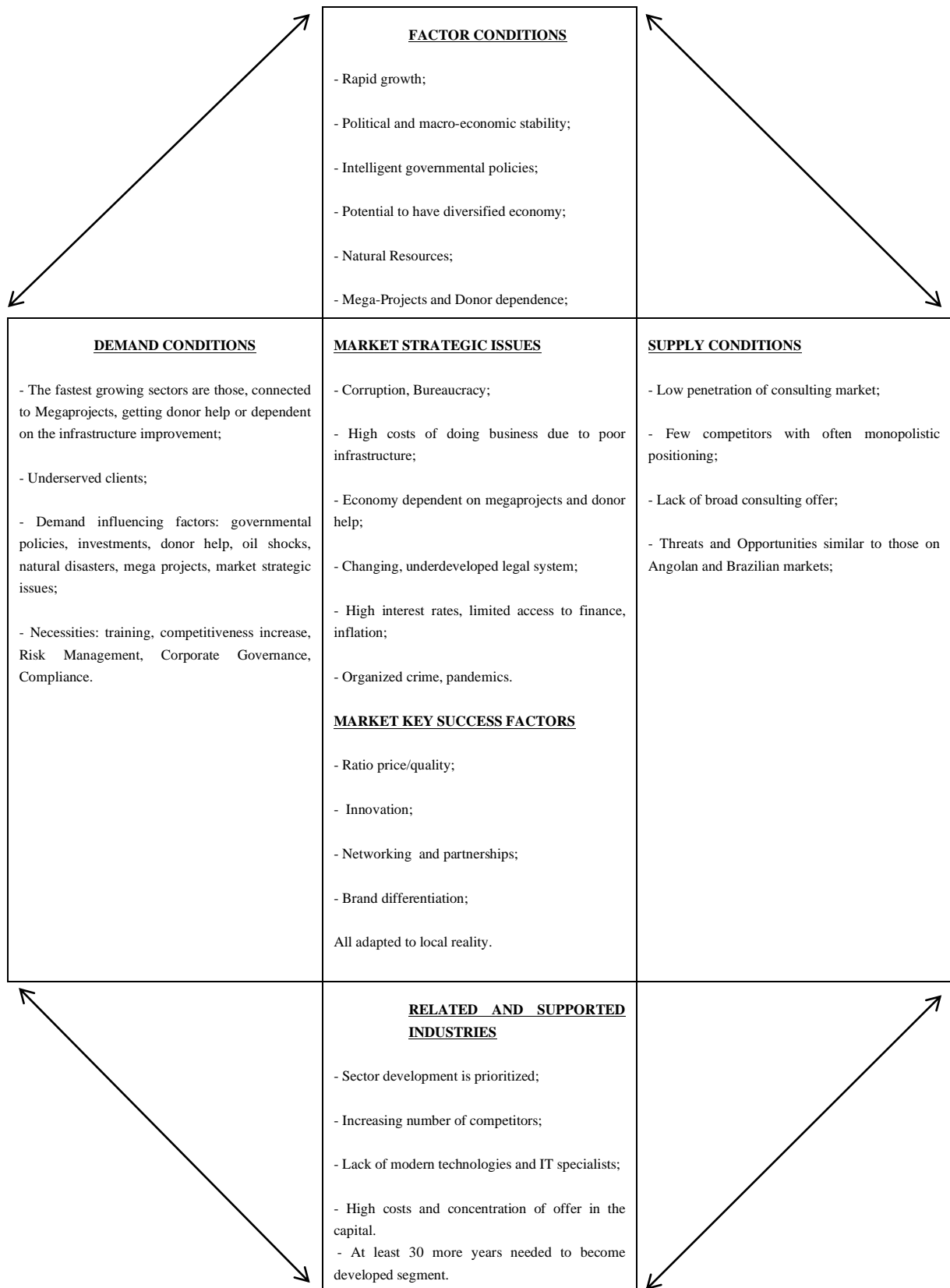
Source: Personal contribution.

Figure 27: Overview of Brazilian market incorporated into Porter's diamond framework:



Source: Personal contribution.

Figure 28: Overview of Mozambique market incorporated into Porter's diamond framework:



Source: Personal contribution.

APPENDIX E: FACTOR DICTIONARY AND EVALUATION

1. Factor conditions

1.1. RAPIDITY, STABILITY OF GROWTH

The information examined during the analysis of the three markets helps revealing the rapidity and stability of growth. The growth rates demonstrated for Angola, Brazil and Mozambique are calculated based on a variety of macroeconomic indicators: GDP increase, national outputs, exports etc. The pace of development of these macroeconomic indicators leads to the conclusion about the growth rapidity as well as does the comparison of a particular growth rate (for instance, Angolan) to the growth rate of other countries.

We know that the three countries are considered to be growing fast by both macroeconomic (objective criteria¹) indicators and in comparison to other international states (subjective criteria). The final evaluation criteria is based on the combination of objective and subjective measures meaning the combination of evaluation of the information about macroeconomic indicators with the comparison of growth rates between each other.

The stability of the three countries' growth rate has been proved during the recent financial crisis. Comparing the three nations to other developed countries, we realize that the examined states were able to maintain the pace of development despite of global market difficulties. There is no doubt that the three countries were less exposed to the crisis, but it is also true, that their delicately developing economies could be drawn down by negative economic situation and it was not.

The importance of this factor is explained by the following logic: a rapidly growing country is expected to have increasing and diverse necessities and feel scarcity of supply resources ready to satisfy these needs. The second component of this analyzed factor- stability of growth- is essential as well. It demonstrates the long-term perspectives of the country crucial to know if a company is going to establish continuous business relationship on a host market.

Due to these considerations the factor is considered to be *consulting-positive*.

- Angolan economic growth was evaluated as a “*medium-to-high*” one. This country is growing fast reaching surprisingly high growth rates however, it still lacks on stability in comparison to

¹ The objectivity of this criteria consists in independency of macroeconomic indicators. In regard of the criteria named “subjective”, it should be said the following. It seems obvious, that Chinese economic growth is faster than the Iranian one. However, this is an evaluation process performed by specialists, there is a margin for human error and despite of the fact of being practically null, this criteria is named a “subjective” one for the research purposes.

Brazil. We remember that Brazil was one of the last countries entering in the recession and one of the first returning to stability.

At this very beginning of evaluation process we can see the importance of the subjective criteria. During the Angolan market study we have confirmed the continuous growth of this country over the last years. However, the comparison in between the three countries allows us to decide whether the development of a certain factor was equal, more or less intensive in one country than in another.

- Brazil gained the “*high*” score due to the fact of being one of the four world most promising economies in terms of development as well as overall stability of growth that started around two decades ago and is ongoing nowadays.
- Mozambique is growing fast and, importantly, there is an increasing positive balance between the growth and its stability. This balance has resulted in a “*medium-to-high*” score given to this market.
- The “booming” times of rapid growth stayed in the past as Portuguese consulting market matured. Yet, the growth rate has been consistent. The combination of these two variables results in the “*medium*” score given to Portugal.
- From a point of view of any internationalizing company, the faster the market is growing, the less volatile it is, the better. However, some markets can attract by high margins, few competitors or other factors, making them an appealing destination for investors no matter what the combination of growth/stability is. Taking into account these considerations, GTBC evaluates the importance of rapidity and stability of growth of external market as *important* point, meaning that the factor is evaluated with 4 points.

1.2. MARKET DIMENSIONS

This factor includes two components: first, geographical dimensions of the market and second-actual economic and business dimensions. First is important due to the constancy of this variable: the probability that national territory would be changed is low. It is true, that in some cases territorial size is not equal to the size of the market, which can be proved by the examples of Afghanistan and Japan. Yet, there is no doubt that a vast territory, when exploited intelligently, offers the market more space to grow.

Second component of “Market dimensions” factor demonstrates us the current state of country’s economic and business space. This component does not take into account the future potential of economic and business space that would be evaluated later.

The importance of the knowledge of actual economic and business situation is explained by the fact that the decision of internationalization is being taken now by company’s management. Future potential of both economic and business aspects is undoubtedly crucial for internationalization

planning- it is important to know whether the country would remain investor attractive in the long-term. For this reason, this aspect is included in the 9th factor that would be analyzed below.

The comparison of the three countries by territory and actual economic size demonstrates the following results:

- Angola takes the second position and “*medium score*”: the actual state of economic and business space of the country is bigger than the one of Mozambique, but smaller than Brazilian one. Although there is merely no connection between the two aspects, Angola is also the second biggest state among the examined countries.
- Brazilian leading position here brings the *highest* score to the country.
- Tendency of Mozambique economic and business space development is shown with a “*low-to-medium*” score. However, it is still significantly smaller than Angolan or Brazilian ones, precisely this explains the fact that the evaluation given to the country still belongs to the “*low*” range.
- Although being highly developed, Portuguese market space limitation has proved to become one of the major reasons of internationalization of national companies. This limitation is proved by the “*medium*” score given to this market.
- Having suffered from suffocated Portuguese MC market with numerous competitors, in its internationalization process, GTBC looks for dimensions. External market dimensions are considered to be crucial by GTBC management and affect external market attractiveness. For this reason this factor’s importance was evaluated with *maximum* number of points;

1.3. ECONOMIC DIVERSIFICATION

Economic diversification is defined dependently on the number of actively developing industrial sectors and their contribution to national GDP growth. Hence, the country where one or two segments contribute to more than 50% of GDP growth is considered to be economically undiversified. Oppositely, the state, where GDP can be divided into a variety of industrial sectors each contributing to national growth but with smaller percentage is considered to be diversified. In undiversified economy one or two economic sectors occupy monopolistic position, creating economic dependency on their development.

Economic diversification means a variety of attractive industrial sectors for investors as well as suppliers who can benefit from the higher demand for the multiplicity of services than is expected to be encountered in undiversified economy.

The four analyzed countries have a variety of actively developing economic sectors nevertheless, some of them occupy a monopolistic space in national GDP, making the economy undiversified:

- Angola gets a low evaluation due to the high percentage the oil sector (together with the sector of diamonds) occupies in country's GDP. A variety of other actively developing industrial segments and stimulation of their growth by the government is reflected by a "low-to-medium" score attributed to Angola.
- One more time Brazilian market demonstrates its leadership among the analyzed markets. The high diversification of Brazilian economy represented by numerous economic sectors contributing to the increase of national GDP gain the maximum amount of points for the country. The score for Brazil on this factor is "high";
- Economy of Mozambique appears to be more diversified than in Angola. Despite of the fact that Agriculture and Industry contribute significantly to the evolution of GDP, these sectors are internally diversified (including forestry, fishery, a variety of natural resources constituting different types of industry). In addition, there is a number of dynamically growing segments particularly those connected in one way or another to national development. These aspects contribute to the "medium" level of diversification given to Mozambique.
- With all its deficiencies, Portuguese economy is diversified with numerous sectors being globally competitive (Energy, Distribution, Banking etc.). The score given to Portugal here is equal to "5".
- GTBC is not affected by economic diversification directly. The company could function equally well in oil-dependent Kuwait or diversified United States. Nevertheless, GTBC portfolio is rich, being oriented on a variety of economic sectors. Company's managers would like to realize to the full degree this existing potential. For this reason, evaluate the factor of economic diversification of external markets as *important* one for internationalization process.

1.4. RICHNESS OF NATURAL RESOURCES

The meaning of this factor is pretty clear. Two situations are possible here: natural resources exist on national territory and are abundant or not. Bearing in mind that hydro, solar and wind energy is considered to be a natural resource and can be produced in the majority of countries (Monaco, San-Marino are the examples of few exceptions), it's a hard to imagine a country poor in terms of natural resources (scarcity is another question and is not examined here). Another situation could happen if we look at natural resources exploration and exploitation, however it is not the focus of this factor. The aspect of richness of natural resources is closely connected with market growth and economic diversification. A country rich in natural resources has a higher potential to grow and to have a diversified economy thus, the importance of the examination of this factor is similar to the one explained for the 1st and the 3rd ones.

This is the only factor between the nine evaluated in factor conditions that brought the same, *maximum* scoring to the three external markets.

- Angola, Brazil and Mozambique have abundant natural resources the exploitation of which is contributing outstandingly to national development.
- Taking into account the level of constant exploration of the existing wind, solar and maritime energy resources, Portugal obtained the “*medium*” evaluation on this point.
- It is not the richness of natural resources that attract MC companies to external markets. Despite of the fact that natural resources mean development of certain industrial sectors, GTBC does not consider this factor to affect external market attractiveness for MC companies. The importance of this factor is evaluated with 1 point by firm’s managers.

1.5. ECONOMIC INDEPENDENCY

A country is considered economically dependent if its growth and development rely on one or two variables. To detail this explanation, we can think of national GDP one more time: if the major part of national GDP growth is dependent on one or two variables (one or two economic sectors development, donor help etc.), the economy would be considered a dependent one. It is important to limit the number of these variables, in other case any economy could be called a dependent one. Consequently, an oppositely growing and developing economy would be considered an independent one.

The factor of economic independency is closely related with the stability of growth: the more independent is the economy, the more stable its growth it. Consequently, the two factors share the same research importance.

Although not affecting consulting directly, this factor is considered to be a “*consulting-positive*” one, since the higher evaluation the factor obtains, the bigger the probability that overall business environment would be healthy, having positive impact on all the businesses within the country.

- It was explained during the 3rd factor evaluation, that Angolan GDP is monopolized by oil and diamond sectors. Such type of economy represents high level of dependency on the named industrial segments. This consideration together with the knowledge of other industrial sectors development brings the “*low-to-medium*” evaluation to the country;
- Unsurprisingly, Brazil has a higher score. However, despite of the previous “*maximums*”, here, Brazil is characterized with the “*medium-to-high*” level of economic independence. The explanation lies in the still great importance the foreign direct investment plays in Brazilian development.
- Mozambique situation with economic independence or better say, dependency, is similar to Angolan with the only difference: the variables the country’s development depend on. As it was said, they are two: donor help and mega projects that assists in Mozambique growth but does not

assist in obtaining the high score for economic independence. The score given to the country equals to “*low-to-medium*”.

- Portuguese crisis forced the country to ask for external help and led to the obligation of compliance with numerous conditions this external help implies. The level of economic independence of Portugal is considered to be “*medium-to-high*”.
- GTBC is able to function in diverse economic conditions. Angola or Mozambique can be economically dependent, but, yet, attract MC companies. Due to the fact, that economic dependency create market strategic issues in the majority of times (as we have seen, some portion of Angolan corruption is provoked by economic dependency on oil sector), GTBC managers evaluate the importance of this factor as *medium*, equal to 3 points.

1.6. POLITICAL STABILITY

This factor is crucial for any developing country since it is the government that assures and secures economic development of a country, The factor is not concerned about the level of governmental democracy (Angola government can be hardly called democratic but would be later evaluated as politically stable or unstable), but about investor confidence of political decisions and their consistency.

The importance of that factor for investor consists in the level of political stability. The more investor feels that the country is stable, the more attractive appears to be the market space.

If the three countries were found in the state of political instability, the investor attractiveness of the market would be considerably low. None of the countries got the lowest score, however the two-Angola and Mozambique were evaluated as the countries that have a low but increasing level of political stability.

- Despite of the fact that Angolan government is consistent in its decisions concerning national development, it is considered to take a monopolistic position on the market due to high governmental participation in the majority of economic sectors. The situation is opposed by investors who consider this participation as a constrain factor. This condition of political stability cannot be called satisfying thus, is evaluated as a “*low-to-medium*”;
- Brazil is evaluated at a “*medium-to-high*” level of political stability. There is no external markets evaluated with the maximum score on this factor. This is explained by the fact that the three nations are still considered to be developing and have not reached yet political maturity of developed states. One more time Brazil represents the most successful example thus, is given 4 points.
- Mozambique has a long history of democratic governance. Even though it was said that democracy does not necessarily mean political stability (Greece has one of the oldest

democracies in the world, but nowadays is far from political stability), Mozambique was able to balance democracy and stability. The country's evaluation is equaled to the Angolan one due to the high level of corruption and bureaucracy working as destabilizing factors. The fact of governmental efforts intended to combat these issues, brings a "low-to-medium" score to the country.

- Portugal is a developed country, but spring 2011 showed that it can suffer from political disturbances as well. Despite of the fact that new government has already started its work, the investors do not appear to be very satisfied with the situation within the country, which is reflected in the "medium-to-high" score given to Portugal.
- Following the same logic as in previous factor evaluation, GTBC managers considers political stability to be a factor of *medium* importance for internationalization, On the one hand, the firm wants to stay in the countries with as less political risks as possible but, on the other hand, is ready to adapt its activity to less politically stable markets in case if these markets attract it, for example, by high margins.

1.7. INTELLIGENT GOVERNMENTAL POLICIES

Consistent does not mean intelligent. Consequently, there is a need of evaluation of the "intelligence" of governmental decisions. Decisions are called intelligent if they are oriented on national development, investor attraction and protection as it was proved that the last represent a significant driving power of a developing economy. Essentially, the intelligence of governmental decisions must have been already proved by some positive results in national economy.

The importance of this factor analysis has a similar logic that has just been explained since the two factors (the 6th and the 7th) are closely connected. They both look at investor perception of governmental decisions, yet, from a different angle. In addition, the two evaluate the governmental aspects in factor conditions.

- We remember that Angola is a country that has started its remarkable growth just after the end of the civil war in 2002. The successful results that the country was able to achieve in such a short period of time demonstrate the intelligence of governmental policies. The fact that the country is still affected by numerous strategic issues does not allow Angola to achieve a maximum score. As for now the intelligence of governmental policies is evaluated as a "medium" one.
- Repeatedly, Brazil stays one step ahead. As we remember, Brazil belongs to the BRIC block, demonstrating the enormous amount of governmental efforts certainly, successful, that contributed to this achievement. Still, the existing strategic issues impede the market from obtaining the maximum number of points. As for now, Brazil is attributed with the "medium-to-high" score.

- Similarly to Angola, Mozambique represents a remarkable case of post-war recovery success. Country attracts foreign investment and, importantly, protects it. As in the previous two cases, strategic issues that exist in Mozambique do not justify the maximum score. Thus, Mozambique stays with the score of “3”, equal to Angolan one.
- Portuguese governmental decisions have led to the country’s growth and development. Yet, the government was not intelligent enough to foresee and prevent the crisis at the beginning of 2000th as well as current economic situation. These considerations lead to the “*medium-to-high*” score given to Portugal on this factor.
- Any internationalizing company invests into national economy of a host market. Thus, it would be affected by the investor- related policies existing in the country. The impact these policies can have on GTBC and its ability of adoption to external environment let the management conclude that the factor of intelligent governmental policies is *important* for internationalization and affect external market attractiveness.

1.8. ABSENCE OF STRATEGIC ISSUES

Utopia does not exist as there is no country in the world that does not have any strategic issues. The question is in their amount and country’s ability and success in battling them. The formulation of the factor follows the same logic of the 5th one. Importance of its research is explained by positive correlation between investor confidence and absence of strategic issues. The less the country suffers from strategic issues the better is for an investor.

Each of the analyzed countries and the company has numerous strategic issues. Thus, the subjective criteria is used here for constitution of a ranking showing the number of strategic issues as well as country’s progress in combating them.

- Angolan bureaucracy, corruption and governmental intervention into economy are being combated by the authorities. However, there is still much work to be done. Thus, Angola is ranked with the “*lowest*” score.
- Brazilian success in this battle is proven by the “*medium*” score given to this country. Yet, certain problematic situations still represent constraints for national development.
- We remember that the government of Mozambique is strong on strategic planning and is positively oriented on market strategic issues reduction. Nevertheless, these issues worry the investors, the fact, that is reflected in the “*low*” score attributed to Mozambique.
- Portuguese market has a number of strategic issues that impede the country from being a healthy economy. This is reflected in a “*medium*” score given to Portugal.
- Market strategic issues can directly affect the activity of any company. Yet, the managerial success procurement of solutions in problematic times allowed GTBC managers to say, that the factor would have a *medium* importance in internationalization process of the company.

1.9. OVERALL FUTURE POTENTIAL

Despite of appearing to be a summary of all factors, overall future potential is evaluated independently yet, considering all the analyzed aspects. This factor means the potential of the market to become a case of success in a medium or long-term. The bigger this potential is, the better is for investor.

The analysis of this factor is mostly based on the subjective criteria. The examination showed that all the external markets are considered to have a promising future.

- Neither Angola, nor Mozambique would become a second Brazil, at least not in the foreseen long-term. Thus, their future potential is evaluated as “*medium-to-high*”, while Brazil gets the maximum score;
- Booming times of Portuguese economy have passed. The market is expected to be rather in condition of maintenance than in the rapid growth. This is reflected in the “*medium*” score given to Portugal on this factor.
- Any firm enters external markets not for one day, but with plans for the future. Due to this reason, this factor is considered to be *crucial* for internationalization process by GTBC managers.

Following is the table representing the evaluation of nine aspects of factor conditions of the three external markets and home country. In addition, the evaluation of factor’s importance for internationalization of GTBC is presented.

Table 30: Presentation of results of factor conditions evaluation for four markets as well as evaluation of factors’ impact on SME’s potential for successful performance in internationalization

Factors	Markets’ Evaluation				Evaluation of factor’s impact on SME’s potential for successful performance in internationalization
	Angola	Brazil	Mozambique	Portugal	
1. Rapidity, stability of growth	4	5	4	3	4
2. Market dimensions	3	5	2	3	5
3. Economic diversification	2	5	3	5	4
4. Richness of Natural Resources	5	5	5	3	1
5. Economic independency	2	4	2	4	3
6. Political stability	2	4	2	4	3

7. Intelligent governmental policies	3	4	3	4	4
8. Absence of strategic issues	1	3	1	3	3
9. Overall future potential	4	5	4	3	5
Total score:	26	40	26	32	32

Source: Evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

As we can see, the maximum number of points was gained by Brazil, showing that factor conditions in this country are the most favorable ones for Management Consulting. Portugal takes the second place due to market maturity and economic instability. Finally, Angola and Mozambique obtained the less number of points, which reflects that these markets are still emergent with numerous strategic issues to overcome.

2. Demand Conditions

Before entering any host market, a supplier needs to be aware of the demand conditions existing there. The demand conditions analysis is represented by the following seven factors, the formulation of which is detailed below:

2.1. DIVERSITY AND BREADTH OF ATTRACTIVE ECONOMIC SECTORS

The performed categorization of economic sectors in market analysis aimed to facilitate the examination of demand conditions (the division of the economic sectors that could demand consulting services into traditional, highly competitive and rapidly growing) has proved its utility for a second time in the investigation of this factor.

The evaluation of the diversity and number of attractive economic segments would show us the breadth of client database, its potential and structure. Importantly, here we concentrate our attention on the variety of industrial segments that were considered highly competitive or/and rapidly growing. Traditional consulting clients dominate clients' portfolio of merely any consulting company thus, their activity deserves to be evaluated separately. This is done during the analysis of second factor of the demand conditions. In addition, what we look here is not the variety of the existing but potential client database, since there could be clients demanding consulting services but not being served.

- Economy of Angola is developing fast, so do the majority of the economic sectors. The fastest developing sectors in Angola as we might remember are Agriculture, Fishing and all the industrial segments connected in one way or another to the development of national

infrastructure. The fastest developing segments and the highly competitive ones (Oil and Diamond industrial sectors in the case of Angola) can represent potential consulting clients. The diversity of these segments in the country allows us to give a “*medium-to-high*” score to Angola.

- The *maximum score* was left to Brazil since, in comparison to the two African markets (so, the usage of subjective criteria slightly reduced Angolan scoring), this country pursues a truly broad and diverse database of potential consulting clients. Oil, Gas, Aviation, Mining- are a few examples of Brazilian economic segments that are highly attractive for any consulting supplier;
- Mozambique has a big potential of becoming a diversified economy. Numerous economic sectors are growing fast and, despite of their deficiency of global competitiveness, are still considered to be potentially attractive for consulting. The country is attributed with the “*medium-to-high*” score on potential of diversity of the consulting client database. The subjective criteria usage and comparison of Mozambique to Brazil on this factor did not allow us to evaluate the country with the maximum number of points;
- Talking about diversification of Portuguese economy in Factor Conditions we have noticed that many industrial sectors in Portugal are highly competitive. Client database in Portugal is diverse and broad explaining the “*high*” score obtained by the country on this factor.
- The majority of GTBC services are supplied to traditional consulting clients yet, the company has successfully worked with a wide diversity of industrial segments, proving its ability of portfolio adaptation to the clients’ needs. Following the same line of reasoning as in factor 1.3., GTBC wants to realize its full potential, selling all the services it has in its portfolio. Due to this fact, the firm equals the score of this factor to the score of 4 points of factor 1.3., “Economic diversification”.

2.2. ACTIVITY OF TRADITIONAL CONSULTING CLIENTS

It was said that traditional consulting clients constitute the major part of client portfolio of merely each consulting company. This fact explains the importance of this factor examination since traditional consulting clients are expected to represent a high demand for consulting services on both home and host markets.

- It was seen during market analysis that Angolan industrial sectors of Financial Services, Telecommunications, Energy, Utilities and Public Administration are growing and developing fast. Yet, their evolution is still disturbed by the issues existing on the market. Thus, the evaluation given to Angola is equivalent to “3” points.
- Brazil gets the *maximum* score since all the sectors that constitute “traditional” clients database are considered to have a high level of activity as well as competitiveness;
- Mozambique takes the worst positioning in comparison to other two countries mostly due to its vast issues concerned the capital access and financial markets, preventing traditional consulting

clients from being as active as the ones on Brazilian or even Angolan markets. “2” score is obtained by Mozambique.

- Portuguese Financial, Telecommunications, Energy sectors are acknowledged to have a high level of global and national competitiveness. These sectors are active and the national and consulting market space. For this reason, the score for Portugal on this factor is equal to “5”.
- We know that any consulting company works with traditional consulting clients, which creates a certain dependency on the level of these industrial sectors activity. This dependency is reflected on the score of this factor. Activity of traditional consulting clients is considered to be *important* by GTBC managers for internationalization of the company.

2.3. DEMAND STABILITY

On the one hand, the strategic issues that exist in each of the four markets could affect demand and cause its fluctuations, which constitute one of the crucial aspects that need to be known in any internationalization process. On the other hand, the economic sectors continue to develop and need assistance along this evolution. What is needed to be done here is to weight the level of impact of strategic issues on demand and volatility of demand fluctuations together with the need for consulting assistance. The two components evaluated together would allow us to draw a picture of demand stability that could be expected on any of the host markets.

- It has been repeated various times that Angolan market issues represent serious disturbs for the majority of aspects of national life. Yet, the need for consulting services is high, balancing these two factors and leading to the “*medium*” evaluation of demand stability.
- The stability of demand for consulting services in Brazil is considered to be *high*, showing that the existing needs for consulting even being disturbed by market issues, do not fluctuate and stay relatively stable.
- Repeatedly, the scoring of the two African countries is identical and for similar reasons. Any rapidly developing country has the two components we have talked about: need for demand and its fluctuations caused by various factors. The level of balance of these factors in Mozambique is considered to be “*medium*”, leaving the country with the “3” points evaluation.
- Portuguese consulting clients and suppliers have continuous relationship. Despite of the disturbances in the demand caused by the current crisis, clients continue to need consulting services, which is reflected on the “*medium-to-high*” score of demand stability given to Portugal.
- GTBC belongs to the consulting, services industry, which grows together with demand. GTBC was used to the high level of constantly increasing demand (thus, it is prepared to work with such a demand)- that was helped the firm in its tremendous growth. Yet, market and economic conditions changed about a year ago, forcing the company to adjust its strategies to the changed

conditions and pass through a corporate restructuring process. Taking into account the desirability of demand's stability, yet, the managerial ability to adjust to external changes, GTBC managers evaluate this factor as *important* for internationalization.

2.4. UNSOPHISTICATED DEMAND

This factor looks at the existing level of sophistication of demand needs. The importance of studying this factor is explained by its ability of showing one of the most crucial characteristics of demand needs which is a must-to-know for any internationalizing consulting company. Additionally, any firm needs to make a match between its abilities and market needs, specifically in this aspect.

The formulation of this factor can be explained by the following consideration: the less the level of demand sophistication is, the easier it would be for a consulting company to satisfy clients' needs and to provide a wide range of services, starting with the basic one, gradually increasing the level of services sophistication.

- There is still a big need of basic consulting services felt in Angola. International companies, present in Angola are expected to require such kind of services as well as continue with similar needs they have on their home markets. These two considerations lead to the “*medium*” score given to Angola.
- Brazil's geographical proximity to the United States has resulted in the high level of demand sophistication reflected by the *minimum* number of points appraised to Brazil.
- Mozambique experience similar situation as Angola which is reflected in the same “*medium*” score given to the two countries.
- Portuguese clients are considered to be highly sophisticated. The times of the needs for basic services have passed. What clients require is highly specialized, innovative services that is reflected in the maximum level of demand sophistication in Portugal, this, *minimum* amount of points obtained by this country.
- In the maturing and highly competitive Portuguese market GTBC is used to deal with all kinds of demand sophistication. Yet, due to the same reasoning as explained previously (the desirability of firm's potential realization), GTBC managers evaluate this factor as of *medium* importance for internationalization process..

2.5. DEMAND GEOGRAPHICALLY CONCENTRATED

We remember that demand can change. The evaluation of this factor would show us the number of business centers existing in the country that could have elevated potential of becoming places of high concentration of consulting companies.

This factor does not have a direct impact on consulting. If demand is geographically dispersed, a consulting firm can always provide the services remotely, concentrating its activity in the main business center of the country. Even though, direct relationship with client is always a positive fact that can allow consulting firm to accelerate the establishment of reputation of professionalism.

- There is no need to evaluate separately the markets of Angola and Mozambique. Their situation is repeatedly equivalent: the demand is highly concentrated in the capital, yet, the situation is changing and other industrial centers gain importance. For instance, it is Benguela in Angola and Nampula- in Mozambique. This situation is reflected in “4” points given to these markets.
- Brazil is considered to be not only diversified economically, but geographically as well. There are many industrial sectors with high concentration of companies- potential consulting clients. The geographical dispersion of demand is confirmed by the number of offices that Deloitte has opened in the country and is shown by the “2” score attributed to the market.
- Portugal is a small country with two main industrial centers- Lisbon and Porto. Yet, the consulting clients are dispersed along all the national territory including islands, bring Portugal a *minimum* score on this factor.
- GTBC Portuguese office is located in Campo Pequeno, Lisbon. Yet, the company is prepared to work within national business centers as well as remotely. For this reason this factor is *not* considered to be *important* for internationalization of the company.

2.6-2.7. NEED OF TRAINING. NEED FOR BA, BI, GRC AND PM

The explanation of the definition of these two factors follows the same reasoning thus, the two are united here nevertheless, would be evaluated separately.

What we would do during the examination of this factor- is to evaluate the potential need for the 5 areas of GTBC actuation. It would be easier to do when looking at the need of training since this aspect was observed during the analysis of the three markets. The potential need for other 4 areas that constitute GTBC portfolio would be evaluated based on the transformation of market information to its needs and on the further selection of the needs that could be satisfied with the named services.

We have repeated several times that it is demand that shapes the consulting industry. Consequently, the bigger is the need of training, BA, BI, GRC and PM, the better is for any consulting provider of these services.

- Lack of qualified specialists on the three host markets leads to the *high* need of training experienced equally by the three markets. Yet, there is one difference in between Angola, Mozambique and Brazil. If the two African countries often lack on basic services and human

resources that could provide them, more and more often Brazil looks for highly specialized professionals to satisfy the needs of sophisticated demand.

- Despite of being matured, Portuguese market is found in the process of constant innovation, where learning is an undividable part. For this reason, the country is attributed with the *maximum* score on this factor.
- Training is one of the core competencies of GTBC. For this reason, the factor is considered to be of *crucial* importance for internationalization of the company.
- The evaluation on the seventh factor made for the three host countries is equivalent as for the need of Training. This is explained by the fact how the named services contribute to growth, development, competitiveness increase and value creation. Exactly these needs are expected to come from growing markets with their necessity of process improvements and big national development projects. Following this reasoning, the score attributed to the three markets is maximum, 5 points.
- The portfolio of GTBC is constituted according to the latest trends in consulting. The services of BA, BI, GRC and PM are the ones that are highly demanded in Portugal, which is reflected by the number of consulting suppliers providing these services and the *maximum* score given to the country on this factor.
- As in the evaluation of importance of need for Training in internationalization process, GTBC considers need for BA, BI, PM and GRC to be *crucial* as well.

Following is the table representing the evaluation of seven aspects of demand conditions of the three external markets, home country and the company.

Table 31: Presentation of results of demand conditions evaluation for four markets as well as evaluation of factors' impact on SME's potential for successful performance in internationalization

Factors	Markets' Evaluation				Evaluation of factor's impact on SME's potential for successful performance in internationalization
	Angola	Brazil	Mozambique	Portugal	
1. Diversity and breadth of attractive economic sectors	4	5	4	5	4
2. Activity of traditional consulting clients	3	5	2	5	4
3. Demand stability	3	5	3	4	4
4. Unsophisticated demand	3	1	3	1	3
5. Demand geographically	4	2	4	1	1

concentrated					
6. Need for Training	5	5	5	5	5
7. Need for Business Analysis, Business Intelligence, Project Management, Governance, Risk and Compliance	5	5	5	5	5
Total score	27	28	26	26	26

Source: Evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

It can be seen on the table, that, the four examined markets gained approximately similar scores. We cannot say that demand conditions are similar in the four countries, they are not. However, the “positivity” of demand conditions for consulting can be said to be quite approximate.

3. Rivalry: supply Conditions

This dimension of Porter’s diamond represents another crucial aspect of host market analysis. “Know your rivals and be better” is GTBC strategy in relation to its competitors. What is intended at this stage of analysis is to create an informational platform that would characterize the major aspects of the supply conditions on three host markets and in Portugal (as well as GTBC ability to handle the worst case and preparation for the best case scenario) and provide a minimum amount of knowledge of local competitors that can be faced by a new market comer.

3.1. LOW MARKET PENETRATION

We have seen in the demand conditions that the 3 countries feel the need for BA, BI, GRC and Project Management. What the factor we are looking at now evaluates is the level of the necessities served in the selected areas. Consequently, if the national demand needs are unsatisfied, the scoring obtained by the country would be a maximum one, representing a low level of market penetration.

- Angola is evaluated with a “medium” score on this factor. We have seen that various companies offer the services under analysis and the tendency is to increase. Yet, the majority of demand’s needs in the selected areas are unsatisfied, explaining the evaluation of this factor.
- Brazilian market is more penetrated than Angolan or Mozambique ones. Yet, Brazilian market is growing fast and the examined services can be demanded, meaning that more consulting suppliers are desirable on the market. These considerations are reflected on the “medium” score for supply market penetration of the Brazilian market.
- Mozambique obtained the lowest number of points on this factor. As it has been already seen during the market analysis the country experiences a serious lack of qualified consulting

suppliers. Demand for analyzed services exists and the existing suppliers are not enough to satisfy its needs. Monopolistic positioning of some market players is explained by supply deficiency, high demand thus, low market penetration, proved by the “*medium-to-high*” score attributed to Mozambique.

- The demand for the indicated services in Portugal is elevated, so is the supply of these services, which means that the level of market penetration is high, explaining the *low* score attributed to Portugal.
- Portuguese market is considered to be a highly penetrated one. Though, GTBC is able to find “its” clients and grow. The preparation of the company to deal with a high market penetration is high meaning that it would certainly be able to function on the market where the penetration is lower. These considerations made the managers conclude that the importance of external market penetration is of *medium importance*.

3.2. FEW MARKET PLAYERS

The evaluation of this factor would show us how occupied the market space is in the areas of GTBC’s actuation. It should be noted, that we do not look here at the area of IT that is one of the Center of Competencies of GTBC. The reason for that is the following: we remember that IT industry was chosen to be a part of Porter’s analysis due to its high correlation with consulting industry. Consequently, IT was divided into most crucial aspects that would be evaluated just after the factors of Supply Conditions. Hence, this area of the firm’s actuation is excluded from here yet, is still to be analyzed below.

- Four companies were analyzed on the Angolan market, the business models of which were considered to be comparable to GTBC. Other market players exist yet, the demand is often underserved as it has been already observed several times. This reasoning forms the basis for the “*medium*” score given to Angolan market, making this score equivalent to the one obtained by the country on previous factor.
- Brazil has numerous national and international market players in the fields under examination. The demand is booming and gives high opportunities, allowing more suppliers to enter Brazilian market. This consideration resulted in the “*low-to-medium*” evaluation.
- Expectedly, the score obtained by Mozambique on the evaluation of number of consulting market players is equal to 4 points. The reasoning was explained during the observation of national consulting market penetration. It should be highlighted, that the supply in the selected areas is underdeveloped and the opportunities for more suppliers are high. There was only one company that we were able to consider to represent consulting supply conditions in the market of Mozambique. The evaluation of the supply side demonstrates this fact.

- Portuguese market space is occupied with an abundant number of consulting companies actuating in all the areas of consulting. This fact is confirmed by 1 point attributed to Portugal.
- There numerous rivals on the Portuguese market GTBC deals with every day. Still, even in these conditions the firm is able to stay competitive, compete on fair conditions and grow. Certainly, that in facilitated condition, GTBC success would increase and the company would flourish. Due to these considerations, the firm considers the factor under analysis as being of *medium importance* for its internationalization.

3.3. FEW QUALIFIED SPECIALISTS

Although seeming identical, this factor differs from the previous one. What is important to see here is availability of qualified specialists working in the selected areas. With this factor we still characterize the supply however, from a slightly different perspective, looking at the existing human resources potential which is a crucial aspect to know for an internationalizing company that is going to settle on a host market.

- Both Angola and Mozambique were attributed with the “*medium-to-high*” evaluation regarding the number of qualified specialists existent on the market and ready to work in the areas under analysis. From here comes the high need of Training felt not only by consulting clients, but by suppliers as well.
- There is a high need of training coming from clients and suppliers themselves and lack of specialized professionals felt on Brazilian market. Yet, interestingly, Brazilian suppliers attempt to solve this issue through the establishment of relationships and partnerships with High Schools and Universities. Brazilian consulting companies hire young graduates and train them, shaping their capabilities according to the companies’ necessities. The intelligence of this approach together with a still lack of qualified professionals existing on the market is shown with a “*medium*” scoring given to the market.
- Portugal has a high variety of qualified specialists in the examined fields. Their number often exceeds the number of working places leading to the emigration of talents from the country. The abundance of Portuguese qualified professionals is shown with the *lowest* score attributed to this market.
- GTBC professionals are highly qualified specialists and the doubt “whether they will be enough” is easily solved with company’s activity of headhunting and ability to train young graduates for further outsourcing. Thus, the company would be able to successfully function in the markets that feel lack of professionals. This is reflected by 4 points that GTBC managers attributed to this factor in regards of its importance for internationalization.

3.4. LOW LEVEL OF SUPPLY SOPHISTICATION

The formulation of this factor is pretty straightforward and while giving one of the important characteristics of the supply side of the market, it also shows the level of minimum preparation an outsider need to have in order to start thinking of entering the market. In order to enter the market, the preparation must be high to secure that a firm would be able to compete in the conditions, different to the ones of a home country.

- There is a vast number of international consulting companies present on Angolan market, which maintain their level of sophistication internationally. Yet, the subjective criteria and comparison to Brazil does not allow Angolan supply to be called a sophisticated one, which is reflected by the “*low-to-medium*” score attributed to the market on this factor.
- Brazilian supply of services under analysis is considered to be highly sophisticated, which is reflected by *one point* given to the market on the facto under analysis. The reasons for this have been observed previously: geographical proximity to the United States facilitated the entrance of American consultancies to the national market, raising the level of quality and forcing national companies to correspond to this level in order to be able to compete with international rivals.
- Mozambique supply sophistication is considered to be lower in comparison to other two countries. The lack of national competitiveness we have talked about, affected the supply side of the market as well. Once the level of competitiveness rises, the level of quality- a factor to compete on- would raise as well, increasing in this way the sophistication of supply. As for now, Mozambique is attributed a “*medium*” score on this factor.
- Portugal is a technologically developed country, which is reflected in the areas of BA, BI, GRC and PM (all considered to be technologically advanced ones). Consulting companies in Portugal are technologically developed and the level of service quality a company needs to assure in order to stay on float is high. This is reflected by the *minimum* number of points given to Portugal on this factor.
- Portuguese environment has trained GTBC to be stay sophisticated and to compete with equally strong rivals. Due to this reasoning, the factor is considered to be of *no importance* for internationalization process of the company.

3.5. UNDIVERSIFIED OFFER

While representing five different areas of consulting, BA, BI, GRC and PM can still be diversified internally. The factor of “breadth of offer” looks at suppliers’ ability to provide the variety of services of different kinds in the indicated fields to its customers.

- Angola was given “*medium*” score on this factor. Despite of the fact that both national and international market suppliers occupy the market and compete on a number of variables one of which is the variety of services and their quality, Angola suppliers concern is the satisfaction of the needs of demand that can frequently be described as basics and not as the ones requiring

variety. Yet, suppliers' ability to provide the diversified services explains the evaluation given to the country.

- Brazilian sophisticated demand requires sophistication of supply that needs to foresee any possible need that could appear and require consulting services. For this reason, the diversification of offer of BA, BI, GRC and PM services on the Brazilian market is considered to be of a high level, making the score of the factor equal to 1.
- Mozambique consulting companies are found at the same stage as Angolan suppliers. The deficiency of supply side (number of suppliers and their ability to satisfy the needs of demand) leads to the insufficiency of services (their variety) consulting companies are able to offer. This fact is demonstrated in the "medium" evaluation of Mozambique market.
- Demanding Portuguese clients require high level of quality of consulting services. In order to foresee any new need that could be satisfied with a slightly varied service, suppliers try to diversify their offer as much as possible. For this reason, the score obtained by Portugal on this factor is equal to "1".
- GTBC ability to function in Portuguese market conditions is considered to be of a high level, meaning that the activity of the company could be much facilitated in the markets, where the diversification of services is found at a lower level. The balance of these two named facts made the management evaluate the importance of this factor for internationalization with a score of 3 points.

3.6. INABILITY TO PROVIDE SERVICE PACKAGES

This factor would evaluate the ability of currently active market players, specifically the ones examined during the market studies, to provide complete service packages (for instance, to complete PM services by BI offer etc.). What is meant here is the level of interconnection of services in corporate portfolio and the existence of services that are able to complete each other, fully satisfying clients' needs in the analyzed areas.

- Surprisingly, the three external markets obtained *equivalent scoring* during the evaluation of this factor (3 points). Yet, the reasoning that lies in the base of this scoring is different.

The markets of Angola and Mozambique are being actively explored by the Portuguese companies who transmit their ability of complete services offer to the host markets as well. Yet, suppliers on these markets focus their attention on the services of the first priority for demand that is oriented first on the development of the basics and second on supplementary and complementary services.

Supply on the Brazilian market is characterized with the high level of specialization where, for instance, a consulting company can be a high level professional in the area of Project Management,

offering big variety of services within the field, but could lack on the completeness of this area by other interrelated kinds of consulting like the areas of BA, BI or GRC.

- Demanding and sophisticated Portuguese clients require suppliers to provide services of a high quality. Ability to provide service-packages is considered to be one of the components of this quality. There is a high level of professionalization existing on the Portuguese market, including top-quality complete consulting services, which is reflected on the 1-point-score given to the country here.
- GTBC is constantly working on the increase of clients' satisfaction, which requires the company to foresee any complementary services that could be demanded by the client. GTBC managers assume that its elevated ability to provide service-packages would become a competitive advantage on those MC markets that lack on such ability. For this reason, the factor under analysis is considered to be *crucial* for internationalization of the company.

3.7. SUPPLY UNAFFECTED BY MARKET ISSUES

The knowledge about numerous strategic issues existing on Angolan, Brazilian, Mozambique and Portuguese markets creates the necessity of evaluation of how much the existing market issues affect the supply side. The importance of this factor analysis is explained by the high level of preparation that an outside market player must have for entering any host market. The understanding of what is the influence of market strategic issues on supply could help an international company to decide whether it is reasonable to enter that market and if the answer is "yes", which protection from problematic situations should be created in the way to defend the company from negative effects these issues can have on corporate activity.

- Angolan and Mozambique markets were equaled in their "*medium*" score for market strategic issues impact on the development of supply. Two considerations need to be taken into account at this point: the existing demand for consulting and problematic situations disturbing the market place. The balance of the two leads to the attribution of the three points to both African markets showing that, despite of being affected by market strategic issues, supply finds enough powers in the existing and potential client database in order to resist them.
- Brazilian market is not a perfect place for supply, which still stays disturbed by Brazilian costs, corruption etc. Yet, the demand for consulting services is high, giving the opportunities for consulting to grow, although, through difficulties. These circumstances are reflected in the "*medium-to-high*" score given to Brazilian market on this factor.
- Portuguese market limitation and unstable environment force national companies to find the solution for further growth outside the national borders. The issues existing in Portuguese market are different in comparison to the ones of Angola, Brazil and Mozambique yet, they affect

supply side of the market as well, which is reflected on the “medium-to-high” score given to the market.

- When entering external markets, GTBC becomes one of suppliers on these external markets. The firm is more than interested of being unaffected by market strategic issues in order to be able to realize its activity to the full extent. For this reason, this factor is considered to be *crucial* for the internationalization process of the company.

Following is the table representing the evaluation of seven aspects of supply conditions of the three external markets, home country and the company.

Table 32: Presentation of results of supply conditions evaluation for four markets as well as evaluation of factors' impact on SME's potential for successful performance in internationalization

Factors	Markets' Evaluation				Evaluation of factor's Impact on SME's potential for successful performance in internationalization
	Angola	Brazil	Mozambique	Portugal	
1. Low market penetration	3	3	4	1	3
2. Few market players	3	2	4	1	3
3. Few qualified specialists	4	3	4	1	4
4. Low level of supply sophistication	2	1	3	1	1
5. Undiversified offer	3	1	3	1	3
6. Inability to provide service-packages	3	3	3	1	5
7. Supply unaffected by market issues	3	2	3	4	4
Total score:	21	15	24	10	23

Source: Evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

The table clearly demonstrates the development of the supply side of external and home Management Consulting markets. Mozambique market obtained the highest score, which proves the underdevelopment of MC industry of this country in comparison to other markets. The reader might remember that we were able to detect only one consulting supplier that could present GTBC potential rival. This finding is now confirmed by the scoring obtained by Mozambique market. In addition, the concept of “consulting-positive” factors used for factor formulation, shows us, that the most “positive” market for consulting in supply conditions is Mozambique with the highest score, followed by Angola, Brazil and Portugal.

4. Related and Supported Industries

The finishing dimension in our analysis is the one of Related and Supported industries, which will characterize the main aspects of IT industry in the selected markets as well as GTBC ability to function in demanding or facilitated IT market conditions. The importance of this examination is proved by two things: first, GTBC is a supplier of IT services and second, it has a network of technological partnerships that allow the company to provide its technologically sophisticated solutions. Despite of this dual importance of IT industry for GTBC-supplier and GTBC-partner, what we will focus on is GTBC-supplier abilities, assuming that the solutions provided by the existing partners can be provided on the external markets.

4.1. MARKET GROWTH AND DEVELOPMENT

This factor looks at the rapidity of IT market evolution. Unfortunately, we do not pursue here the knowledge of any objective indicator like, for example, the evolution of turnover or number of market players. Thus, we can only rely on subjective examination of the above performed research, derived information and finally- evaluation.

The importance of studying this factor consists in the vitality of the overall IT industry for other market segments. Business activity of nowadays is broadly dependent on modern technologies. Therefore, a country with a well-developed IT market could seem more promising to the investors. Besides that, IT industry growth can serve as an indicator of other sectors development. A well-developed IT in this sense would mean an existing demand for these services that would come from modern and competitive market players.

- Angolan IT market exists, growth and develops. The pace is high as well as is the industry's potential. Yet, infrastructure problems that would take years to be solved completely, limit the growth, which is demonstrated by the “*medium*” number of points given to Angola.
- Brazilian IT market is booming in both aspects: growth and development. This explains the “*maximum*” scoring of this factor attributed to Brazil.
- Situation on the market of Mozambique is similar to the one in Angola. The constraints of infrastructure representing big constrains for IT industry and leading to high concentration of IT market players in Maputo is proved by “3” points of Mozambique evaluation.
- The development of IT market in Portugal has slowed down, however the innovation process is continuing and would unlikely stop taking into account high need for value creation of Portuguese clients. These considerations lead to 4 points attributed to Portuguese market.

- We should not forget that one of the core competences of the company is the area of IT. As a result, the firm can be affected by the growing slowly and developing-through-difficulties market. For this reason, this factor is considered to be of *crucial* importance for internationalization of the company.

4.2. LOW MARKET PENETRATION

This factor would show us the amount of demand for IT services being served currently. This is an interesting and important characteristic to know since it could help us to foresee the behavior of IT suppliers. As we have seen during the analysis of Angolan and Mozambique markets, demand that exceeds the offer give more freedom to suppliers that in this situation could start to dictate the “rules of the game”.

- Market penetration in Angola is still low, yet is gradually increasing. The constringent factors are the same as for market growth and development. These constraints lead to high concentration of IT segment in Luanda. Taking into account the percentage of the overall Angolan population living in Luanda, we can evaluate this factor with 4 points.
- The needs of Brazilian IT customers shape the offer. Market penetration in Brazil is considered to be *medium*: there is still free space on the market to be explored.
- Mozambique IT market penetration is evaluated with 4 points, one more time for the similar reason as stated for Angola.
- Portuguese IT market is highly penetrated which is reflected in the score of 1 point attributed to the market.
- GTBC is used to function in highly penetrated Portuguese market. The ability of the company to stay successful in such a demanding environment allowed GTBC management to conclude that this factor would have a *medium* importance for internationalization of GTBC.

4.3. FEW MARKET PLAYERS

This factor can be called a straight-forward one. The meaning of the factor is pretty clear however, there is an opposite situation with its evaluation. A question arises: “what number of players would be considered to be low, medium or high?” Remembering, that we do not pursue any detailed information on the matter, the answer would be built based, first, on the available knowledge obtained during the analysis of the markets and, second, on the comparison of this knowledge. The ability of this factor to characterize one of the most important aspects of the supply side of the IT market fully proves the significance of its analysis.

It is important to know, that there could be a few market players in the segment, but their market shares would show monopolistic positioning. In this way, the factor would be called somewhat like the “level of concurrence” and would allow much deeper situational analysis and more precise

results. Unfortunately, the level of knowledge obtained during market analysis limit the study on this aspect leaving us to examine the factor in its above formulation.

- Since this factor evaluation consists primarily in the comparison of the information obtained during the market analysis that would allow us to build a kind of ranking, showing the countries with the lowest and the highest number of market players, the three states are evaluated simultaneously.

Consequently, Mozambique takes the *first place* in the ranking, Angola- the *second place* and Brazil occupies the *third* positioning.

- Being a technologically developed country, Portugal has an elevated demand for this type of services, consequently- the number of suppliers is high as well, which is reflected by *1* point attributed to Portugal.
- As regards to the company- as a supplier of IT services, GTBC is used to function with the high number of rivals. Yet, it is always preferable for company's management to deal with those markets that have as less IT market players as possible, so that GTBC IT activity could flourish. Following this line of reasoning, GTBC managers evaluated this factor as being *important* for internationalization process of the company.

4.4. FEW QUALIFIED SPECIALISTS

Human Resources drive the company as well as qualified specialists do with the IT market. Lack of qualified specialists would represent another constraint to market growth and, from GTBC point of view- an opportunity to use its IT human resources potential.

Since we already know, that the three analyzed markets feel lack of qualified specialists in the field, we would perform the evaluation of this factor with the usage of subjective criteria.

- During Angolan market analysis it was identified a strong need of training in the area and found an admitted deficiency of skilled human resources. The situation is slowly improving but still, the lack of qualified specialists is considered to be severe and affect strongly the development of the IT market and services in Angola. The score obtained by Angolan market is equal to "4".
- Brazil feels that deficiency as well however, in much smaller dimensions. The country is evaluated with 3 points on the availability of trained IT resources.
- Mozambique experience analogous issues as Angola both- in deficit of IT specialists and in the severity of the impact this situation generates in the market. Yet, the score attributed to the country on this factor is different, equal to 5 points, reflecting the inferiority of Mozambique market development in comparison to the one of Angola.
- Following the same logic as in supply conditions, the number of qualified IT specialists in Portugal is considered to be high, meaning that the score given to the country is equal to *1* point.

- Fortunately for GTBC, it is not dependent on the availability of “external” qualified specialists. The company has a well-formed team of high-level professionals that could satisfy the needs of the firm in the area and more- can be outsourced to the market, representing a big opportunity for IT area development. These factors contribute to the positive and *maximum* evaluation obtained by the company, represented equally high ability of the company to work in the markets with low or high (like in the home country) number of qualified specialists.

4.5. LOW LEVEL OF OFFER DIVERSITY AND SOPHISTICATION

The importance of this factor consists in its ability to show two more characteristics of IT market. Here we do not talk about the amount of services offered and available, but about their variety. Diversity and sophistication of IT services are interconnected thus, represent two components of this examined factor and would be analyzed simultaneously. Yet, the difference between the two would allow us to look at the IT market from various angles and enrich our knowledge and evaluation.

- The diversity and sophistication of offer in Angola is evaluated as “*medium*”. The world is globalizing rapidly and big variety of IT services can be found in any part of the world. The question is demand for them and their availability. As for now, demand in Angola is requiring the IT basics thus, supply concentrates its powers in this area giving the priority of satisfying the existing needs, thinking about the broadening of the services range and sophistication increase after.
- There is a big variety of sophisticated IT services on the Brazilian market. It was seen, that geographical approximation to the United States played an important role not only on the IT market, but on overall country’s development as well. This crucial note explains the score of *one point* given to Brazilian market.
- Mozambique is a developing country where even the basic IT needs of demand are often underserved. As in Angola, Mozambique IT suppliers try to correspond to the existing necessities of demand, which for now do not require high variety or sophistication of IT. These explanations show us the rationale of a “*medium*” score attributed to this market.
- There is a high level of IT diversity and sophistication existing on Portuguese market, which is reflected by *1* point score on the factor under analysis.
- Having the ability to function in the home market where the level of offer diversity and sophistication is high, GTBC would certainly be able to work on the market with facilitated conditions. Yet, the less the existing IT offer is diversified and/or sophisticated, the better is for consulting company, which is demonstrated by medium-importance score for internationalization of GTBC, which was attributed to this factor by GTBC managers.

4.6. LOW COSTS FOR HARDWARE AND HIGH- FOR SOFTWARE

The importance of exploration of this factor is explained by two considerations. In order to settle down on external markets, any consulting company would need IT hardware and would benefit if the costs for hardware are low. On the other hand, GTBC is a supplier of IT software services, which means that it would be preferable for the company, if the costs for software on external markets were high. Having said that, we can now demonstrate the evaluation of the markets and of the importance of the factor for internationalization of GTBC, performed by GTBC managers.

- The costs of IT software services in Angola are raised to unreasonable reasons due to the low number of qualified specialists as well as infrastructure problems. The prices for hardware cannot be considered low. The balance of these two considerations gives us the *medium* score given to Angola on this factor.
- Hardware on Brazilian market is not expensive, however, the costs for software are not as high as they were at the beginning of IT market development. Due to these considerations, Brazil is evaluation with 4 points on this factor.
- Repeatedly, Mozambique gets the scoring equal to the Angolan one. The reasons of such evaluation are also identical.
- Hardware is not expensive in Portugal in comparison to the other markets under analysis. However, due to the abundance of offer, prices for IT software are not high. The balance of these two considerations leads to 2 point evaluation of Portugal on this factor.
- As explained in the factor definition, it is important for consulting company to buy a cheap hardware and to sell its IT software services by high prices. Taking into account these two facts, GTBC managers evaluate the importance of this factor for company's internationalization with 3 points.

4.7. IT SEGMENT UNAFFECTED BY MARKET ISSUES

Existing strategic issues can affect the development of national market in general and IT segment- in particularly. It is important to look at that factor in order to see its overall volatility and finish on this note the analysis of conditions existing in the IT industries that were considered to be Related and Supporting of consulting.

- All of the investigated issues existing on Angolan market affect in one way or another IT segment development. The major constraint come from the underdeveloped infrastructure that leads to the concentration of demand and supply in the national capital and contributes to the "*lowest*" score obtained by Angola.
- Previous positive evaluations attributed to Brazil do not relief the situation with market issues. Despite of being considered economically and politically strong, Brazil has still much work (related to national weaknesses) improvements to be done. These market weaknesses affect IT

sector, yet, to the lower extent than in Angola and Mozambique, which is shown by the “medium-to-high” evaluation given to Brazil.

- Mozambique infrastructure problems do not allow IT to spread all over the country. This simple example demonstrates the high level of impact that one of the existing troublesome situations has on the IT industries. Unfortunately for the country and its IT sector, this is not the only market constrain thus, the level of negative effects of these situation is high therefore, the score, obtained by the market, is “low”.
- It was said, that Portuguese IT segment has reached the stage of maturity. The sector is found in a relatively stable state of demand and supply. Yet, the ongoing crisis gives an example that even this stability can be disturbed by severe national economic and financial situation. The score given on this aspect to the market is “medium-to-high”.
- Following the same line of reasoning as in 3.7, GTBC managers suggest that this factor would be important for company’s internationalization process.

The following table summarizes the evaluation that was given to the three external markets, Portugal and GTBC in Related and Supported Industry conditions.

Table 33: Presentation of results of related and supported industries’ conditions evaluation for four markets as well as evaluation of factors’ impact on SME’s potential for successful performance in internationalization

Factors	Markets’ Evaluation				Evaluation of factor’s impact on SME’s potential for successful performance in internationalization
	Angola	Brazil	Mozambique	Portugal	
1. Market growth and development	3	5	3	4	5
2. Low market penetration	4	3	4	1	3
3. Few market players	3	2	4	1	4
4. Few qualified specialists	4	3	5	1	4
5. Low level of offer diversity and sophistication	3	1	3	1	3
6. Low costs for hardware and high-for software	3	4	3	3	3
7. IT segment unaffected by market issues	1	2	1	4	4
Total score:	21	20	23	15	26

Source: Evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

We can see on the table that Mozambique obtained the highest score among the four countries, which reflects the country’s underdevelopment in the area of IT. This underdevelopment, however,

could represent consulting opportunities, which can be confirmed in the fifth chapter of Results Analysis. Followed by Mozambique are Brazilian, Angolan and Portuguese markets.

The overall evaluation made performed in Appendix D is summarized in the following table, giving the reader the possibility to see the total valuation points in relation to the maximum possible scoring possible of the four countries, the company and in four examined dimensions:

Table 34: Evaluation summary

Factors	Markets' Evaluation				Evaluation of factor's impact on SME's potential for successful performance in internationalization
	Angola	Brazil	Mozambique	Portugal	
Factor conditions	26	40	26	32	32
Demand conditions	27	28	26	26	26
Supply conditions	21	15	24	10	23
Related and Supported Industries	21	20	23	15	26

Source: Evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.

Detailed analysis of the results of evaluation is presented in the fifth chapter, namely, part 5.2.

The overall evaluation made can be presented differently, giving the reader the possibility to see the total valuation points in relation to the maximum possible scoring possible of the four countries in four examined dimensions:

Table 35: Demonstration of the total score obtained by Angola, Brazil, Mozambique and Portugal on factor, demand, supply and related industries conditions in relation to the maximum scoring possible.

Factors	Markets' Evaluation			
	Angola	Brazil	Mozambique	Portugal
Factor conditions	57,78%	88,89%	57,78%	71,11%
Demand conditions	77,14%	80%	74,29%	74,29%
Supply conditions	60%	42,86%	68,57%	28,57%
Related and Supported Industries	60%	57,14%	65,71%	42,86%

Source: Evaluation performed by GTBC directors: António Fernandes, Carlos Jerónimo, Vânia Patrício.