



**CATÓLICA  
LISBON**  
BUSINESS & ECONOMICS

*Foreign Entry Mode Strategies:  
The Case of Portuguese SMEs in the  
IT-Industry*

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## Summary

This thesis is a study of foreign entry mode decisions of SMEs through the case of Portuguese firms operating within the IT sector. With the growing interest in international business there has been an extensive research focus towards international business issues where foreign entry mode decisions is a core element. However, the literature is dominated of theories developed prior to the existence and growth of the IT industry and in addition many of the theories are focused towards MNEs rather than SMEs. As a consequence, the aim is therefore to assess how these firms' foreign entry strategies and underlying reasoning relate to the most prominent existing literature within the field.

It is provided a comprehensive literature review that distinguishes between two different perspectives: an economic rooted perspective versus a behavioral approach. In addition, a few more modern and fragmented theories explaining firms' internationalization process is presented. Based on the literature review it is presented a set of different internal and external factors that potentially affect firms when making decisions regarding foreign entry mode strategies.

Furthermore, the research question is studied through a qualitative research design in the form of a case study involving two Portuguese IT-firms, Novabase and Xpand IT. The majority of the data is derived through interviews with top executives and managers within both firms. Based on analysis of the empirical data it is found that even though the two firms are following a fairly similar internationalization strategy the reasoning behind their decisions is highly different. While the one firm emphasize on reasoning rooted in the economics perspective it is found that the other firm relates more to the behavioral approach. Hence, difficulties in achieving findings that could be generalized arose.