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Managers' influence in internationalization process:
the choice of new international markets.
Automotive Industry Case Study: MCG-Mind for
Metal, Lda.

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Abstract

Dissertation Title: Managers' influence in decision process: the choice of new international markets. Automotive Industry Case Study: MCG-Mind for Metal, Lda.

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The current environment experienced within the various industries is characterized by globalization, competitiveness and high demand. These days it is extremely important for a firm to have the ability to adapt and it is also important its effectiveness in doing so. For an organization to tackle these challenges it is fundamental to see internationalization as a competitive advantage. Therefore, and to be effective in the process of entering in new markets, the decision-making and influence at management level can dictate the success of the organization.

Hence, the aim of this work is to explore a firm's process of entry into new international markets as well as the management influence power in decision-making and choice of these same new markets. The theme of the dissertation was explored through a case study of a Portuguese family business with productive activity in the automotive industry: MCG-Mind for Metal. The case study was developed through interviews with the general director of MCG and the directors of the main functional areas of the automotive sector as well as through direct observation and documentation.

It was concluded that the strongest influence in decision process regarding new markets happens in the strategic phase of the process. This happens due to an homogeneity in the management team where the managers influence is going for more comfortable and less risky options. This influence in decision is mainly because of the emotional fear factor of going to different and not so mature market.

Resumo

Título da Dissertação: Influência dos gestores no processo de decisão: a escolha de novos mercados internacionais. Caso de Estudo na Indústria Automóvel: MCG -Mind para Metal, Lda.

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O ambiente atual vivido no seio das mais diversas indústrias caracteriza-se pela globalização, alta competitividade e exigência. Nos dias de hoje é extremamente importante a capacidade de adaptação de uma empresa e a sua eficácia ao fazê-lo. Para que uma organização faça face a estes desafios torna-se fundamental a internacionalização enquanto vantagem competitiva, como tal para que haja eficácia neste processo a tomada de decisão e a influência ao nível da gestão pode ditar o sucesso da organização.

Assim sendo, o objectivo desta dissertação é explorar o processo de entrada de uma empresa em novos mercados internacionais como também o poder de influência da gestão no processo de decisão e escolha destes mesmos novos mercados. Para explorar o tema a dissertação explora o caso de estudo de uma empresa familiar Portuguesa com atividade produtiva na indústria automóvel, a MCG-Mind for Metal. O caso de estudo foi desenvolvido através de entrevistas com o diretor geral da MCG e com os diretores das áreas funcionais do sector automóvel da empresa bem como por observação direta e documentação.

Concluiu-se que a influência mais forte no processo de decisão sobre novos mercados acontece na fase estratégica do processo. Isto acontece devido a uma homogeneidade na equipa de gestão onde a influência dos gestores é a escolha de opções mais confortáveis e menos arriscadas. Esta influência na decisão é principalmente por causa do factor emocional medo de explorar diferentes mercados que podem não ser tão maduros.

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1. Introduction

The automotive sector, according to AICEP¹, is growing in the Portuguese economy with thirty thousand companies dedicated to this activity and an annual turnover of over €18 billion, generating €4.8 billion in tax revenues and representing 3% share of GDP in 2014. Moreover, and according to ACAP² between January and September 2015 the export level in the automobile sector was 99.4 % of the total production. The third largest exporting company in Portugal for the last three years is *AutoEuropa*, a firm in the automotive industry field.

Through the exportation numbers it is easy to see that: first, the automotive industry is one of the major sectors in the Portuguese economy and secondly internationalization is extremely important in an economical point of view. Internationalization is not a recent phenomenon and has been conceptualized in different ways. It has been studied in several ways for multinational companies, for medium-sized enterprises, for different cultural factors, for different ways of entering new markets among other concepts (Anderson, 1997; Coviello & McAuley, 1999; Kraus, Ambos, Eggers, & Cesinger, 2015)

Theories have explained internationalization in different manners, from approaches that are done step by step, starting from low risk strategies like exporting to more risky strategies like local subsidiaries, until approaches that, for example, depend on connections and networks in foreign countries (Johanson and Vahlne, 1977, Coviello and McAuley, 1999, Dunning, 2000). Nevertheless, all these approaches are followed by organizations composed by different kind of management teams with different characteristics and different ways of acting. Hence, it is important to understand what characteristics and how do managers influence the choice of a new market in the internationalization process of a firm in order to understand how can a firm grow in terms of international expansion, improve performance and make good decisions to achieve success. This phenomenon of influence in decision is also important because if a major firm in this industry grows internationally it can affect also the Portuguese economy.

¹ AICEP – Agency for investment and foreign trade for Portugal

² ACAP – Portuguese automobile association

The internationalization process is connected and influenced by different factors. The most common ones are the ones linked to the markets' attractiveness, like the economical factors. Nevertheless, behind the choice of a new market is not only an organization but also managers with different characteristics, personalities and emotions. Hence, and having not being carried enough research on the influence of managers in the choice of new international markets, the main objective of this thesis is to understand how the process is done and affected by the managers. Existing research on the topic is mainly based on the influence that managers have in the entire internationalization process and not only in the choice process regarding the international markets (Aharoni, Tihanyi, & Connelly, 2011; Latukha & Panibratov, 2015).

Thus, the research question is divided into sub-research questions that will guide the research. The sub-research questions are: 1) How is a new international market chosen; 2) What characteristics of managers seem to be the most influential on the decision process; 3) Which conditions lead the managers to have a deeper influence in decision; 4) In which part of the process of choosing new international markets the characteristics of managers have a deeper influence. To answer my research question I used a qualitative methodology, meaning that the study is based on in-depth learning of the main themes linked to the topic and a case study. The case study will be about a Portuguese firm in the automotive industry, more specifically in the components industry, which depends heavily on internationalization, MCG- Mind for Metal, Lda. The case study will help to answer to the research by providing a deep understanding and to be able to make recommendations regarding the importance of choosing carefully a foreign market, to understand the importance of the international markets and how the managers can have impact in the choice of new markets.

Throughout the thesis the outline would be the following: the first chapter approaches the most important theoretical bases related to the topics being studied, the concept of manager, the internationalization process and the rationales behind the choice of new foreign markets, the role of personality, intuition and emotions in decision-making and a description of the trends of the automotive industry. In a second chapter comes the methodology chapter in which it is explained the methodology used in this thesis. The next sections (Chapter 4 and 5) present the case study as well as the main findings regarding the case that will be confronted with the previous literature. At last comes the chapter with the main conclusions from this research followed by the limitations and the suggestions for future research.

2. Literature Review

In this chapter I will tackle the most important concepts regarding the research question such as the concept of internationalization as well as international markets, the role of managers in the internationalization process and the automotive industry.

The term of internationalization is far from new and it has been developed from decades. The internationalization of a firm can be seen in different ways according to different types of frameworks and theories.

Hence, internationalization was firstly seen as investment in foreign markets influenced by economic analysis, ownership and location (Dunning, 1988; Ouchi, 1977). Later on, internationalization was seen as an ongoing process where companies increase their level of internationalization due to the increase of knowledge and market commitment ((Johanson & Vahlne, 1977; Melin, 1992). Afterward, other authors mention that internationalization was not only an “outward” process but it also included “inward” patterns like for example importing and countertrade (Welch & Luostarinen, 1988, 1993). Furthermore, according to Beamish (1990) the internationalization process increases the firm’s awareness in the direct and indirect influence in international transactions. Therefore, internationalization is a dynamic process that includes economic and behavioural components and which lead to the learning and expansion of the organization outside the national market.

2.1. The manager and his characteristics

The classical view states that the manager is the person who organizes, coordinates, plans and controls (Mintzberg, 1975). Nevertheless, according to Mintzberg (1975) these four functions do not define what the manager really does. Mintzberg says that manager’s performance depends on how well the manager responds and understands the pressures and dilemmas of the job. Therefore, managerial work has three areas of concern: working under pressure; multiple and complex problems and time constraints. Pressure leads the manager to be superficial in his actions so the manager should share his privilege information and not be deciding by himself. Then, dealing with complex issues and dealing with several issues at the same time leads once again to superficiality, therefore top managers have a lot to gain from

building close relationships with analyst managers giving in this way a new meaning to planning because it starts to be done not only by the top manager but also by the middle manager. Finally, manager is always challenged to gain control over his own time and he can do that by seeing in their obligations opportunities to gain time and allaying it to other activities that must be done like for instance a visit to an important client is a chance to get some trade information.

Managers have formal authority and they are responsible for the performance of the work of the other members of the organization. Thus they need to have a sort of technical, conceptual, interpersonal, diagnostic and political skills to help them in their decisional, interpersonal and informational roles. (Simmering, 2006)

Nonetheless, managers are not all at the same level, they are divided into different management levels giving them different responsibilities, roles that require different skills. Top Managers are the executives, CEOs, COOs, among others. These kind of managers are the ones whose decision affects the entire firm. The top managers set the goals for the entire company and are responsible for the performance of the organization. After the top managers comes the Middle Managers whom are in a level below and have titles like divisional or regional managers. They are responsible for carrying out the goals set by top managers setting out their goals on their business units. These managers are more involved in the day-to-day work of the firm and so they can provide valuable information to the top managers. At last comes the First Level Managers, whom are also called first line managers or supervisors and they are responsible for the daily management of the employees that produce the product or that provide the service. (Simmering, 2006)

Hence, managers and their role are increasing with the business evolution and complexity leading to a set of activities that are supported by close relations among the different levels of management within a firm. That is why it is important also to define the concept of management team or top management team. Top management team is a team in which takes part the top managers like the general director and/or CEO and some of the middle managers. Moreover, it was already reported that there is a systematic relationship between the TMTs (or the CEO) and the firm's strategy, like for example the firm's tendency to internationalize and the choice of the entry mode .

Having seen how important managers are in an organization, their challenges, their roles, skills, levels it is important to see then: first, what is entering in a new market and what affects it and secondly in what extent does it relates to managers or how they affect the process.

2.2. The process of choosing an international market

2.2.1. Schools of internationalization

A firm in an internationalization process or a firm that intends to begin its internationalization process needs to choose the market it will target.

Four schools of internationalization can be distinguished: the Stage Model (Uppsala Model), the Network Perspective, the Economic Theory (Foreign Direct Investment) and the Born Global Perspective (Arenius, 2005; Coviello & McAuley, 1999; Dunning, 1988; Forsgren & Johanson, 2014; Johanson & Vahlne, 1977). They highlight factors that influence the market choice. Some other factors have been studied outside these theories.

2.2.1.1 Economic Theory

The Economic Theory also known as Foreign Direct Investment supports the internationalization of a firm through the international expansion of its activities. The firm internationalizes, meaning that the firm invest directly in the foreign country, choosing the optimal structure of production through an economic valuation of transaction costs followed by the choice of the organizational form and location, also minimizing the transaction costs. (Coviello & McAuley, 1999)

It is important to acknowledge that this theory reports as factor influencing the choice of the market the conditions of the country that allow an optimal structure for the firm that internationalizes. For instance, if we are going to invest directly in an industrial plant in a foreign country we can minimize our investment if the country as low labour costs.

According to this theory the managers will have all the same criteria to decide to enter a new market or not. This criteria is an economical criteria. Thus, the decision will be the same for

all managers. There is only the influence of economy and not of emotions or intuition, for example.

2.2.1.2. The Stage Models of Internationalization (Uppsala model)

According to Johanson and Vahlne (1977, p. 23) *“internationalization of the firms is a process in which the firms gradually increase their international involvement.”* Consequently we can see internationalization as a gradual process in which we have incremental decisions, it is a process done step by step. Therefore, and according to Coviello and McAuley (1999, p.226) *“(…) the model emphasises managerial learning, internationalisation is described in terms of market selection and the mechanisms used for market entry. For example, firms improve their foreign market knowledge through initial expansion with low risk, indirect exporting approaches to similar “psychically close” markets. Over time and through experience, firms increase their foreign commitment. This in turn enhances market knowledge, leading to further commitment in more distant markets, including equity investment in offshore manufacturing and sales operations.”* So, firms should start first with low risk entry mechanisms, like exportation, so that the managers can learn gradually about the new markets to get to more risky ones. Furthermore, According to Arenius (2005) and Johanson & Vahlne (1977) psychic distance mentioned before is defined as set of factors, such as differences in language, cultures and business practices that influence the flow of information between the firm and the market and so this factors are also important and influential when comes to the decision of to where should the company internationalize. So, firms, through time and over different stages of internationalization, overcome barriers such as the psychic distance.

Related to the previous theory of the stages model we can infer that this model attributes more importance to accumulated learning and past experience of the organization than to managerial intentionality in what concerns the firm’s internationalization decision. So, the experience of the manager or the psychic distance lead the manager to influence the choice of a new market depending on who is the manager.

2.2.1.3. The Network Perspective

According to Coviello & McAuley (1999) the network theory consists in a firm having strong relations with their main partners, such as customers, suppliers, government, competitors,

private and public agencies among others developing a business network. Therefore, the internationalization of a firm is not only determined by its market but by its network position. The behaviour and the focus of the firm are related with the inter-organizational interaction of the network. The firm's success in entering in new international markets is dependent on the relationship within the markets and not so much on the market and culture characteristics. According to Forsgren and Johanson (2014) the network is defined by the relationships between the actors who control the business activities.

Regarding the important factor that affects the choice of the foreign market we can see that the Network Perspective tell us about the impact that the relationships have in the process. Therefore, when choosing a foreign market it is important to consider what sort of connections already exists in that market helping a better establishment of the firms operations.

Along with the importance of relations comes the importance of the manager. This theory tells us the importance of all the connections of the firm and of the manager in itself. For example, a firm can create good connections due to his suppliers, customers or even showing results with other known companies letting new ones looking for establishing new connections but also good connections can be created if managers have good relationships based on interpersonal ties. Hence, and according to this theory, the influence that exists here is related to the sort of connections that the firm and the firm managers have taking the firm to new realities and providing new opportunities.

2.2.1.4. Born Global Perspective

The Born Global firms are frequently defined as firms that enter multiple foreign markets at, or immediately after, inception (Knight & Cavusgil, 1996). These firms are a type of international new ventures with an early and fast involvement in different foreign markets. The rise of the BGs³ is due to several factors such as: advances in transportation, information technology and consequently communication and the need to generate more demand for the existing offer. However, the capability of the managers to established networks and to identify opportunities and resources along with the decrease in the barriers level in the

³ BG – Born Global

international trade also explains why firms choose and are also able to internationalise so soon (Trudgen & Freeman, 2014). While the previous models of internationalization provide an organizational standpoint this perspective sees it according to individual choices, in this case the choices of the manager. Once that firms began to internationalize in an early stage it is only up to the managers to decide if they want to take the risk or not and if it makes sense according to the goals that they want to established for their firms in a long term perspective.

2.2.2. The importance of country attractiveness – economic, political, cultural and geographical factors

It is important to also consider the country attractiveness because economic, political, cultural and geographical factors, as described in the next paragraphs, can limit the influence of the managers in deciding to enter in new markets. So, it should be considered the economic and political situation of the foreign country. In the automotive industry it is important to see the level of the state regulation because the more regulation exists the more expensive it will be. Regarding the influence of the regulation as a factor counting for country attractiveness lets see a specific example, regulation to reduce emissions are a pressure to the automakers and so in the US case, according to National Automobile Dealers Association, are projected standards for 2016 that will add around US\$1,000 to the production cost of a vehicle. Moreover, as the automotive industry has already a considerable number of players in the markets it is also important to consider as economic factors the market size, the competition level, infrastructures, accessibility, the cost of labour and level of resources.

Consequently, and according to Kraus et al (2015) economic distance can induce risk because choosing a more economically developed country can maximize the opportunity while in emerging economies what can happen is an increase in the perception of risk. The Political variable can also vary meaning that if the political conditions in a certain market are simpler then the manager will perceive the decision as less risky and the same happens in the other way around, if the political conditions are more complex the decision will be perceived as riskier.

Another variable that is important to mention because it will affect the choice of the market and the influence of the managers is geographic and cultural distance. According to Kraus et al (2015) cultural distance is related to the values and norms in one country that are different

from the ones defended by other country. Furthermore, the cultural distance can bring lack of understanding to managers creating difficulties and increasing risk consequently increasing the costs of market entry and diminishing the operational benefits and effectiveness. Geographic distance also plays a role because geography it still remains a barrier to foreign direct investment and trade and it brings information asymmetry. Due to the facts presented regarding geographic and cultural distance can affect the managers decision, managers can influence the decision seeing spatially distant countries as riskier.(Kraus et al., 2015)

2.2.3. Other factors affecting the choice of the foreign country - market commitment, market knowledge

To choose a market to internationalize is imperative to understand and have information of the market as well as having some sort of commitment. These previous conditions lead to the market commitment and knowledge, which are important concepts once that they also limit the influence of the managers in decision-making. The market commitment is one more feature that affects the choice of firms when choosing the foreign market. The market commitment concept, according to Johanson and Vahlne (1977), can be distinguished in two ways. The first one is the amount of resources located in a particular market, meaning that if the company finds a market that has essential resources for their business then it will exist a commitment to that market. The second way of commitment is: *“the amount of resources committed-is easy to grasp. It is close to the size of the investment in the market, using this concept in a broad sense, including investment in marketing, organization, personnel, and other areas.”* (Johanson & Vahlne, 1977)

If market commitment is important market knowledge is also another element affecting choice. If a firm needs to choose a market then a commitment decision needs to be made. This decision is based in different types of knowledge. The existent knowledge on perceiving opportunities, risks and evaluating the possible choices affects the process of decision. Therefore, the market knowledge according to Carlson (1974) *“relates to present and future demand and supply, to competition and to channels for distribution, to payment conditions and the transferability of money, and those things vary from country to country and from time to time”*.

Despite seeming that the variables mentioned before, that influence the choice of a new market, are clear and understandable they may not be for managers. According to Aharoni et al (2011) managers are sometimes not familiar with those variables because they are making decisions based on imperfect information and considering the position of their home market. This means that the market commitment can be compromised by the lack of information and the market knowledge can be also poor for the same reasoning.

2.3. How the manager can influence the internationalization process

As it was seen before there are some vital factors that have influence on decision-making regarding new markets. Still, there are other important factors related not with the market in it self but with characteristics of the managers, for example, the competences of the top management team, where the general director is also included. It is also defend that TMTs⁴ have influence on the decision-making process. (Latukha & Panibratov, 2015).

2.3.1. The role of skills

A study reveals that the most significant skills that influence international operations results were the cognitive and analytical capabilities, the ability to create and to use effectively foreign contacts and the ability for effective multicultural interaction (Latukha & Panibratov, 2015). These competencies infer that the ability and creation of networking by managers, their aptitude to create multicultural interactions along with analytical capabilities make managers influence decisions internally towards new and multicultural markets.

Besides the influent competences of the top management teams in their choices it is also important other less rational and psychological factors. Thus, it is important to see the role that emotions, intuition and personality combined with the figure of the manager may have in the decision process.

2.3.2. The role of personality

Personality attributes have been showed as an influence to the firm's performance. It is acknowledge that personality traits influence the organization performance.

⁴ TMTs- Top Management teams

According to Nadkarni & Herrmann (2010) when they conducted a study of the CEO's personality influence on strategy in Indian business processes they defined five factors to capture the effect of personality. These factors allow an explanation of the manager's behaviour and implicitly influence in decision-making. The five factors are broad personality characteristics, which captures different unique psychological traits. These five factors are: conscientiousness, emotional stability, agreeableness, extraversion and openness. Conscientiousness is related to achievements and dependability. Emotional stability is the ability to adapt and to cope with different situations as well as with stress. Agreeableness is the tendency to be complaint and altruistic. Extraversion has to do with sociability and expressiveness and openness represents the creative, imaginative, perceptive and thoughtful side. (Nadkarni & Herrmann, 2010) Also according to Nadkarni & Herrmann the five factors can influence decision according to the traits they represent in managers.

Conscientiousness and dependability have to do with the commitment of legality and rules so an individual with high dependability avoids to take actions or to make decisions that some how may deviate from past experience. However, achievement orientation has to do with the need of control and the need of receiving feedback from decisions and actions taken. Then, managers and CEOs who are highly dependable tend to rely only in existing and well-known strategies and the achievement-oriented ones feel the need to personally take control and assume responsibility. For conscious managers there is a strong need of control and uncertainty reduction, performance feedback and long term planning to make decisions.

Emotional stability reflects the emotional adjustment and the self-confidence. It is also a strong predictor regarding the individual's capacity to adapt unpredictable and changing situations. Emotionally stable leaders and self-confidents are not afraid of taking risks and so the decision-making is more effective when it comes to deciding in unstable environments.

Agreeableness, which is related with altruism and compliance, promotes creativity and risk taking based on cooperation and trust-based relationships. Though, excess of agreeableness leads to passivity. Seeing the other perspective, disagreeable managers promote a climate of fear and competition, this behaviour narrows the manager's vision because employees are hesitant in reaching them and so they have less information available.

Extraverted leaders tend to be social engaged. Through extraversion leaders can be build up networks allowing them to develop extensive social interactions within the firm and outside. These social interactions and networks help leaders in receiving more diversified information leading to a more quickly and sustained identification of strategic challenges allowing a better decision-making process.

At least we have the openness to experience. Leaders that are open to new experiences are usually intellectually curious and have a strong need for change and are risk seeking. These leaders are more able to cope with dynamic environments and they are likely to develop broad fields of vision allowing them to have quickly and effective interpretation of problems and information leading to a more effective decision.

Subsequently, leader's personality not only influences decision-making as also takes an important role in it according to the different traits of the different leaders.

2.3.3. The role of intuition

Intuition, according to Dane & Pratt (2007), is based on our ability to synthesize information in a quick and effective way, an ability that may suffer with the addition of formalized procedures. Intuition has been seen as a form of information processing far from the rational or analytical ways, therefore intuition as been seen as a non rational and even non-logical way of processing information (by non-logical means an individual not being capable of explaining something by words or reasoning) (Dane & Pratt, 2007).

In what concerns to organisations and according to the study done by Dane & Pratt (2007), intuition helps in completing tasks that are characterized by high complexity and short time horizons like for example: corporate planning, performance appraisal and stock analysis. It is highly used in strategic decisions and especially in turbulent and dynamic environments. Additionally, the effectiveness use of intuition allows a differentiation between top executives and board members from lower-level members and dysfunctional boards.

Concerning decision-making, it is very important to notice that the type of environment in which an organization operates can influence the effectiveness of the intuition decision-making of the managers. For instance, during times of environmental turbulence and

uncertainty the use of intuition in decision-making process among managers and executives results in a greater performance of the organization (Dane & Pratt, 2007). This happens because during times of environmental instability managers have to collect and sort certain amounts of data that are often incomplete and they have to do it in a short period of time making decisional tasks in these environment a non-routine. Under these conditions decision-making scenarios move from an intellectual end of the tasks to a judgmental end. Thus, tasks done under instability environments due to these characteristics will end up being approached by managers using a judgemental approach.

Intuition under certain conditions it is more likely to be used than rational analysis. These conditions that lead to the use of intuition are: the presence of positive moods, the stable individual differences in thinking style and sometimes multicultural factors. Regarding multicultural factors there are cultures that are more willing to take unknown risks and that are more comfortable with ambiguity, and these is important because intuitive judgments are difficult to justify rationally and involve an unknown level of risk. An example of this cultures are the masculine versus feminine cultural distinction, feminine cultures are more attached to feelings so it would be more easy to use types of judgment that are more attached to feelings rather than logic.(Dane & Pratt, 2007)

Concluding, it is important to have the two types of decision-making (rational and intuitive) but it depends on the characteristics of the tasks. If the task is more strategic and based on little information, for example, deciding to entering a completely new foreign market then it will be more based on intuition. Nevertheless, in most cases the best way is to make a decision that is supported half on each type of decision.

2.3.4. The role of emotions

Barsade (2002) has conducted a study regarding the emotional contagion and its influence on group behaviour in a managerial decision-making point of view. According to him firms are moving to a reality based mainly on teams orientation and so there are an increase on groups interactions and dynamics in order to have the work done. It is important to understand how the sharing of emotions within a group can influence the group and even the decision-making process.

Emotional contagion can be seen as a type of social influence and it can occur at a conscious and a non-conscious level. Contagion, also called affect, exists in the form of three basic types of affective experiences: dispositional affect, emotions and moods. Dispositional effects is a long term variable that may influence others while emotions are more short term reactions to environments and moods are weaker than emotions leading to unstable short term individual changes. When an individual enters a group it is exposed to the other group members' emotions (negative and positive emotions).

There is also the emotional energy, meaning that the intensity with which emotions are expressed can also influence the pitch level, loudness and range and also gestures and facial patterns. The emotion expressed with high energy will lead to a higher contagion of others. Regarding negotiation tasks positive emotions are very important. Individuals in more positive moods in negotiations behave more cooperatively while the bad moods lead to the opposite effect. In organizations positive moods will lead to extra role behaviours like positive mood in sales people leads to a greater customer-helping behaviour. The increase of positive emotions decreases the conflict level within a group and within the organizational context.

It has been established a connection between being with positive emotions, being happier, and doing better decision-making than being less happy. This happens because there is evidence that positive affect is associated with a greater cognitive effort and the ability to engage in more complex logical reasoning and problem solving (Barsade, 2002).

Hence, and according with Barsade study (2002), emotional contagion occurring in groups changes peoples moods and affects information. People continuously influence the moods, judgments and behaviours of others. Positive emotions lead to a better decision-making while negative emotions leads to conflict.

2.4. Automotive Industry

The understanding of automotive industry, and according to the European Automobile Manufacturers, is extended to all the companies and activities, which are related to manufacture of motor vehicles. It is considered not only the cars manufacturing but also the design, development and sell. Thus, we can include not only the car assembly but also the

components manufacturing, bodies and engines. Nonetheless, it excludes from the definition fuel, tires and batteries because the maintenance of the automobiles is a separated industry from the automotive one.

It is important to understand the industry in order to understand the choices that can be done related to new markets and to the influence that managers may have in the process.

2.4.1. The global context of the automotive industry

The automotive industry should be seen first in a global context because it is an evolving industry with a global reach. It is an industry with many influential factors. According to Veloso et al. (2000) these influential factors go from consumer preferences to policies and competition, “*Consumer preferences determine the current styles, reliability and performance standards of vehicles. Government trade, safety and environmental regulations establish incentives and requirements for modernization and change in design or production. Competitive rivalries and corporate strategies provide equally important impetus for research, design innovation, and changes in the manufacturing process*”. This is an under pressure industry that requires from the automakers a lot of flexibility to adapt to the all the environment challenges.

2.4.2. International markets in the industry

The internationalization of the automotive industry is far from new. Exists records from the early 20th century that report for activities of internationalization such as importation and exportation flows and even direct investment abroad.

Internationally the industry can be seen according to some statistics from *Statista*⁵ (2015). In 2014 the leader of passengers car⁶ production was China, producing around 19.9 million cars followed by Japan with a production of 8.28 million cars. The third place belongs to Germany. Regarding the automobile makers revenues we have as leaders are: Volkswagen, Toyota, Daimler and General Motors. In 2015 the global sales forecast are expected to be around 73.9 million vehicles.

⁵ Statista is one of the leading worldwide statistics company

⁶ Passengers Car are defined as “*motor vehicles with at least four wheels, used for the transport of passengers, comprising no more than eight seats in addition to the driver seat.*” (Statista, 2015)

The vehicles sales until September 2015 in Europe, the countries in which were sold more passengers cars, and according to the European Automobile Manufacturers Association, were Germany, Britain and France. Germany sold 2,407,938 cars, Britain registers sales of 2,096,888 and France sold 1,421,435 cars. Worldwide sales leader until September 2015 is China where were sold around 13,702,400 vehicles, followed by USA with 12,995,900 and Europe with 10,776,700 cars sold.

2.4.3. Automotive components industry

The automotive components industry is within the automotive industry meaning that the companies that belong to this industry are one tier of the automotive global supply chain. The automotive components industry is comprised by the companies that produce original equipment, also called original equipment manufacturers (OEM), and which also produce the products that are used in the aftermarket for motor vehicles.

Hence, the companies that make up Division 29 (Manufacture of motor vehicles, trailers, semi-trailers and components for motor vehicles) according to CAE-Rev.3⁷ are subdivided into three groups:

291 - Manufacture of motor vehicles

292 - bodywork manufacture of trailers and semi- trailers

293 - Manufacture of parts and accessories for motor vehicles

According to PWC⁸ (2014) in 2013 the first three OEMs in the Global top 100 ranking are Robert Bosch GmbH, Denso Corp, Magna International Inc, but in this ranking there are other important names of OEMs like Faurecia, Delphi and TRW. Also according to PWC (2014) if we look into an European dimension we still have Robert Bosch first followed by Continental Ag, Magna International Inc. and Faurecia.

The relationship between the automotive industry and the automotive products industry is translated into the relationship between cars manufacturers and original equipment manufacturers. OEMs are suppliers of the cars manufacturers. It is important to understand

⁷ CAE - Portuguese classification of economic activities

⁸ Ranking of OEM made by PWC for a supplement for the Automotive News

these relationships and this industry to better understand the case study and answer to the research question.

2.4.4. Portuguese context

The Portuguese automotive industry started to gain importance only in the beginning of the 80s, by that time was received the Renault project which led to more FDI projects and the entrance of other OEMs Vieira (2007). Nevertheless, the biggest investment ever in the automotive industry in Portugal was the joint venture between Ford and Volkswagen, the AutoEuropa Project, belonging now only to Volkswagen.

According to AICEP (Portugal global, 2014) the *cluster* of the components companies exports more than 80 per cent of its production supplying almost every automotive brand that are produced in Europe. Thus, the automotive industry is classified as one of the largest export sectors in the country representing 12 per cent of the total national exportation of products. Moreover, the components sector, between 2009-2013, grew around 40% through the increase of market share in Europe. In Portugal exists around 300 companies in the automotive industry with revenues, in 2013, of 8 thousands million euros. The components company represents the majority of the automotive industry companies accounting with 180 companies and with revenues of seven thousand million euros.

The geographic localization of the automotive cluster in Portugal has no homogeneity existing two main physical distribution centers, one between Lisbon and Setúbal and the other between Aveiro, Porto and Braga (Appendix 1), The first accounts for around 50 per cent of the national companies and the second pole accounts for 40 per cent (do Vale, 1999).

Depicting a more global picture in what concerns to international markets and according to AICEP (2014) Portugal major exports are for Germany, accounting 28 per cent, followed by France and United Kingdom, with 16 per cent and 7 per cent respectively. Around 9 per cent of exportations go to east of Europe and only 8 per cent distributed across Africa, Asia and America.

2.4.5. Future trends of the industry

According to specialists the global automotive industry is facing key trends in a ten years perspective and it is important to know this trends in order to understand that may exist a turning point in the international markets, meaning that the companies' international strategies in the sector may need to suffer a turn around.

One major trend is the growth of the emerging markets. Furthermore, the Chinese OEMs are expected to having the best increasing in market share until 2020. (KPMG, 2015) *“Emerging economies (...) will not only affect global sales and the competitive intensity of the industry but also help to shape its digitization. Regulations will continue to compel innovation”*.

Also, and according to PWC 2015 *Auto Industry Trends* (2015) the auto industry is facing now the challenge of the unevenness of the global markets. Experts are more optimistic with the growth of the US market while Europe, South America and China are showing much weaker trends in sales. These changes in global markets are explained by some trends that are shifting the market: shifts in consumer demands, more regulatory requirements regarding safety and fuel economy and the constant increasing availability of data and information.

Consumers are demanding more sophisticated information systems in the vehicles for a lower price; also they are starting to see the cars as only transportation machines. Regulators are imposing requirements regarding the fuel economy and safety measures, for example the backup cameras, that are increasing costs to OEMs. The availability of data brings other challenges because if we have all the players in the auto supply chain with access to information and data we also have the problem that they still don't know how to use it properly while customers also have access to all types of information like prices, discounts, qualities, performances giving them bargain power.

All the previous trends affect the strategies used by the players in the automotive industry. Additionally, this industry is one of the most important industries in Portugal and that this industry to survive rely heavily on the international markets. Too little research has been dedicated to the choice of the markets in the internationalization process and the influence that managers have in the choice process, even little research or none has been done regarding this topic in the automotive and components industry in the Portuguese case.

Knowing what are the conditions in this industry today and their key challenges for the future, the case study will help to understand how the choice of the market is influenced by the managers made in the automotive companies, within the conditions presented before (like for example under heavy regulations), and what can be improved in order to face the new trends of the industry.

3. Methodology

In this chapter will be presented the methodology used to conduct this thesis as well as the case study. The methodology will be presented first in a general way followed by the concrete approach taken.

3.1. General Methodology

Concerning the general methodology approach used and since that the aim of this thesis is to get in-depth knowledge of the choice of the foreign markets in the internationalization process, it will be used a qualitative research method. Qualitative research is important, and according to the Bettis et al. (2014, p. 1), for building theories and to identify important phenomenon “ *the Strategic Management Journal welcomes qualitative research both as a means of theory building and as a route to identifying important phenomena or unidentified aspects of previously explored phenomena that in turn can form the basis for future research*”. Moreover, the answer to the research question will be supported by a Case Study. This is a relevant method because it allows the direct observation of events, interviewing people who are related to important events and dealing with evidence like documents. Furthermore, it will be conducted a more exploratory research with open sub-research questions that will be answered with the help of the case study.

For the research question presented in this thesis, how do managers influence the choice of a new market in the internationalization process of a firm, the company chose was MCG- Mind for Metal. This is a firm in the automotive industry that depends heavily on internationalization. The company runs activities for 60 years now, has around 406 employees and 4 different business units, one of them the automotive. It is a family business that is now present in every continent, with the exception of the African continent, and that had a turnover in 2014, for the automotive industry of 30,5 million euros.

3.2. Concrete Methodology

In a more specific methodology approach data has been collected through different ways, from open-ended interviews to written documents and direct observation.

In order to address the sub-research questions several interviews were conducted. However, to address the case study in this thesis and to help answering the research question were collected several documents and were made some direct observations.

Regarding the documents its is important to mention that were collected the organizational structure of the firm in document, the main facilities and plants of the firm in document, the strategic information of the firm in a presentation document as well as the international positioning of the company in a map, the roadmap in image, news about the firm's awards and R&D projects and the map of the company's position in the national ranking of the automotive firms. Also, there was some information taken from the website of the firm. In turn, through direct observation it was possible to see where the meetings regarding internationalization are occurring, that they have a specific room with a map showing the markets and countries that are important and the projects within each market.

However, to approach more than the internationalization process of the company, and to understand the influence of the managers, were conducted interviews. Three interviews were done with the General director Dr. José Miguel Medeiros; these interviews took between 1 to 2 hours each. They provided information regarding the internationalization process, the entrance in new markets and the role of emotions, intuition and personality in decision-making regarding the new markets. Dr. José Medeiros is an aerospace engineer graduated in *Instituto Superior Técnico* and he has also, among other qualifications, attended to the Advanced Management Program for Automotive Industries Leaders in Católica Lisbon. The General director is the grandson of the firm's founder, having succeeded to his father.

Were also conducted interviews with the two main managers of the automotive industry, the Marketing Manager Dr. Sofia Lino and the Sales Manager Dr. Pedro Carvalho. With every one of them were conducted two interviews, so four in total, of 1 to 2 hours each. The main topics approached were the roadmap and strategic meetings, the markets where MCG intends to be, the main levels of decision regarding new markets and clients, the factors affecting it

and the role of intuition personality and emotions in decision-making. Dr. Sofia is in the firm for 9 years now, has already worked in EDP and has been engineering professor in Católica University. Dr. Pedro Carvalho is a mechanical engineer and has been working in MCG for almost 20 years, has done recently a post graduation in marketing and finance in Católica Lisbon Business School. A last interview was done to Andreia Dias, who is the person that does the client support in the supply chain area, in order to better understand the projects and the relation with the clients and the markets (Appendix 2)

To provide answers to the case study based on evidence and to help with data analysis I first wrote the case study using a timeline, meaning that the case study was written based on a chronological sequence, and then to gather and cross all the information from different sources the data obtained was triangulated.

Furthermore, besides the information gathered for the case study and all the practical data collected there will be a comparison between the findings of the case study with the literature review in order to see at what extent the previous studies may explain or not the case presented.

4. Case Study

4.1. The Company

Manuel da Conceição Graça, Lda. started running operations in 1938. The firm was incorporated on January 19, 1979, as a private limited company with location in Carregado, founded by Mr. Manuel da Conceição Graça. Nowadays the name changed to MCG- Mind for Metal and is a family business that has been involved in the metallic component industry. MCG automotive is the main business unit of the company, the result of 60 years of experience in the sector.

The initial activity was auto repair and subsequently passed to the manufacture of bodies and truck cabs. In 1987 there was an extension of the company's business, particularly automotive industry and manufacture of molds and tools, and began the construction of the present industrial complex.

Currently there is a focus on diversification and growth in the metal-related products. Thus, MCG runs operations related to metal components and assemblies, tool and dies design and manufacturing.

MCG is now composed by four different business units each one with a factory of its own. The four business units are: MCG Automotive, MCG Solar, MCG Laser and MCG Tooling. So as it was said before the different business units are divided into different facilities each one called Metal, having Metal 1 and 4 for the Automotive Industry, Metal 3 for the Lazer and Solar Industries and Tooling lying on Metal 2.

The different business units match different operations. MCG Automotive is responsible for metal assemblies and components for the automotive industry; MCG Tooling is the business unit responsible for development and manufacturing of stamping tools and dies for the automotive industry; MCG Solar is responsible for research and development regarding the solar industry, and at last MCG Laser, which is responsible for prototyping and rapid manufacturing design, production and assembly of metal assemblies.

In the present the company has 406 employees. In 2015 they intend to have a new plant, which will be Metal 5 with an assembling area of 12.000 m². In terms of Profit they intend to reach the €52,70 million by 2018 having already reached in 2015, as total of all business units, €38 million.

4.2. The Automotive Business

The MCG automotive assembles metal and components for the automotive industry. This Business unit is positioned in the OEM and First Tiers market, as it was seen in the literature review (chapter 2.4.3.), and according with CAE MCG is part of the production of automotive components. It is a company that produces original equipment, being called an original equipment manufacturer (OEM), and that according to the law, CAE 293, is a company that manufactures parts and accessories for motor vehicles. The firm automotive business unit has 500 different components being produced and supplies around 45 different plants.

In 2010 the firm had a turnover of € 23.1 million with an export rate of 38.4 %. It is one of the 40 largest companies in the domestic car industry, ranking number 37 in a total of 360 positions (AEPortugal 2010 data).

The turnover in the 2013 period amounted to € 29,462,856, representing an increase of 13.7% over the same period of 2012. However, the automotive industry turnover was of only € 26,4 million being the € 29,462,856 in respect of all business units. The export market accounted for about 38% of the 2013 turnover, and there is a decrease of 2.6 % compared to sales of 2012. Sales to the domestic market grew by 27%, increasing their share in turnover of MCG to 62%. Gross profit from sales had an increase of 8.7% over the year 2012 being 43% of turnover value. This evolution, from 2012 onwards, happened due to a substantial increase of projects, production and turnover in the tooling, laser and automotive business units. The increase of the turnover in the tooling and laser was because these business units only started running operations around 2011 having their impact in the following years.

In 2014 the company accounted with a turnover of € 29,3 million in the automotive business unit and until now the year of 2015 has already a turnover of € 30,5 million representing a significant increase comparing to the previous years (figure 1).

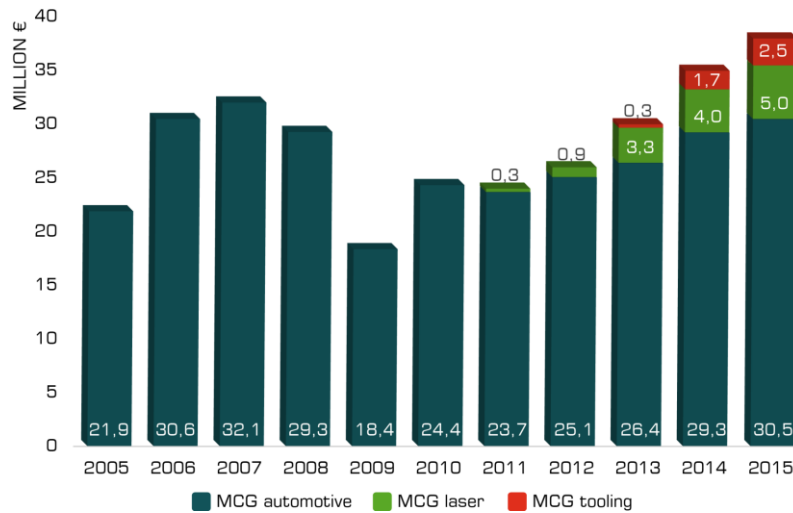


Figure 1 – MCG Turnover 2005-2015

4.3. Internationalization

MCG depends heavily on internationalization. In 2014 were shipped around 46 million parts in 30 thousand shipments counting with 130 clients spread all over the globe (Appendix 5). These numbers are for all the business units belonging to the firm.

Seeing internationalization more deeply recalls mentioning the markets in which they have presence and also how the firm makes its entry. The first international markets to where MCG started to ship their components were Spain, Germany and France being currently these three markets the most important ones for the company.

The firm entry mode is exportation; MCG is present in the international markets through exportation. Their exportation process can be divided in two types: direct and indirect exportation. The final destination of the components is almost never Portugal but almost half of the times before the components reach the foreign market they will go to another Portuguese factory. So, what happens is that with direct exportation the components go directly from MCG facilities to the international markets and with indirect exportation before components reach the international markets they still have to pass by some facilities in Portugal. In terms of expression direct importation accounts for 60% and the remaining 40% are for indirect exportation.

4.5. Global Presence: International markets and clients

The company has been involved in projects such as: UMM (80), FORD P100 (early 90s) and, more recently, in the projects OPEL (Germany, Spain and Portugal) among others. And the main customers of the automotive sector of the firm are: Opel; Faurecia; Bosch; Benteler; Blaupunkt; Autoeuropa; Metalbages; Fiat; Globe Motors; Bizkaia; Trelleborg; Hard; BWI; TRW and Gestamp. MCG supplies products to the major OEM's (original equipment manufacturers) such as those described above.

Moreover, Spain, Germany and France are the markets with the highest expression accounting with 15%, 10% and 9% of the exportation respectively. The markets where they are also present and that follow the previous ones are: Belgium, UK and Switzerland. Then, with a more residual expression, MCG is also present in US, Mexico and China.

MCG intends to strengthen their presence in Europe keeping commercial efforts where they have longstanding in Spain, France and Germany and increasing their presence in the UK, Switzerland, Austria, Belgium and the Netherlands.

Regarding Spain, France and Germany the presence should be strengthen due to the large representation that they have in the automotive industry and because it is the business area where MCG have more history and were it is more recognized. Moreover, these markets also can create bridges for the company to achieve the neighbouring markets such as Switzerland, Austria, Belgium and the Netherlands.

5. Findings and Discussion

Throughout this chapter the main findings related to the case study will be presented. Along with the findings presented will be made a comparison with the literature review.

5.1. How is a new international market chosen?

The process of choosing a new international market occurs mainly due to the annual strategic meeting, also called the Roadmap meeting. Though, this process is also highly linked with the managers attending to this meeting and the managers involved with potential new clients. The new clients are the meaning of new markets and it can exist two different situations. On the one hand, exists clients like Faurecia which headquarters is located in France and so they see this client as belonging to the European market but Faurecia demands the factory to export to Brazil and so they will export to Brazil besides not being their choice to go to the Brazilian market. On the other hand, there are markets like the UK and Switzerland, where it was a choice of the management team to enter there.

Through the next paragraphs it will be explained the different phases of these strategic meetings, the external/rational factors affecting the process, the managers involved and how the markets are chosen.

5.1.1. Decision process regarding the choice of new markets: Roadmap meetings

The decision process regarding the choice of new markets it is mainly up to one annual meeting called the Roadmap meeting. This is a strategic meeting where the only persons attending to it are the middle managers and the general director.

The Roadmap meeting main goal is to make decisions regarding the future of the firm, like for example, what to produce for the next years and to what markets. The Roadmap as the name explains is a map (Appendix 6) that is made based on the decisions of the managers and the general director within a time horizon of 4 years and for each business unit. Therefore, to achieve these decisions they identify the marketing strategies that they want to use like in what speciality fairs they will be present, the press releases to be done, where and when and

case study communications, the sales that they want to achieve, where they want to be in terms of technology segment by business area. They also identify the products that they want to produce and the objectives in terms of production, taking into account the technology that they have. Based in all of these mentioned previously they choose the markets where they want to be. The foreign markets are identified regarding the clients that they have or the potential new ones. These clients will be the match between their objectives in terms of what components they will produce, other competitive factors (chapter 5.1.2.) and what the client wants. This means that after setting the firm's main goals strategically the decision on new markets depends if there is a match between a future client and the goals set. However, there are some conditions besides the components chosen to be produced that are external to the firm and which affects the choice of the markets and the decision of the managers. These factors will be explained next.

5.1.2. Decision process regarding the choice of new markets: factors affecting it

The factors that can lead managers to influence decision and the ones explained here are the factors belonging to the firm's external environment. These factors are linked to the markets conditions and they are import because they affect the manager's decision and the managers influence in internationalization.

As it was seen briefly in the case study (chapter 4) the firm has as a strategic decision being present and reinforce their presence in the European markets. This happens because they studied their competitiveness and they are more competitive in Europe due to: cultural, geographical, economic and political factors. For example, it is cheaper to export metal components to Europe and really expensive to export them to America or Asia, so they only due it once in a while, and also European countries have the similar purchase habits in what regards to the automotive field. Moreover, and it is also why they choose Europe, the policies in the industry are regulated in a similar way to all the countries in EU. Political, economical, cultural and geographical factors are perceived in the firm as important as in the previous studies regarding these same factors in the literature review.

Still, in terms of factors the firm also distinguishes as important the market knowledge, market commitment and the importance of an internationalization strategy based on networking to get to new markets. The firm besides being mainly based on a networking

internationalization also exports since the early beginning of its activity due to top management decision-making making internationalization similar to the context of the Born Global Perspective and the Economic Theory. Nevertheless, the Uppsala model doesn't fit this company reality.

Regarding the entry mode was observed that the company knows how to enter in their new markets making this factor only influencing managers in economic terms because exporting to geographically more distant markets would be more costly. The firm has always been international through exportation and they keep this entry mode to the new markets.

Hence, the demand, all the information, economic, political, cultural and geographical factors, knowledge and networking regarding Spain, France and Germany let MCG to have now as a strategy growing in these three international markets and to continue to grow in the European market.

5.1.3. Managers involved in the decision process

First of all it is important to understand the hierarchy behind the decision process to then understand who is involved and what is the influence that they have.

In this firm exists the top manager, who is José Miguel Medeiros, being the general director. Following the general director exists the middle managers. The middle managers are the managers within each business unit for the different departments, meaning that inside every business unit exists a different manager for sales for example. Exist also the first-line managers being the ones responsible for each team in the production lines in each business unit (Appendix 7). The organizational structure within the firm matches the literature review regarding the concept of manager, the company as a vertical classical hierarchy organizational structure divided by levels of management. It has the three levels of management, the first-line managers in the production lines reporting to the middle managers of the main functions of the company that in turn report to the top manager. Exists also a top management team, which is formed by middle managers and the top manager.

Regarding the strategic choice of choosing a new market, as part of the internationalization strategy of the company, not all the managers have influence. The ones that are involved in the Roadmap meetings and in choosing the new client are the sales manager, marketing manager, the business development manager and the general director. Nonetheless, these managers only have influence in their business unit area. For example, if the choice of the new market is concerning the automotive industry the ones that are going to attend the meetings and have influence in the process choice are the ones from the automotive industry: automotive industry sales manager, the marketing manager and the business development manager. The marketing director is the same for every business unit as well as the business development manager. Nevertheless, may attend to the meetings in order to help with the decision process some technical human resources to provide technical and rational information needed.

Everyone has different roles in this process. Marketing identifies the target while business development will develop the target identified by the marketing until it becomes a potential client that fits the firm objectives and needs. The commercial takes part in the business and customer relationship like the after sales support.

5.2. What characteristics of managers seem to be the most influential on the decision process

The existent influence in the decision process is not only up to the external/rational factors, factors that make managers to have influence in decision, but also up to the manager's characteristics. These characteristics can appear as personality traits, emotions or even through the use of intuition.

To better understand the most influential characteristics it is important to talk about the personality traits, emotions and the role of intuition in decision process. According to the general director: *“the team assigned with the process of internationalization needs to be the most heterogeneous possible, especially in their academic path, background and professional experience”*. This need of a heterogenic team is because it gives a different perspective allowing diversity in knowledge and information. Although, what happens is that the team is more homogeneous than heterogeneous. This homogeneity allows a faster

consensus in the choice of the new markets once that when comes the strategic annual meeting there is always agreement concerning the decisions to be made.

Moreover, according to general director, the sales manager and the marketing director emotions always play a fundamental role in the decision process. The emotions described during interviews were several and will be quoted next. The general director identifies the feelings of not linking and not being comfortable with some markets – *“I don’t like not mature markets in unstable economies”*. The marketing manager and the commercial manager feel influenced by the emotions of their colleagues in the strategic meetings – *“Yes, my opinion is sometimes influenced by my colleagues”*. When it comes to the choice of new markets the emotions revealed were the comfort that was felt or not with the markets and with the colleagues opinion, the satisfaction with the markets or the fear with the new ones, the lack of empathy with risky situations, apprehension, uncertainty and anxiety when opening a new client or changing their offer. They are a bit risk taking but they are not risk seeking, they take risks only if they need and decide to do it as a team but just if these risks allow them to be competitive that is why they decide not to reinforce their position outside Europe. In fact emotions match the literature review in the sense that the managers were able to reveal emotions connected as a reaction to their dynamic environment and to feel emotions as a consequence of social influence.

Summing up, their characteristics that are the most influential are their homogeneity as a team, their traits of agreeableness and extroversion and their use of intuition for complex and important decisions.

5.3. Which conditions lead the managers to have a deeper influence in decision

Managers have influence in this internationalization process and in the next paragraphs it is important to comprehend the conditions that lead to a deeper influence. Nevertheless, to understand the conditions it is important to understand first the different types and levels of decision because the level of influence is dependent on the type of decision. Therefore, firstly comes the explanation on the different types of existing decisions and secondly the type of decisions that have a deeper influence and under what conditions

5.3.1. Managers influence in decision: different types and levels of decision regarding new markets and new clients

What really draws attention in this process of entering or reinforcing the position of the firm in a market is that is all about decisions. The process runs supported by different factors, as it was seen before, but also on different types of decisions. The explanation of the different types of decisions helps to identify which ones, under certain conditions, will have a deeper influence.

It can be considered different types of decision within the internationalization field, decisions that are related with new clients and new markets. The daily base decisions are up to the middle managers and in this case are decisions at a commercial level. These same middle managers, that have decision power, are the ones taking part in the strategic internationalization meetings (the commercial manager, the marketing manager and the business developer manager.) Then, exists the strategic decisions that first are up to the previously mentioned middle managers' team and the general director of the firm. At the end and besides the entire top management team take part in the strategic decisions the last call is up to the general director.

The daily bases decisions that are about commercial relations are made based on pre-defined criteria and so in rational factors. For example, when a potential proposal comes from a potential client to the middle managers it will be analysed by the marketing manager regarding the pre defined criteria that is related with factors like competition, customer potential, distance among other country attractiveness factors. It is important to understand the daily decisions because a potential new client can mean a potential new market and will not fit the rational pre-defined criteria then, the decision will have to have a deeper influence and will be upgraded as strategic decision.

When it comes to the strategic type of decisions and while building the Roadmap the decisions are more based on intuition, in past experience and are decisions more based in subjectivity. As it was seen before the Roadmaps are built regarding the components that the firm will work on and so all the decisions of what type of clients and markets they want to be at will be based in the intuition that comes from the understanding of what the markets want and in what markets there is demand for their supply.

So in conclusion, exists two major types of decisions: the daily decisions and the strategic decisions, where all the top management team takes part in both. On the one hand, the daily decisions regarding potential new clients are important because if appears a new client from a totally new market. According to the general director this occurrence will have conditions, which will be developed next, to have a deeper influence. On the other hand, the strategic decisions regarding new markets are totally new decisions that will influence the international growth of the firm and that will have conditions to have a deeper influence too.

5.3.2. Conditions leading to a deeper influence in decision

The firm sees the presence in the international markets as a natural process, a process that runs naturally without major influence from the managers. They export since the early beginning and these exportations are done regarding the clients that are coming to the company and that fit the company strategic goals. The influence that exists in this process is often related with the middle managers that conduct all the process of dealing with the clients. When it comes to new clients, and allied to them can come potential new markets, if they also fit the strategy of the company then the influence still continues to be up to the middle managers, for example, if the new client matches the criteria that is already defined then the influence will be only regarding to accept or not the new client. This is not a major influence.

Though, if the potential new client is from a potential new market it will mean a deeper influence. This new market will have a deeper influence of being accepted or not under the following conditions: When the nature of the market needs a long time to get the lead and win the first sales and so the commercial investment has more risk and a longer period to get return then the general director is the one influencing the situation and deciding if he wants to take the risk or not. Also, when the entrance on a certain market will allow not only to work on that market but also allows a later entry in neighboring markets it will lead to a deeper influence of again taking the risk or not but the general director like it was the case recently with the following international markets: France and Germany allowed the entrance in Belgium and Austria that allowed the entrance in Switzerland.

Therefore, only under circumstances that may affect the strategic positioning of the firm and that are not within the usual standards of the firm exists a deeper influence in deciding whether or not to go for a different and new international market. At this point the influence is from the general director, who chooses to undertake, or not, the risk of the new projects.

5.4. In which part of the process of choosing new international markets the characteristics of managers have a deeper influence

From what was seen before the process of choosing new international market starts with the strategic annual meetings where is decided what will be produced and according to that who will be the clients and the projects. After that there are several decision levels that occur during the working days that are related with the international markets.

What really happens is that in the daily decisions besides their importance they don't have such a deep influence because the decisions regarding the acceptance of the new clients are made regarding pre conceived parameters. Thus, when the middle managers have to make decisions regarding new international markets by themselves they support their decisions on rational and informed bases and so their characteristics will not interfere much.

Nonetheless, when it comes to the strategic meetings, where is also defined strategically the position of the company internationally, the scenario is different. In the strategic meetings the management team have to define where they intend to be internationally and here there is a strong influence from their characteristics. Is in this part of the process that the emotions take place. They decide as a team and if some of them are not comfortable with certain markets then it will influence the decision. This is why the firm chosed to reinforce their position in the European market rather than in other markets. The decision was also based on firm competitive factors but the truth is that the managers have more knowledge about these markets and are more comfortable working with them.

6. Conclusions

The case study enabled to answer and address the research and sub research questions that were the aim of this master dissertation. The findings obtained showed the reality faced by an automotive firm regarding international markets and the influence of management in decision but also how can the firm set different horizons regarding international markets and their management team.

Thus, through the findings analysis and the literature review it is possible to reach the following conclusions.

The firm depends heavily on internationalization making the decision process of entering in new markets highly influenced by the management team. It is visible this phenomenon since the daily decisions taken from the middle managers until the strategic decisions. Managers are influenced by external factors like geography, economy among other factors but is their characteristics that lead them to have a stronger influence. Once that the members of the team are characterized as persons who take decisions based on networking and relationship all their homogeneity as a team get them to reach consensus in decision-making. However, these characteristics also lead them to go always for the more comfortable and less risky decisions regarding new markets. Even their intuition and emotions make them to go for the more secure options affecting the decision process.

Therefore, and besides the firm is being present a bit over the globe and the automotive trends are tending more to the American and Asiatic markets, the characteristics of the managers essentially in the strategic part of the internationalization process are influencing the process keeping the firm acting mainly in Europe.

Overall, managers have a strong influence in the firms' future regarding new markets. If in the future the trends of the industry verify what will happen is that the management team will need to have more openness and to be more risk seeking in order to influence the decision process of entering in new international markets.

7. Limitations and Future Research

7.1. Limitations

This case study has some limitations. There was some difficulty in measuring emotions. The role of emotions was studied through questions done to the different managers related to the topic. There was no possibility to see through direct observations the role of emotions in, for example, the annual strategic meetings where the decisions regarding internationalization come to the table.

Besides the role of the emotions being hard to measure due to the lack of direct observation, it was also a bit difficult to measure the role of intuition once that the interviews that were done were done in a context of post entry in new markets. This condition of post-entry may lead the managers to think that their decisions were more rational based than intuitive, which may not be true.

Moreover, and as a consequence of the level of internationalization of the firm, it was very difficult to have time to be with the management team once that they keep constantly travelling to their international markets. Therefore, there was for sure a time and availability constraint.

7.2. Future Research

The case study and the research question can be further developed. First, the main topic, and the main research question, regarding the decision influence from managers in the choice of new markets can be studied in other business areas rather than the automotive industry.

Secondly, the role of emotions and how they influence the decision should be studied also through direct observations in, for example, strategic meetings, where it is possible to have all the management team related to the process.

Lastly, the study of intuition and how it influences the decision process should be studied in a pre entry context allowing catching the realistic type of decisions that were made.

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9. Appendices

Appendix 1

Motor vehicles, trailers and semi- trailers manufacturing firm's localization in Portugal

Distritos	N° empresas	% empresas	Vendas	Empregados
Angra do Heroísmo	3	0,8%	199.046	6
Aveiro	67	17,7%	1.190.164.115	7.401
Beja	1	0,3%	14.307	1
Braga	26	6,9%	205.208.252	2.752
Bragança	2	0,5%	372.589	14
Castelo Branco	2	0,5%	317.801	10
Coimbra	14	3,7%	89.143.300	787
Évora	8	2,1%	36.989.065	337
Faro	3	0,8%	331.606	11
Funchal	0	0,0%	0	0
Guarda	2	0,5%	63.230.520	528
Horta	0	0,0%	0	0
Leiria	21	5,6%	7.033.731	111
Lisboa	43	11,4%	552.925.419	2.665
Ponta Delgada	0	0,0%	0	0
Portalegre	1	0,3%	7.246	2
Porto	94	24,9%	461.136.198	4.689
Santarém	38	10,1%	280.087.079	1.707
Setúbal	27	7,1%	2.228.612.567	5.331
Viana do Castelo	10	2,6%	468.994.697	2.367
Vila Real	3	0,8%	1.240.003	31
Viseu	13	3,4%	652.244.222	1.537
Total	378	100%	6.238.251.763	30.287

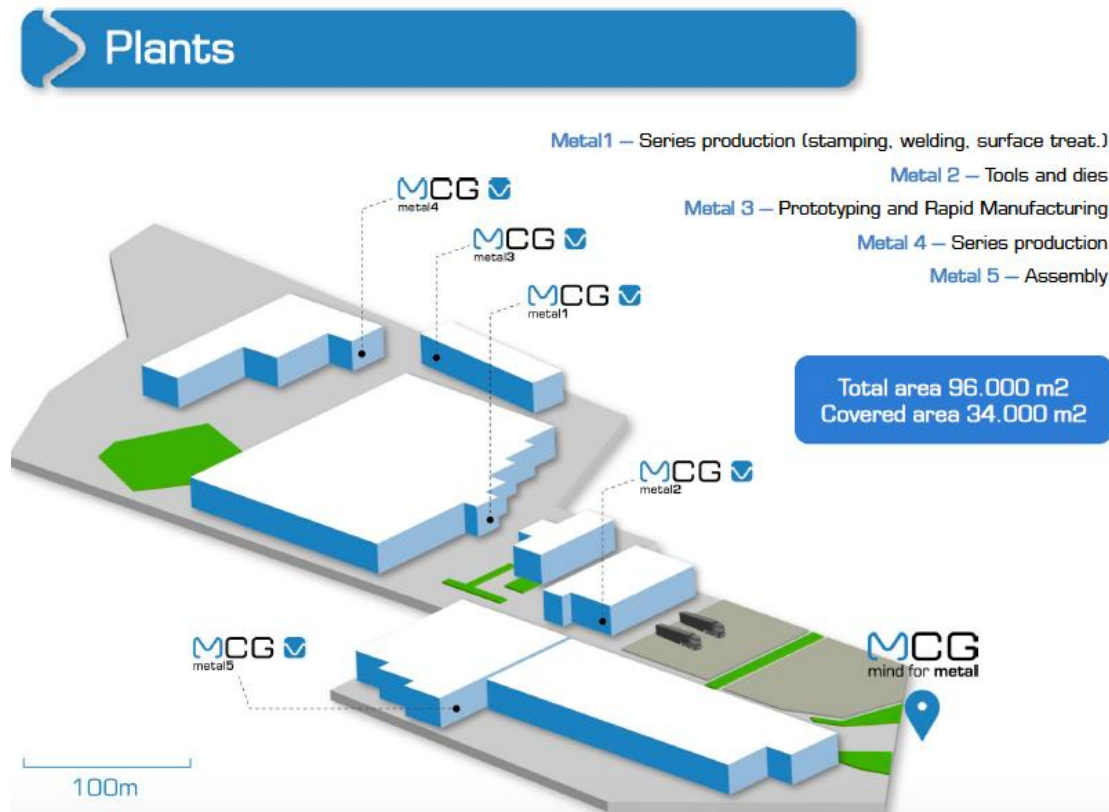
Appendix 2

Data Documentation

Type of Data	Description	Date	Observations
Image	Organizational Map	4/11	Map with the firm organizational structure
Image	Plants	6/11	Plant of the 4 main factories
Document	Chronology	6/11	Firm projects chronology
Document	Turnover	9/11	Turnover of the firm
Document	Strategic information	9/11	Firm's strategic information: roadmaps, international positioning
Document	News	12/11	News about the firm awards in 2014 and R&D projects
Direct Observation	Website	14/11	Information regarding the history of the firm
Direct Observation	Specific internationalization meetings room and Maps	17/11	Specific internationalization meetings room and Maps
Interview	General Director	30/10	International Markets, future markets, internationalization importance
Interview	Supply Chain Office	9/11	Global presence of the firm, clients and projects
Interview	Automotive Sales Manager	17/11	Roadmap/strategic meetings, type of decisions, factors influencing decision
Interview	Marketing Manager	17/11	Entry mode, role of the managers, intuition, emotions, personality
Interview	General Director	3/12	Role of emotions, intuition, personality, influence in decision-making
Interview	Automotive Sales Manager	7/12	Role of emotions, intuition, personality
Interview	Marketing Manager	8/12	The characteristics of the managers, influence in decision-making

Appendix 3

MCG Facilities – Industrial Complex Plant



Appendix 4

Manuel da Conceição Graça Position in the National Ranking of the Automotive Industry Firms

CAE	NOME	CONCELHO	Volume de Negócios	Nº Empregados
29100	VOLKSWAGEN AUTOEUROPA, LDA	Paimeia	1.606.039.683	3575
29100	PEUGEOT CITROEN AUTOMÓVEIS PORTUGAL, S.A.	Mangualde	503.922.579	988
29310	DELPHI AUTOMOTIVE SYSTEMS - PORTUGAL, S.A.	Lisboa	438.590.192	1601
29320	RENAULT CADIA, S.A.	Aveiro	278.661.806	1005
29320	FAURÉCIA - SISTEMAS DE ESCAPE PORTUGAL, LDA	São João da Madeira	243.708.525	354
29320	FAURECIA - ASSENTOS DE AUTOMÓVEL, LDA	São João da Madeira	189.191.976	1492
29310	PREH PORTUGAL, LDA	Trofa	147.762.592	567
29320	SAFE BAG - INDÚSTRIA COMPONENTES SEGURANÇA AUTOMÓVEL, S.A.	Ponte de Lima	143.293.651	278
29320	COINDU - COMPONENTES PARA A INDÚSTRIA AUTOMÓVEL, S.A.	Via Nova Fomalico	113.437.352	1737
29320	CONTINENTAL TEVES PORTUGAL - SISTEMAS DE TRAVAGEM, LDA	Paimeia	110.520.736	371
29320	BENTELER - INDÚSTRIA DE COMPONENTES PARA AUTOMÓVEIS, LDA	Paimeia	106.460.327	114
29320	SAS AUTOSYSTEMTECHNIK DE PORTUGAL UNIPessoal, LDA	Paimeia	106.088.765	121
29320	VANPRO - ASSENTOS, LDA	Paimeia	103.750.597	245
29100	MINIBUS FUSO TRUCK EUROPE - SOCIEDADE EUROPEIA DE AUTOMÓVEIS S.A.	Abrantes	99.530.306	313
29320	DALPHI - METAL PORTUGAL, S.A.	Via Nova Cerveira	89.164.207	434
29320	BORGWARNER EMISSIONS SYSTEMS PORTUGAL UNIPessoal, LDA	Valença	85.545.644	534
29320	SAMVARDHANA MOTHERSON PEGUFORM AUTOMOTIVE TECHNOLOGY PORTUGAL, S.A.	Paimeia	81.434.491	161
29320	HUF PORTUGUESA - FÁBRICA DE COMPONENTES PARA O AUTOMÓVEL, LDA	Tondela	77.705.243	348
29320	MAHLE - COMPONENTES DE MOTORES, S.A.	Cantanhede	75.617.018	611
29320	GESTAMP AVEIRO - INDÚSTRIA DE ACESSÓRIOS DE AUTOMÓVEIS, S.A.	Oliveira de Azeméis	72.032.581	422
29320	GAMETAL - METALÚRGICA DA GANDARINHA, S.A.	Ovar	65.474.117	486
29310	BROSE - SISTEMAS DE FECHADURAS PARA AUTOMÓVEIS, UNIPessoal, LDA	Tondela	62.719.313	64
29320	GESTAMP CERVEIRA, LDA	Via Nova Cerveira	62.024.693	300
29310	LEONISCH PORTUGAL - INDÚSTRIA DE CABLAGENS, LDA	Guimarães	61.357.948	541
29320	DURA AUTOMOTIVE PORTUGUESA INDÚSTRIA COMPONENTES PARA AUTOMÓVEIS, LDA	Guarda	57.900.134	448
29320	SIMOLDES - PLÁSTICOS, S.A.	Oliveira de Azeméis	57.551.915	688
29320	CBI - CHASSIS BRAKES INTERNATIONAL PORTUGAL, S.A.	Abrantes	55.968.012	227
29320	FICO CABLES - FÁBRICA DE ACESSÓRIOS E EQUIPAMENTOS INDUSTRIAIS, LDA	Maia	52.982.614	788
29320	WEBASTO PORTUGAL - SISTEMAS PARA AUTOMÓVEIS, LDA	Paimeia	51.807.248	272
29320	GRUPO AMTOLLIN LUISIÂNIA - COMPONENTES AUTOMÓVEL, S.A.	Via Nova Cerveira	48.614.121	198
29320	EDA - ESTOFAGEM DE ASSENTOS, UNIPessoal, LDA	São João da Madeira	46.270.743	101
29100	CAETANOBUS - FABRICAÇÃO CARROÇARIAS, S.A.	Via Nova de Gaia	42.055.528	501
29320	JOÃO DE DEUS & FILHOS, S.A.	Benavente	40.730.765	334
29320	SAFE-LIFE - INDÚSTRIA DE COMPONENTES DE SEGURANÇA AUTOMÓVEL, S.A.	Ponte de Lima	34.637.938	445
29320	ASPOCK PORTUGAL, S.A.	Oliveira de Azeméis	34.065.523	440
29320	HUTCHINSON (PORTO) - TUBOS FLEXÍVEIS, SOCIEDADE UNIPessoal, LDA	Valongo	29.947.536	221
29320	MANUEL DA CONCEIÇÃO GRAÇA, LDA	Alenquer	29.482.856	315

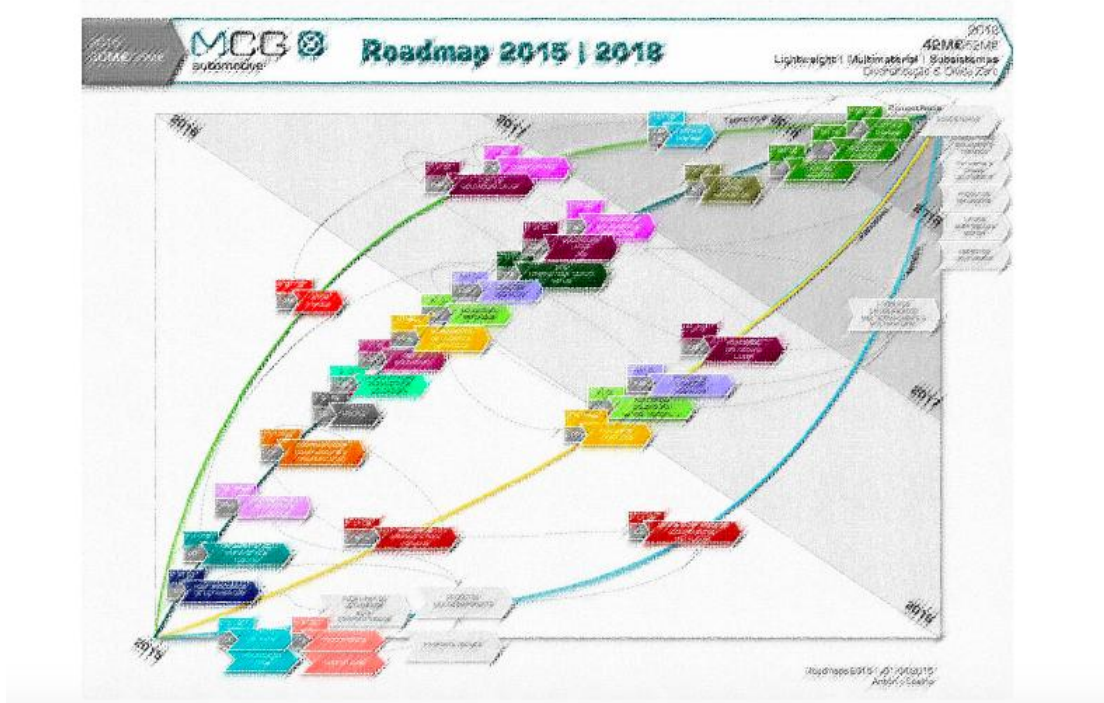
Appendix 5

Global Presence of MCG



Apendix 6

RoadMap



Apendix 7

Organizational Structure

