



**STRATEGIES FOR THE INTERNATIONALIZATION
PROCESS OF THE COMPANIES: STUDY CASE
OF HALCÓN CERÁMICAS**

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1. INTRODUCTION

Meeting with the challenge of globalization process that everyone is living in for some time, companies are forced to realize an internationalization process in order to be able to survive in this dynamic and globalized society, constantly changing on the business environment. Consequently, companies have to be ready for being able to face the ongoing changes because, due to these, companies are more competitive and rivalry rises.

It can be said that export saved a lot of Spanish companies in the current crisis, but many others had to close the doors and, maybe, it could not be necessary if the process would be developed in past. Therefore, it can be stated that the process of internationalization is a really important topic at present and for this, the following project will be devoted.

On the basis that the selection of foreign markets is a strategy of business growth, the general objective of this project is focused on studying the internationalization process. Drawing from a literature revision referring to the internationalization of the company, the second step will be able to be identified. It is the most relevant characteristics of the company Halcón Cerámicas on its internationalizing process. The reasons why this company was selected are different: firstly, because of the possibility to obtain data considering I am working there in this moment; and, secondly, because of its export character.

For doing so, the following project was structured in this way: firstly, we are going to explain globalization and internationalization concepts, because they are the basis in order to developing the rest of the project.

On the second part of the project, the different industrialization theories that had been developed along years by a large number of authors will be revised. And from there, diverse models with different approaches that try to justify and guide a company in order to reach a good internationalization will be obtained.

Thirdly, we are going to realise the case study focusing on Halcón Cerámicas. In which we will start by explaining the methodology used. Later, we will expose the information that was collected from the company, in order to do the data analysis. Finally, we will identify the strategies and barriers with which the company analysed was found when implementing its internationalization.

To finalize the work, conclusions will be provided with a clear objective: to show the internationalization process taken by the company, on the basis of the different concepts analysed on the project. We will also expose the project limitations and the future issues of study.

2. WHAT IS GLOBALIZATION?

The idea of a global world exists from many years ago so a large history behind it is collected. Little by little, it became more important and efficient since becoming an interaction and integration process among people, companies and governments from different nations. This is a dynamic process made in function of the trade and the investment on the international level. Moreover, it produces its effect on the environment, culture, political systems, the development and the economic growth. Also, on the humans well-being that form all world societies.

Globalization is characterized by the expansion and deepening of the capitalist system, free market, free competition, etc. throughout the entire world. In addition, some innovations are added for accelerating the process as it is the case of the technological revolution, informatics, digital, etc. But what really causes this revolution in the new globalization is the worldwide phenomenon. It makes markets more homogeneous and, with this, it neutralizes part of the cultural differences rooted in each one of the world societies. In addition to this, geographical reduction makes easier to move and communicate, supporting to a larger number of information exchanges and one of the main phenomena that contributed to the globalization. So it can be affirmed that globalization is renovating the planet.

In this context, globalization can be defined as the tendency to a higher integration and interdependence among countries and regions of the world. In Nayef and Stoudmann (2006) words: *“The globalization is a process that embraces the causes, the evolution and the consequences of the transnational and cross-cultural integration of the human and non-human activities”*.

Nowadays, the technological and digital advances, that inspire global connectivity, reduce the geographical frontiers among countries, accelerate the businesses and maximize the benefits contributing to the world economic growth. (Anon., 2015).

According to Botero's point of view (2014), one of the biggest risks for the business owner, especially for the owner of micro business, lie in assuming that the magnitude of the "globalization" term is understood and making the error of supposing that it is simply a phenomenon on the international trade level. The process through which big and powerful multinationals appropriate all trades instead of: "taking benefit from the globalization advantages". Botero proposes that the business owner needs to understand, firstly, that it is not facing an economic tendency that slightly grown, developed and took shape over several centuries. Therefore, it is not a process that can be faced from for and against discourses.

Some authors have pointed the range of this tendency like this:

... globalization is a general process (for all planet), permanent (stable over the time), intense (is developed fast in the space), complex (is economic, social, cultural and politic), abstract (immaterial and de-territorializing) and heterogeneous (go in depth on the unequal development between North and South and on the gap between rich and poor). (Rocha, 2003).

Stiglitz (2002) also takes a close look at the great variety of branches that embraces and the effects it causes when answering the question about globalization meaning:

What is globalization? ... fundamentally, it is the narrowest integration of the world countries and towns. It is produced by the huge reduction transport and communication cost, and by the artificial frontiers dismantling to the flow of goods, services, capitals, knowledge and (in less measure) people through frontiers...(Stiglitz, 2002).

Finally, Wild, et al., (2006) also highlights the diversity of ambits and levels embraced by globalization when they defined as: "The tendency towards a big economic, cultural, political and technological interdependence among nations, institutions and economies".

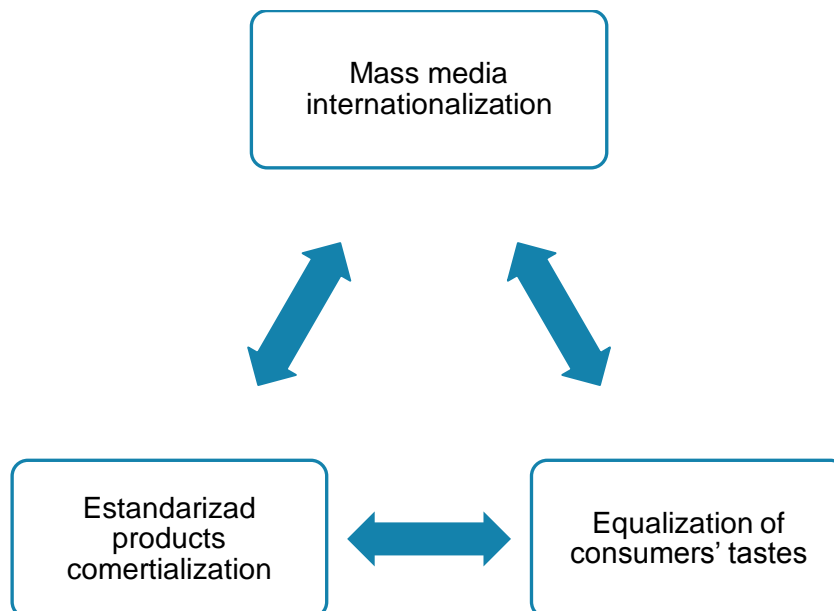
The diverse definitions mark the huge extent of the term. Consequently, it demands the companies that, when realizing evaluations about internationalization processes, they have to take into account different variables that explore and explain the situation, from different angles. It needs to go further than the classic analysis of exports volume that

an organization in particular could do, or about the concept of Current Account of the National Commercial Balance. (Escobar y Cuartas, 1996).

Agnew (2005) says that changes related with globalization had been possible due to a huge quantity of technological, economic and cultural changes: from the “storage according to the clients’ orders”, the transport through containers, the fax, internet and the facility to travel by plane around the world; passing through the production abroad and the integration of stock market, money and products’ world market; until the global unification according to consumers’ tastes, the big increase of diasporas communities and the generalized possibility to “exotic” holidays.

On figure 1, a diagram about commercial globalization can be seen.

Figure 1. Commercial Globalization



Source: Own Elaboration.

Because of the fact that in the last years globalization process has been accelerating and due to the possibility to achieve current, accurate and verified information; it constitutes a crucial element when deciding about the possibility of establishing an internationalization strategy. In further part, what internationalization consists will be explained.

3. WHAT IS INTERNATIONALIZATION?

“The internationalization of the company is an economic phenomenon that, from different perspectives, has caught the interest of a great number of researchers. By internationalization, it is understood all these operations that facilitate to establish more or less stable bonds between the company and the international markets. These will be done along a process of international implication and projection” (Root, 1994; Rialp, 1999).

According to Ortega and Espinosa (2015), the economic globalization allows all companies from the world to face a strong competence, a constant and progressive need to innovate and the tendency to the equalization of the international trades. This means that, society is a part of a global environment, which is continuously changing, with a large competence that forces to realize an important effort of analysis and identification of the capacities, abilities and research of the competitive advantages. It will allow to position and establish the best growth strategy, penetration or consolidation in a particular market, so the company will reach a good purpose.

Internationalization moves further than the products' commercialization and services in a global framework. It implies the direct participation of the companies in other countries and the research of new trades different from the current one. It is a strategic option that requires a great reflexion about the current and future model of the company and the role that wants to be performed in the global market.

It is crucial to note that internationalization is an integral part of the company's corporate strategy. A company looks for internationalization or is on it when: it sells products abroad, imports products from outside, institutes productively in another country, establish affiliated or permanent establishments abroad, is active on the search of new commercial partners; in conclusion, when it is in a situation of interdependence with trades different from the current one.

Trujillo, et al. (2006) formulates a more specific definition, which would be to define internationalization as the cultural process of business ambit through which companies develop capacities for doing business in different countries that constitutes the different markets from their natural geographical sphere.

Internationalization contemplates basically the following actions: export, import, productive relocation to a third country, international transmission of the know-how and direct investment abroad (creation of affiliate companies, branch office, permanent establishments, joint ventures, etc.).

Later on, after clarifying the concepts of globalization and internalization, the review of the literature in reference to the topic is going to be exposed. It will provide with a larger knowledge about internationalization theories.

4. REVIEW OF THE LITERATURE

The internationalization of the companies can be defined as the process through which a company participates on the globalization reality. It is the way in which a company plans, totally or partially, its activities, in an international environment and generates different types of flows, like commercial, financial and of knowledge among different countries.

For this reason, internationalization process is being followed by questions that has to be answered:

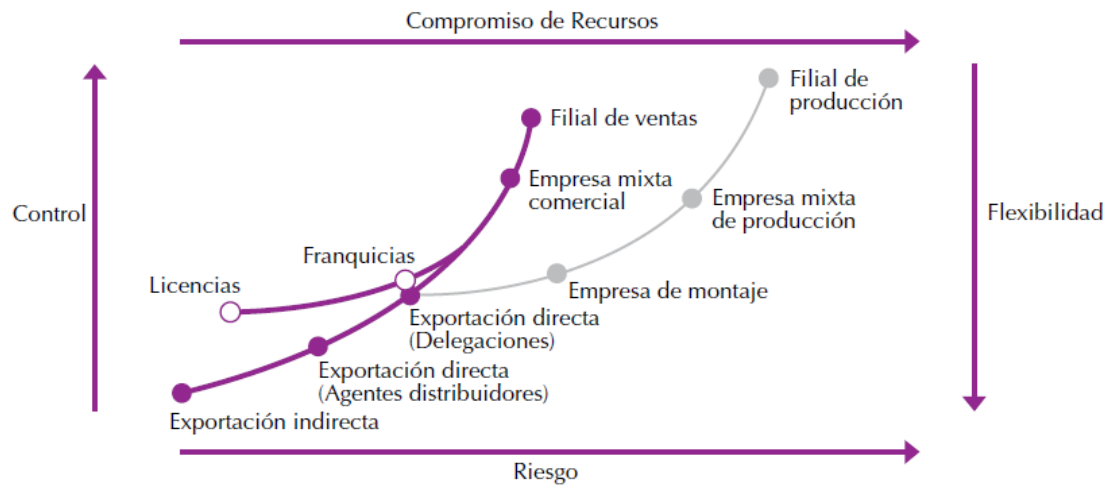
Why a company is internationalized? Which is the process for implementing it? How it can internationalize? Where can their activities abroad be located? (Galan, et al. 2000).

From the basis of these questions, the present bibliography has the main objective of showing the process that companies need to follow for the purpose of industrialization.

Along years, the internationalization process of the company has been studied from different perspectives. From them, the conclusion that there is not an only one correct way for the companies to start developing their international activity was obtained. But, what can be found is the possible path that marks different existent options according to the control each company has on their outside activities, the risk taken and the resources used on the international expansion.

Down below, figure 2 points out the possible internationalization process those companies can follow.

Figure 2. The process of companies' internationalization



Source: Alonso and Donoso (1998).

Diverse explicative proposals about the international behaviour of the company and its determining factors exist. These can be classified in various theory perspectives as: the economy, the process, the network and the theory based on resources. The differences established among them are the expected benefits, the criteria used for the decision of internationalizing and the way of understanding the internationalization process.

Firstly, the **economic perspective** is going to be explained. It describes the international expansion through the analysis of the direct inversion activities. These ones are, at the same time, determined by the costs and economic advantages of internationalizing. It can be considered that, in making business decisions, it is a process totally rational. It encompassed four theories that support this approach: the Industrial Organizational Theory, the Theory about the Internationalization, the Eclectic Paradigm of Dunning and the Competitive Advantage of the nations. (Vernon, 1966; Hymer, 1976; Dunning, 1988, 1992).

The **Industrial Organizational Theory** is associated to the interpretations about the appearance of the multinationals proposed by Kindleberger (1969) and Hymer (1976). These authors suggest that in order to the companies can have productive installations abroad; these ones must have some kind of competitive advantage of monopolist type. It means that, it needs to be unique and for any kind of company, even for those that are in countries where the development can be hard to expand. These ones can have their

origin on the production, the diversification, the commercialization or the technology, among others.

This competitive advantage must be easy to transfer in such a manner it will not be difficult for the company to join it up on the new operational units for installing in other countries. These possibilities are denominated by Hymer (1976) who examines the different type of advantages that companies can have or acquire. He also examines the kind of industrial sectors and the market structures in which is more possible foreign production will be consolidated, because the exclusive existence of competitive advantages supposes some kind of error on the market structure.

The **Theory about the Internationalization** has its origins in the transaction fees theory. It studies the internal processes through which information of the companies is transferred. Consequently, this approach is the main one for studying the multinational companies from a published work by Buckley y Casson (1976).

This theory tries to explain, why is the transaction of the intermediary products, which are tangible or non-tangible, among countries organized by hierarchies instead of being determined by powers of the market. Their proposal is that the multinational organizations represent an alternative mechanism to the market in order to manage valuable activities through national frontiers. In addition, for the companies to be involved on direct inversions abroad, two conditions have to be met (Buckley and Casson, 1976): a) the existence of advantages for localizing activities abroad, and b) to organize these activities inside the company in order to be more efficient than selling or ceding to companies from the country in which the inversion is analysed. These options are given when imperfections on the external market exist. The entity of the proposal of the internationalization's theory in Buckley and Casson's (1979) words: *"the benefits of the internationalization, that permissible insofar as it is done across national borders will implicate the creation of a multinational company; will emerge from the costs avoidance associated to the imperfections of the foreign markets. It will also implicate the creation of a multinational company, insofar permissible, as it is done across national boundaries"*.

The **Eclectic Paradigm of Dunning** tries to explain that extension, shape and pattern of the International production of a company are based on the overlap of the specific advantages of the company, the tendency to internalize foreign markets and the attractive of these markets for producing there (Dunning, 1988). For this reason, the

decision about entering into the international markets is realized in a rational way, basing on the costs analysis and the advantages of producing abroad. This analysis is especially useful for explaining the decisions of the companies' vertical integration, where the companies will evaluate if set or not up a subsidiary of production in a foreign market (Erramilli y Rao, 1993).

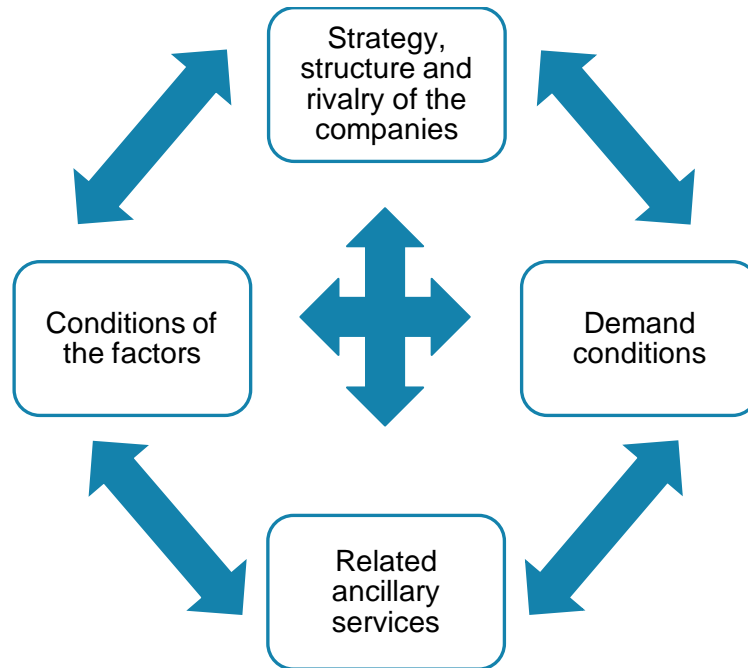
Mainly, this has contributed to the theoretical development of the question through its proposal of assembling within a system the contribution of the industrial organization's theoreticians, the theory about the costs transaction and the theories of location and international trade.

According to Dunning (1992), the conditions that a company needs for choosing to export their competitive advantages abroad through the direct investment are four. It involves becoming a multinational. Firstly, the company needs to have its own advantages when taking part on foreign markets. Secondly, the company that has those advantages can be more favoured itself by the export of these or the rent to other companies located in other countries. Thirdly, and following the contributions of authors like Vernon (1966) about the location advantages, the company needs to find profitable to locate some part of its production plants abroad. Fourthly, Dunning (1992) introduces a fourth condition. He considers that, once the configuration of the own advantages, the one of the internationalization advantages and the configuration of the advantages of location given, previously mentioned, for a company to realise a direct investment abroad, its managers need to consider that the foreign production is in accordance with the strategy of the long-term organization.

The **Competitive Advantage of the nations' theory** is a model that marks the capacity to compete in foreign markets depends on costs of the productive factors and, in addition, on the efficiency in relation with the cost. It explains how companies achieve competitive advantages in competitive markets, and not just on imperfect markets.

Porter (1990) contemplates the existence of some factors determining the competitive advantage of a nation. On figure 3, the four points of Porter's Diamond are detailed.

Figure 3. Porter's Diamond



Source: Porter (2004).

The factors this author considers as competitive advantage resource and that constitutes the components of Porter's Diamond (1990) are: a) the conditions of the factors, they can be divided between basic factors (resources that are found in a natural way in all countries) and advanced factors (the ones that cannot be found naturally, they are more significant for the extraction of the competitive advantage, and there are skilled workforce, communication and resources for investigation, technologic and scientific infrastructures); b) the demand conditions, the existence of a national demand, encourage the companies to strengthen the efforts in order to satisfy the customers through the quality product and anticipating to the clients' needs: it influences positively on the national and international competitive advantage of the companies; c) the companies of support related; d) strategies, structure and rivalry of the sector: a strong national rivalry creates more efficient and innovative companies and they develop their abilities as well as their strategies.

Following Porter (1990), the intervention of the government for incrementing the competitiveness is a determining factor of the export success of a country.

Down below, on table 1, a summary of the theories exposed can be seen. It belongs to the economical perspective and its more relevant aspects to them.

Table 1. Theoretical approach about the company's internationalization in the economic area

| THEORETICAL APPROACHES | ECONOMY | | | |
|---|----------------------------------|---------------------------------------|----------------------------------|--------------------------------------|
| | Industrial Organizational Theory | Theory about the internationalization | Eclectic Paradigm of Dunning | Competitive Advantage of the nations |
| Competitive advantages | Of the company | Of the company | Of the company | Of the country |
| Type of benefits obtained | Economics | Economics | Economics | Economics |
| Reasons for the internationalization | Economics | Economics | Economics | Economics |
| Attitude towards the environment | Analyzed | Analyzed | Analyzed | Analyzed |
| Process for taking decisions | Rational | Rational | Rational | Rational |
| Type of internationalization process | Static | Static | Static | Static |
| Modes of input analyzed | FDI (Foreign Direct Investment) | FDI | FDI | FDI |
| Sizes of the companies | Big | Big | Big | All companies |
| Internationalized activities | Value chain | Value chain | Value chain | |
| Selection criteria of the first foreign markets | Better cost-benefit relationship | Better cost-benefit relationship | Better cost-benefit relationship | |
| Manager role | Annalist | Annalist | Annalist | Annalist |

Source: Trujillo M., Rodríguez D., Guzmán A., y Becerra G., (2006).

Secondly, **the perspective on processes** will be exposed. It understands the international expansion as a process of incremental commitment of experimental learning in which companies built up knowledge about foreign markets and dedicated to

resources in a gradual way. Therefore, it is a model more dynamic focused on explaining how, why and when a company is ready for complementing the different periods on this internationalization process.

This perspective considers internationalization not as the result of an analysis and a planned sequence, but as an experimental and evolutionary process. It is important to highlight that, on this perspective, the criteria of psychological distance (geographical, cultural and political proximity) prevails and the relation cost-benefit not that much.

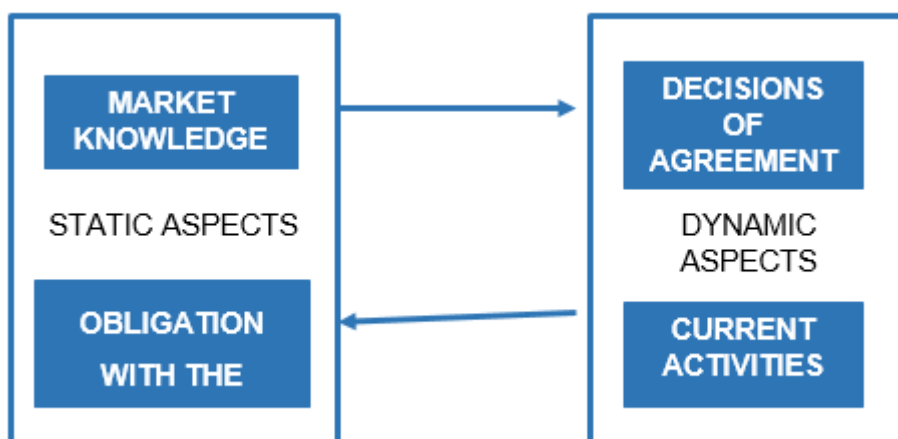
This approach has as representatives the following theories: Theory of Uppsala, Vernon's life cycle, the Model of Canals and the Model Way Station.

The **Uppsala's Theory of Industrialization** was developed from the Studio results of a series of multinational companies, particularly Nordic. It leads to some authors, from Uppsala school, to attribute the internationalization process to an evolving nature: the company ascended to higher international involvement levels, after placing and accumulating experience on the previous sections.

On 1975, Johanson y Wiedersheim were the first authors on recognizing that the lack of resources and the knowledge about foreign markets, produced a certain level of uncertainty that could only be reduced through the incremental decision-making. That means that, from a series of accumulative steps that were taken, due to the learning, the organization develops a growing international involvement. Moreover, they explain that each section corresponds to a higher level of international implication on the company on this market, with regard to both compromised resources and experience and information that the company has about foreign market, and represents a different input model.

On the other hand, according to López (2005), from what was previously mentioned, Johanson and Vahlne (1977) developed a dynamic model in which they proposed as a determining variable the knowledge of the company and its behaviour on the adaptation. On 1990, Johanson and Vahlne assumed that the knowledge of the market is something that is developing gradually through the experience of performing in the foreign market. Incrementing their experience in those markets, new market's opportunities will appear, what will concede to the company a bigger knowledge of the new conflictive environment. As it can be appreciated on figure 4, this model uses two aspects: the static and the dynamic one.

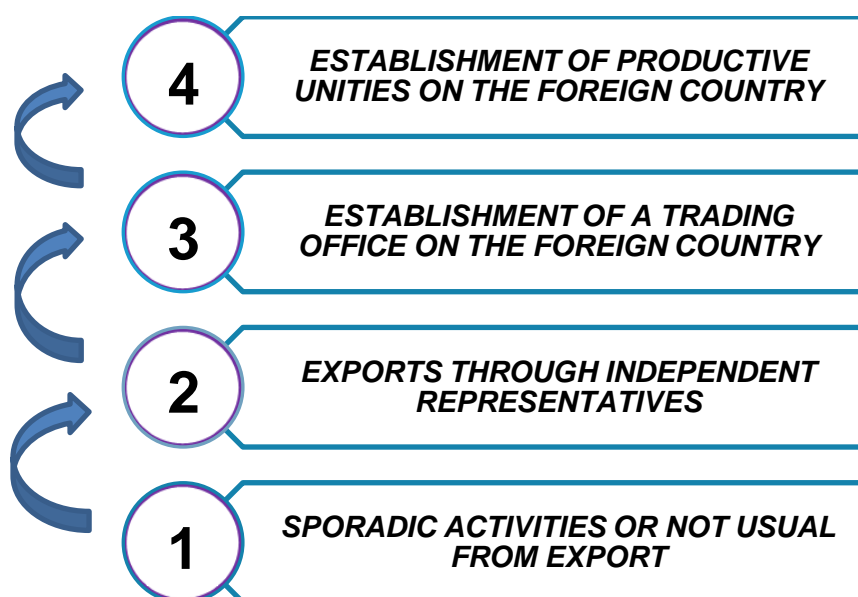
Figure 4. Basic mechanism of the internationalization



Source: Johanson y Vahlne (1977, 1990).

The most relevant aspect from process point of view is the dynamic one. It is characterized by the agreement or the interest that the company shows in the process and which materializes through activities and investments. But this aspect has no place, and this is the basis of the Uppsala's model, until the company does not get knowledge of the new market. When the knowledge of the market is materialized in action, then the model calls market engagement is evidenced. It means that the level of the international activity increase in strength as the market knowledge and international company increase. That way, the internationalization process is dynamic, by periods, as it is showed down below on figure 5.

Figure 5. Process internationalization Uppsala models



Source: Own Elaboration.

Firstly, there are the *sporadic activities or not stable of export*; it alludes direct or indirect exports that are not realised habitually or regularly. Secondly, *exports through independent representatives* are found. In it, an international commercialization is mentioned, or the export is taken by an agent or independent representative, rising this way the knowledge of the foreign market. Thirdly, the *establishment of a trading office on the foreign country*: a commercial presence is established, where the decision of the company with international view is on establishing franchises or licences. Also, doing an analysis of the costs, advantages and attractive of the market and advantages of the company. Fourthly and finally, the *establishment of productive unities on the foreign country* is exposed. This last stage shows a higher compromise by the company because in addition to the commercial presence production is also established. In this point the company needs to do an analysis of costs, advantages and attractive of the market and advantages of the company too. (Andersen, 1993).

Since the knowledge of the market regulates the internationalization commitment, then a new concept called psychological distance can be established. What it means is that the set of information factors that distance the company from the markets (language, culture, politics), with which is explained the tendency to occur an internationalization through the countries psychologically closer to the origin country. The model does not fit or it could audit faster processes of the following cases: a) when the company has enough resources for cushioning losses by lack of awareness or it can participate in order to achieving the knowledge fast; b) when the markets are stable and homogeneous, making its learning easier or that there are easy means for achieving it; and c) when the company has experience on similar markets.

The logic found on this model is that the international agreement of the companies rises when the knowledge of the company about foreign markets increases.

The **Vernon's Life Cycle of the Product** is focused on the periods that a product follows. It means that the direct investment abroad is related with each one of these periods. It is done through the capacity analysis needed for competing in the international markets and determines that the product characteristics on these stages define the geographical scope of the company's production and its internationalization. This way, the direct foreign investment tends to be localized in the countries with better endowment of the necessary factors for competing on each period.

Vernon (1966) combines the classical notions of the theory of the foreign trade with a perspective based on the individual behaviour of each company. In the way that, it drives the lack of realism out from the theory of the comparative advantage, introducing aspects, like the innovation of the product, the economies of scale effects and the uncertainty, that have consequences on the international trades.

This author uses the life cycle of the product in order to explain how the first value added activities based on the actives of the company, at first, will be realized on the origin country of the same. On this period, the product is only offered on the international market, near its innovation activities and their markets. Further on, in a subsequent stage of the life cycle, the products starts to be exported to other countries. It is, principally, due to a favourable combination of a productive and innovation advantages offered by the origin country (Vernon, 1966).

Table 2 presents the periods exposed by Vernon for the life cycle of the product and the company's internationalization on each one of them.

Table 2. Stages of the life cycle model of the Vernon product

| Stages of the life cycle | Phase of the internationalization | Description |
|---------------------------------|---|--|
| 1. Introduction | Orientation to the origin country. | The product is made and commercialized in the country where it was developed. The objective of reaching economy of scale in production, can justify the export of the product to other industrialized countries. |
| 2. Growth | Orientation towards the main industrialized countries. | The export activity rises and, in countries of growing demand, investments on manufacturing plants are realized. |
| 3. Maturity | Relocation of the direct investment. | The main markets of the product are saturated and the product is standardized. Manufacturing is diverted to countries where labor is cheaper labor. |
| 4. Decline | Abandonment of the origin country is almost inexistent. | Product demand in the country is almost nonexistent. Manufacturing is leaving the country. |

Source: Suarez Ortega (1999).

The four periods of activity would be:

1. Introduction: orientation to the origin country. The products is manufactured and commercialised in the country where it was developed. The objective of reaching economies of scale in production can justify the export of the product to other industrialised countries.
2. Growth: orientation to the main industrialised countries. The export activity grows and investments in manufacturing plants are done in expanding countries of demand.
3. Maturity: relocation of the direct investment. The main markets of the product are overcrowded and the product has been standardised. The manufacturing changes its course to countries with cheaper workforce.
4. Decline: Abandonment of the origin country is almost inexistent. The products demand in the origin country is almost non-existent. The manufacturing abandons the origin country.

The **Model of Jordi Canals** is a model in which Canals (1994) established two proposals. On the one hand, a sequential process that gradually increases the level of commitments, and that has the following stages and activities: a) Beginning. Passive export, usually the beginning of the industrialization process, is slow, with passives or circumstantial and punctual exports, and in some way, experimental. b) Development. Active export and alliances. The process of internationalization is accelerated and the company starts to evaluate how to join the foreign market. It is done by contacting and doing transactions with foreign companies or already set on the origin country. c) Consolidation. Export, alliances, direct investment, acquisitions. The consolidation of the international companies is consolidated, stabilizing exportations, or going for the alternative of direct foreign investment.

On the other hand, revising the interpretation that Canals (1994) gave to the typology of international strategies, the differentiation of four big types of companies are found:

a) export or international company: initially with the concentration of activities and exportations from the origin country. Its main characteristics are: development of centralized resources and manufacturing functions on the origin country and merchandising on every country where the company has its business. b) Multinational or multidomestic company: it exploits internally some significant competitive advantage (technological or special product) and diversifies activities in many countries. Its main characteristics are: decentralization of all the activities reproducing parent companies on

each one of its foreign affiliates. c) Global company: the tendency of decentralization is inverted, gaining in importance the international operations in the company and the high concentration of activities, mainly, purchases, production and investigation and development, on the origin country. With the development of the global company, it is needed to develop an adaption capacity to each country and each market. d) Transnational company: the new challenge that is laid out for the company with international companies is to try to combine the economic efficiency with the adaptation capacity to local markets.

The **Model of Way Station**, has as starting point Uppsala model, complementing it with a lot of information obtained during interviews with senior executives resulting in more applied model especially in firms that are on recent processes of internationalization (Yip, et al., 2000).

This model proposed by Yip, et al., (2000), adds new concepts that represent the knowledge and the compromise that companies should follow to get to internationalization:

a) Motivation and strategic planning is the previous step to the process. The research of relevant information is crucial for directing the process. Due to this fact, the company elaborates constantly as strategic planning; b) investigation of markets: the investigation of markets is intensified in order to select the best destiny. The knowledge in order to measure the relationship between the attractive of the objective market and the capacity if the company counts in this moment; c) selection of the market: from the information obtained and from the previous experiences a specific market is selected. It will be optimal when it coincides with the total strategy of the firm. The information is centred on the characteristics of the country, the firm competences, possible synergies and characteristics of the demand, d) selection of the input mode: there is not a particular successful input mode. Each situation requires a specific analysis that will determine the more convenient. Factors such as the level of control, resources, capacities and preferences of threat have direct influence, constituting different levels of operation that differs in form and content; e) handling problems and contingency: the issues in internationalization can be lessened through a deeper investigation about the characteristics of the market; f) post-entry strategy and linkage of resources: it involves the destiny, mobilization and execution of resources, requiring cautiously designed strategies for each market; g) competitive advantage acquired and total corporate performance: these are success measures in the process of internationalization.

Down below, on table 3, a summary about the previously exposed theories can be observed. It corresponds to the perspective of the processes in which there are the most relevant aspects of these ones.

Table 3. Theoretical approach about the company's internationalization on the processes area

| Theoretical approaches | Processes | | | |
|--|-------------------------------|----------------------------------|--|----------------------------------|
| Relevant Aspects | Uppsala Model | Life cycle of Vernon | Canals Model | Way Station Model |
| Competitive Advantages | Of the company | Of the country | Of the company | Of the company |
| Type of benefits obtained | Attitudinal | Economics environment exigencies | Economics Attitudinal | Economics Attitudinal |
| Reasons for the internationalization | Of knowledge | Economics | Economics and of knowledge | Economics and of knowledge |
| Attitude towards the environment | Unknown experimentation | Analyzed | Analyzed | Analyzed |
| Process for taking decisions | Intuitive | Rational | Rational | Rational |
| Type of internationalization process | Dynamic by stages | Dynamic by stages | Dynamic by stages | Dynamic by stages |
| Modes of input analyzed | In a progressive way | FDI export | In a progressive way | In a progressive way |
| Sizes of the companies | SMEs | Big companies | All companies | All in a progressive way |
| Internationalized activities | Commercialization | Value chain | All according to the companies' strategy | Production and commercialization |
| Criteria of the first external trades for selecting | Similarity with local markets | Similarity to local markets | Similarity to local markets | Better relationship cost-benefit |
| Manager role | Has experience and knowledge | | Has experience and knowledge | Has experience and knowledge |

Source: Trujillo M., Rodríguez D., Guzmán A., y Becerra G., (2006).

As a last **perspective**, it is considered the **internationalization based on nets**. It considers the internationalization process as a logical development of inter-organizational and social nets. This approach considers that, through cooperation, companies reduce effectively their limitations for growing and the uncertainty generated when entering new markets. A model that keeps this coherence with this perspective is the model of Johanson and Mattson (1988), since it uses the theory of the social nets in order to explain how the companies are internationalized through social networks. Under this model, the companies form relationships with associates in countries that are new, increment their compromise in the already established nets, and integrate the positions that have in the networks from different countries. These kinds of companies' managers do not need to focus on the internal barriers of the company for internationalize, but on the identification of these resources and opportunities that can offer a well-coordinated network. Moreover, they propose a classification for the companies according to the level of internationalization and the degree of profoundness of the network that uses the company, as it can be seen on table 4.

Table 4. Johanson and Mattson model of networks

| | | Degree of Internationalization Network | |
|---|------|--|--|
| | | Low | High |
| Degree of internationalization of the company | Low | The initiating company | The company behind |
| | High | The international company alone | The international company along with the other companies |

Source: Johanson y Mattson (1988).

The Networks perspective, in some way, sets out the use of “lobby” activities as a strategy to open markets through the research of strategic alliances. What can explain the presence in foreign markets of small and medium-sized companies without experience.

Down below, on table 4, a summary of the theory exposed can be seen. It corresponds to the networks perspective in which there are the most relevant aspects of this one.

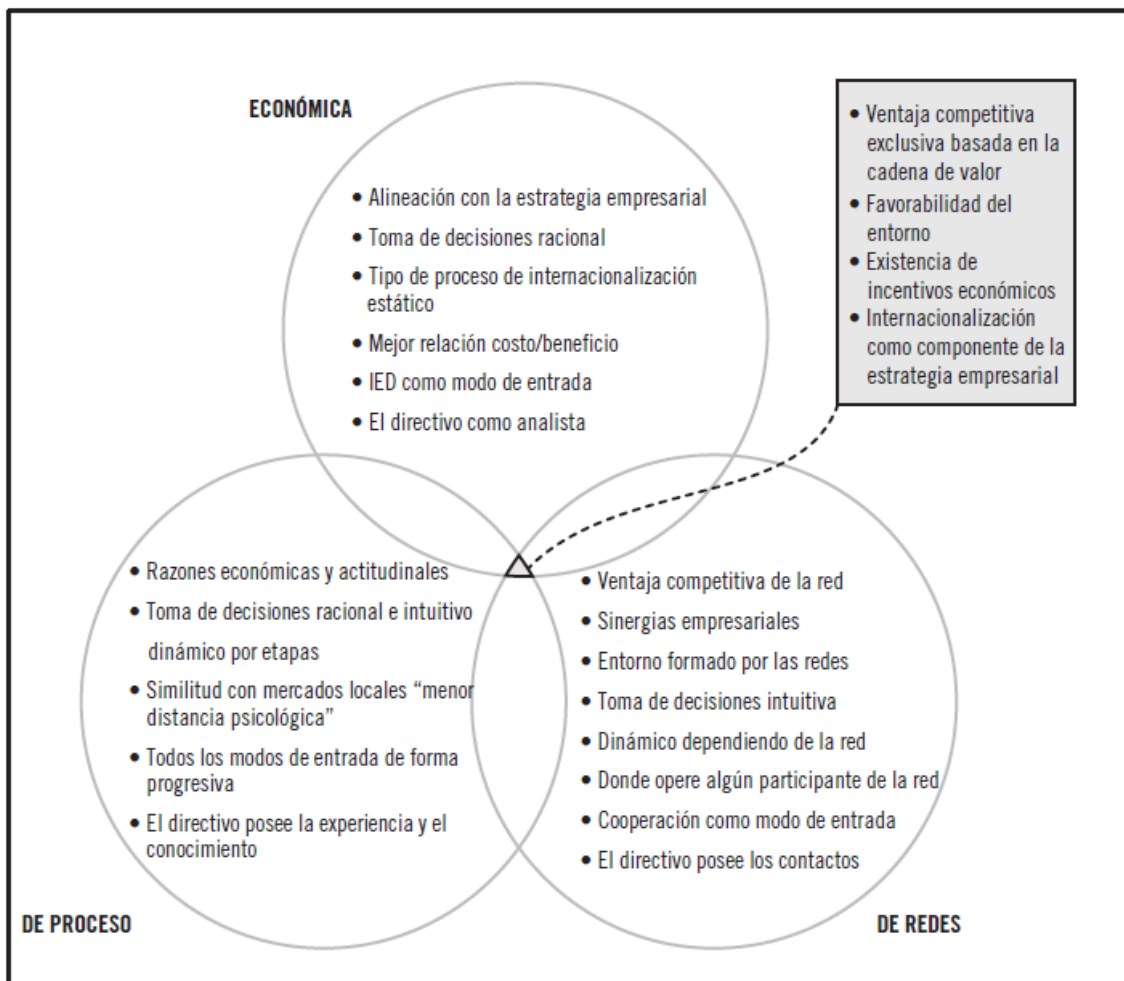
Table 5. Theoretical approach about the company's internationalization on the network area

| Theoretical approaches | Networking |
|--|---|
| Relevant Aspects | |
| Competitive Advantages | Of the network |
| Type of benefits obtained | Economics |
| Reasons for the internationalization | Mutual synergies |
| Attitude towards the environment | Formed by networks |
| Process for taking decisions | Intuitively |
| Type of internationalization process | Dependent dynamic network |
| Modes of input analyzed | Cooperation |
| Sizes of the companies | Big enterprises |
| Internationalized activities | Value chain |
| Criteria of the first external trades for selecting | Where it operates a network participant |
| Manager role | It has contacts |

Source: Trujillo M., Rodríguez D., Guzmán A., y Becerra G., (2006).

In order to finish with this point and according to Trujillo's, et al., (2006) contribution, on illustration 6, it is presented a summary of the most important points of each one of the three theoretical perspectives. It is analysis of the internationalization process of the companies. At the same time, the convergence point of these perspectives can be seen. This convergence point defines four necessary aspects for a viable process of internationalization: an exclusive advantage based on the value chain, a favourable environment, economic incentives and the internationalization as a component of the business strategy.

Figure 6. Convergence of the three perspectives



Source: Trujillo M., Rodríguez D., Guzmán A., y Becerra G., (2006).

5. CASE STUDY: HALCÓN CERÁMICAS

5.1 Methodology

In the second part of the project, the methodology based on the case study had been used. According to González, et al., (2014) it can be said that the case study is focused on the analysis of the specific situation in depth in order to know and be able to understand and interpret the singularity of the study. This kind of analysis can combine quantitative and qualitative methodologies, and also a documental revision. This is an empirical investigation that researches a contemporary phenomenon inside its real context, where the limits between the phenomenon and the contexts, sometimes, are not shown in a precise way, and the use of diverse sources of information, but based generally on the perception from who observes.

Halcón Cerámicas S.A. company had been taken as a reference for the case study. It is a company dedicated to the design, manufacturing and distribution of ceramic products, located in Alcora (Castellón). This is classified as a big company, which is important because it allows showing the scope of this kind of companies on the intention of presenting strategies for the companies of the tiles sector of Castellón province.

In this project, a qualitative research, by the nature of the knowledge that could be drawn, and of descriptive type has been realized. The nature of the knowledge is characterized, this time, by the perceptions of the representative of the exporting company that was previously studied, because it was the main primary source of information in order to get the results of the present study.

As noted before, in order to obtain the necessary data for our research, a questionnaire had been obtained through the study of: the *Evolución de las estrategias de internacionalización de las empresas manufactureras andaluzas de carácter familiar*. Realized by Castro, et al., (2011), because, after doing a deep analysis of this one, we conclude that it fits our study due to the fact that it is based on questions about internationalization of the company and it can obtained a great quantity of information related with this topic that is our issue. This questionnaire is presented on Annex 1 from this document.

This questionnaire had been answered by the Financial Director of the company during a personal interview in which, also, the basic information of the company and more detailed information about its processes was investigated.

There is awareness of the existence of advantages and disadvantages from obtaining the information from a solely resource, as it is the case of the Financial Director. But it is on our behalf we can argument that the questionnaire is based on the studio of the literature about internationalization, with a large variety of items about diverse ambits of the company and this directive is the only person with an overall view and with the information and knowledge needed about the company in order to answer diverse questions, aspects that are essential and keys to make sure about the precision on the data.

5.2 Halcón Cerámicas, S.A.

Halcón Cerámicas S.A. was born in a plant from Alcora (Castellón) 50 years ago, from a grouping of former employees project that unified as a cooperative way in order to create the company.

It is a company dedicated to the design, manufacturing and distribution of ceramic products and they offer the widest range of covering, pavement and special pieces.

From when it was born until 2008, the company has had up to three production plants. It started with sales oriented to national market and ceramic products demanded abroad and supported by the commercial spirit of the owners started to sell abroad.

Between 2000 and 2008, a part from selling to the final customer, it sold to other companies such as Porcelanosa or Azulev (really important factories in Spain). But with the economic crisis, the demand fell and these factories that before were purchasing products stopped doing it. The result was that the company had to restructure in an organisational level, (it stopped two of three companies it had then) and in a financial level, refinancing 25 million Euros with a seven years maturity.

Once refinanced, from 2009, the company elaborated a new strategy in which it focused all its resources on the ceramic material sells to big companies of construction materials' distribution in Spain, France and England. This warranted an acceptable volume of

purchasing in a reasonable profit and with a collection's reliability of 100%. The company in 2008 had a turnover of 55 million of Euros, in 2009, it had a turnover of 33 million of Euros and from then on, and as a result of the strategy previously mentioned, it reached a turnover of 45 million of Euros.

Around mid-2012, and thanks to the improvements in the levels of production and expenses, the company realized they did not have enough production capacity in order to face the demand of its clients both national and international. That, apart from the success of the large accounts in occidental Europe, the demand on the north of Africa, Israel and Gulf countries started to rebound. In view of that, the company takes up the challenge of deepening on the internationalization, reason by which it adapts the commercial team and intensifies the recruitment of staff abroad. On 2013, the firm purchases a company by which it doubles the productive capacity.

As a consequence of all changes previously described, on 2014, the company realises again about the demand, that doubling the productive capacity means coming back to increasing the production of the company. Via synergies by economies of scale and a costs reduction, moreover, leads the company in closing purchase agreements of ceramic materials with other companies, and, as a result of that, the other company is purchased in Onda (Castellón), which happened at the end of 2015. With this purchase, it doubles the productive capacity.

Nowadays, the company has a great range of varieties, with which the company tries to cover the large diversity of tendencies of the ceramic sector and their clients' requirements, by offering new concepts of ceramic expression and adapting to the market exigencies. Now, the eight available brands will be exposed.



Control and quality

Halcón Cerámicas offers a ceramic product of high quality and design, in a vast quantity of formats, colours and finishing touches. Stoneware flooring and wall tiling.



Elegance and prestige

Porcelatec offers an elegant and classic product, for clients with a high degree of exquisiteness, thermal porcelain tiles and flooring of white-firing rectified.



High performances and design

Attom is the brand that represents the range of the porcelain tiles produced in Spain, with high technical performances. This brand offers unique designs full of textures and finishes, in a huge variety of formats.



Just captivating

The versatility is one of the great seductive weapons of imosaice. It is ideal for outdoors as well as for indoors, this range of mosaics fits all the styles of interior design and decoration.



This is a ceramic product that Halcón Cerámicas offers as an alternative brand.



Gresitec Cerámica stands out by its range of clay tiling in different formats, as well as by its porcelain tiling.



Ediker, ceramics of white-firing and porcelain tiling. It highlights by its avant-garde and modern design.



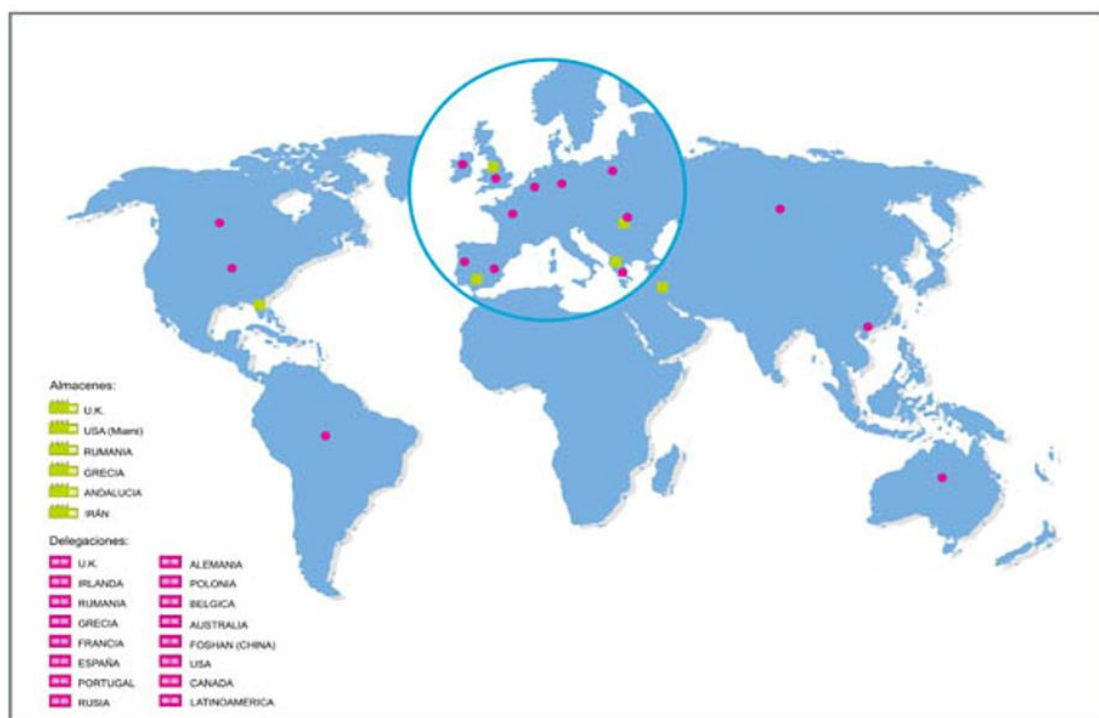
Since the end of 2014 and beginning of 2015, Halcón Cerámicas had created a brand ONICE. This comes out as a really ambitious project inside the ceramic sector.

The vocation of ONICE is clearly international; having as objective selling both in markets clearly increasing development, as well as in these ones that are already established that offers long-term stability.

The quality of the service and the design are features that ONICE wants to highlight to the fullest. Nevertheless, trying that the products' offer will be able to reach all the segments possible of the market.

Halcón Cerámicas, S.A. is, currently, a reference company on the national and International market of ceramics. It is present in the major part of the countries of the world, and thanks to its versatility and capacity for changes' adaptation in different markets. Its strategic markets are: Spain, France, Portugal, United Kingdom, North of Africa, Persian Gulf countries, USA, Israel, Greece, Russia, Poland and South America. Down below, on the figure 7 the commercial net and the distribution of the company can be observed.

Figure 7. Commercial Net and Halcón Cerámicas distributions



Source: Halcón Cerámicas.

5.3 Data analysis

After the interview and based on the questionnaire, previously designed, to the person responsible for the company, in this point we are going to do a data analysis in which we are going to develop, through the theories previously studied, the actions that had realised or realises the company, so a conclusion about how Halcón Cerámica acts can be taken.

5.3.1 **Reasons of the internationalization**

The reasons or motivation for initiating the process of internationalization can be explained through the economic theories exposed by Trujillo, et al., (2006). The cross-checking of the information obtained from the company with the reasoning of these theories generates the following affirmations:

It can be said that, a reason for initiating the internationalization processes according to Dunning (1988) are the entrepreneurial skills developed and its possibility for being

exploited. In reference to this, it can be said that Halcón Cerámicas thinks that it is not necessary to install new production plants in other countries in order to improve or protect the quality, improve the expenses of the contracts or the relation with the different clients, increase the productivity, or improve the logistics when establishing in a more favourable geographical position. However, it was discovered that the process of internationalization emerged by the need of finding new markets for exploiting the economies of scale and to take the advantage for expanding and, with this, to increase the sales.

There were not identified neither, the opportunities for the internationalization expressed by the theory of Dunning (1988) of the following type: use of the tax conditions from the destiny countries, use of the privileged information about the international market, ownership of a patent or licence.

5.3.2 Internationalization process

Taking into consideration the models that support the approach of the process, that is to say, the models of Uppsala, Jordi Canals and Way Station, in the case studied the following internationalization ways can be identified.

The exportation is the main way of internationalization used by Halcón Cerámicas. One of the main motives was hold up by the commercial spirit of the owners. Moreover, apart from trying to take the advantage of the strengths they had, the most important was the knowledge and success of the product on the national market. As a consequence, the use of other ways of internationalization was not viable because the capacities of the company did not let them adopt them. In the case of Uppsala Model and Jordi Canals Model, the opening branches of a productive unity in the destiny country is not viable by the absence of knowledge on the market that allowed ensuring its stability and duration on these markets.

Uppsala model proposes that the internationalization is fruitful in the measure the companies advance in the knowledge of the market and realise permanent Inversions or activities in the destiny country. Therefore, it can be affirmed that it is necessary a permanent investment during the process in order to succeed. With regard to the progress of the market knowledge, it was possible to evolve because the company uses distributors, commercials and agents that are dedicated to the distribution of their products abroad and to establish networks with the external agents. Consequently, the knowledge acquired by these remains on the company.

Among the forms proposed by Jordi Canals' model, it is possible to internationalise from the licences or franchises, or acquiring a company on the destiny country. In respect to the franchises, Halcón Cerámicas believes that the requirements of processes and product's standardization and reliability are not satisfied as for offering a franchisor this modality. Nevertheless, it had an affiliated company on the destiny country, in USA in particular, but due to the lack of opportunities in this country and the economic crisis that affects it during the last years, the company had decided to close this affiliated firm and concentrate all its production in Spain.

The models of Jordi Canals and Way Station suggest planned processes and well-studied for the internationalization. However, the company states that it did not use them.

Summarising, as the results obtained had shown, the exportation had been predominant over other internationalization ways. Its usage can also have variations from one company or another, some use distributors others commercialize directly. In our case of study, the considerations of the models of Uppsala and Jordi Canals are supported, since Halcón Cerámicas retains close links with its distributors, commercials and agents, that are responsible for the marketing and distribution in the country of destiny.

5.3.3 Facilitators and obstacles of the internationalization's process

Among the theories of internationalization, the ones previously classified as economic theories emphasise on the comparative characteristics of the company, the countries of origin and destiny that facilitates or sponsor the processes of commercial exchanges between them. Using the existence or lack of these characteristics on the case of study these conditions that facilitated or blocked the process are identified. In order to structure the analysis the case of study's characteristics according to the economic theories previously analysed had been selected: competitive advantage of the firm (theory of the industrial organization), attractive of the foreign markets (theory of the internationalization), advantages of exploiting its entrepreneurial skills (eclectic theory of Dunning), and competitive advantage of the nations.

The theory of the industrial organization affirms that the competitive advantages are the ones that generate the necessary conditions for a process of internationalization. In Halcón Cerámicas is apparent the fact that its products has distinctive characteristics

into the markets in which it works. Moreover, it has production plants more innovative, with the manufacturing systems more advanced and with the constant application of new technologies.

The product portfolio that the company offers is really complete. It has eight brands (Halcón Cerámicas, Onice, Porcelatec, Attom, Imosaici, Emotion, Gresitec and Ediker) with which pursues to respond to the huge diversity of tendencies of the ceramic sector and to the requirements of their clients, offering new concepts of ceramic expression. While sometimes, the companies from the destiny country only offer some products or even there are not existent, other companies that elaborate this type of ceramic products. However, in some places they saw some market obstacles because they faced a rivalry between companies from the same country and a products offer already consolidated of international companies, the same with who it was already competing in Spain.

It is important to state that the studied case did not found any characteristic that contemplates the theory of the entrepreneurial competitive advantages or the theory of the industrial organization over the tax protection or tax benefits offered by the destiny country. This condition, although it was not found on this study case, can be a facilitator for other cases.

On considering the characteristics that contemplates the theory of the internationalization about the qualities that makes a foreign market attractive, the data compiled show that a full affirmation on the part of Halcón Cerámicas, that the considerations of this theory about the favourability conditions were not present on the election of the destiny countries and neither in order to start the process of internationalization: the leverage of patents or licences, the access to privileged information, a better special distribution, and the decreasing of costs of raw material or labour force acquired on the destiny country. Consequently, the theory of internationalization cannot help to explain the successful and fruitful processes of the company studied.

The eclectic theory of Dunning, that emphasises the utilization of the entrepreneurial skills, offers, also, elements for characterising the motives for internationalize (analysed on the first point of this chapter) as well as the facilitator characteristics, in which we are going to focus on this paragraph. As a consequence, it can be said that, the theory of Dunning contemplates the exploitation of governmental intervention and the intentionality from the corporative strategy. About this last one, data marks that Halcón

Cerámics found and finds exportation opportunities through deliberate actions that the own company starts and that afterwards intentionally strengthens in order to ensure the process of export. It is also important to note that, not always, that internationalization is searched, the opportunity for it is found.

Another characteristic that Dunning theory contemplates is the exportation of governmental interventions. In this respect, Halcón Cerámicas tries to take the advantage of the tax and duties exception that its product has in some of the countries in which it is present, such as North Africa, Israel and Gulf countries. This situation depends on certain situations particular of each country and it is not a determiner on the election of the destiny country, it is just a condition that helps a company to improve its profitability on these markets.

The theory of the competitive advantages of the nations takes into consideration the characteristics from the region or country where the company is located in analysis like: the demand of their local clients, the demand of companies or institutions that supports internationalization, and the rivalry as a source of creative development. From these characteristics, the data allows to affirm that the demand of their local clients and the rivalry as a source of creative development had been determining in order to achieve success, because Halcón Cerámicas had been subjected to this condition from beginning. For this reason the company adapts the sales prices according to the case, or what is the same, it adapts the local demand of each destiny.

In reference to the last condition, the theory of the competitive advantages about the existence of companies or institutions that supports internationalization, data clearly shows that the company received the support offered by ICEX (Spanish Institute of Foreign Trade), Institute for Small and Medium Industry of the Generalitat Valenciana (IMPIVA), as well as some professionals institutions including the Chamber of Commerce in Castellón. This allows to ensure that the success of these processes in some cases abides in receiving the experts support.

5.3.4 Psychological distance of the company in relation to the foreign country or market

The psychological distance is a characteristic proposed in **the Uppsala Model** in order to represent the evolution of the internationalization process. Since, in the measure the

knowledge of the destiny country is improved, psychologically talking, it can be said that, the company fits better for this process and, consequently, a strengthening of the company in the new market is expected.

Halcón Cerámicas relied on the destiny country in order to lead the psychological distance through business contracts, distributors, commercials and agents. The distributors have as peculiarity that are owners of the channel. It means that they do not use other sub-distributors and, consequently their knowledge about the market is high and it can be easily profitable.

The data found about the psychological distance, explain that when using distributors the company does not feel forced to improve their capacities in order to face the uncertainty of the foreign market and it always delegates this responsibility or capacity to the distributor. For example, in the case of education, evolution does not exist because there is no need for hiring staff on the destiny country, so it does not need to worry neither about the level of education of the job offer.

5.3.5 Evolution of the company in the process of internationalization

Based on the model of the life cycle of Vernon, it can be established the period in which the evolution of the company is into the process of internationalization. This life cycle contemplates four stages: introduction, growth, maturity and decline.

The results presented on the questionnaire shows that the election of the case is coherent with the model of the life cycle of Vernon, because with the answers got by Halcón Cerámicas it can be said that the data place the company in a growth period. This is due to the fact that Halcón Cerámicas, has an orientation towards the main industrialized countries, increasing the export activity towards new markets.

In this case, the company exports to countries from all over the world, although, in principle, the process was initiated in near or neighbour countries such as France or England, which warranted the acceptable volume of purchasing at a reasonable profit and with collection reliability of 100%.

Down below, on the figure 8 the Life cycle of Halcón Cerámicas can be observed.

Figure 8. Life cycle of Halcón Cerámicas



Source: Own Elaboration.

5.3.6 Identification of strategies and barriers in order to the internationalization of the company

5.3.6.1 Strategies

On this point, it will be explained another intention of this document, which is analysing the strategies used by Halcón Cerámicas for the internationalization considering the possibility that these strategies will occur in a planned or analysed process.

The strategies of internationalization can be classified basically in four big types: of leaderships in costs (Porter, 2004; Morgan, et al., 2004), of differentiation (Porter, 2004), in service or in the processes of marketing (Morgan, et al., 2004), and of approach (Porter, 2004). On each one of these four types of strategy, it can be included different ways of developing them. The methodology in order to identify the strategies used had consisted on identifying under the bibliography criteria next to the questionnaire previously mentioned, the characteristic actions of their processes of internationalization that were or are determinants for this type of company.

Hereafter, the strategic actions that we could identify in the study of our case are going to be exposed.

Strategy 1

For Halcón Cerámicas is important in the internationalization process to count with the support of the councillor institutions like ICEX (Spanish Institute of Foreign Trade), Institute for Small and Medium Industry of the Generalitat Valenciana (IMPIVA), and the Chamber of Commerce in Castellón. Also, the fact of accumulating competitive advantages through time, it means to have developed characteristics of their products

and processes remarkable in the local market and that they also were remarkable for the market of the destiny country after doing the adaptations needed in each case. These competitive advantages have been achieved through a process of maturity and development of the product motivated by the interest of satisfying the demand of their clients, apart from the challenge of the competence. In the case of our company, the competitive advantages resided on the efficiency and the quality of the product, the capacity of the needs' attention through a wide portfolio of products and the positioning.



Strategy 2

One of the strategies is considered on each internationalization process is related with the way of entrance to the market of the destiny country. Bell and Young (2004) designate as options for this purpose the export, the realization of alliances, the Foreign Direct Investment (FDI) on the country of destiny, franchises or licences. The predominating strategy in Halcón Cerámicas has been the exportation. Consequently, it is identified that the strategy of internationalization used in our case is the result of some characteristics that influence the strategic decision of moving to another country: the experience in the export process. This characteristic marks that as major experience, more forms of revenue of bigger investment and control are used, and, consequently, it can be assumed that in our case this characteristic is fulfilled, for this reason the strategy of export is used. (Bell and Young, 2004).

Strategy 3

For Halcón Cerámicas Company, the usage of an allied company in the destiny country has been important in order to progress on the export process. Using one of the ways such as exportation and according to the model of Jordi Canals and Uppsala, the following cases can occur: the use of distributors, commercials and agents. Halcón Cerámicas makes effective use of its strategic alliances, for example, the big companies of distribution of construction's material, consequently, this is a proof that the company

uses a strategy of distribution (Julien and Ramangalahy, 2003), because they facilitate the knowledge of the market and, in the best of the cases, they provide the clients that are required in order to ensure the sale, shortening the process to months instead of years when the company does it individually.

Strategy 4

The company starts processes of capacities' development such as: constant improvement, implementation of the norms of the International standardization like the ISO 9001, quality management and of its processes, products' development, innovation in the productive processes, renovation of machines, and incorporation of technologies of the information both in production and commercialization processes. This strategy can be considered as crucial, essential and definitive.

The development of business' capacities allows developing a strategy of leadership in costs or the differentiation as Porter (2004) suggests. Capacities that in our case are more evident for a strategy of differentiation based on the great human potential, the high technology used in all the process, the capacity of the product in terms of quality because the company does a rigorous control, a clear example of this is the seal of quality ISO 9001, the positioning of this one as one of the best companies inside the local market, and the variety of its brands, products and designs. All these strategies of differentiation are inside the ones defined by Julien and Ramangalahy (2003).

Strategy 5

Halcón Cerámicas uses a process of internationalization as a strategic action as it marks on its third stage the proposal of Bueno (2014). For this strategic purpose it allows the participation in previous activities of internationalization, such as the participation in international fairs, the recognition of the destiny country and the training about the topic to officials different from the commercial and directive area, especially from the production area.

Halcón Cerámicas participates on five international fairs a year:



CEVISAMA fair in Valencia

CONSTRUMAT fair in Barcelona



CERSAIE fair in Italy

MOSBUILD fair in Russia



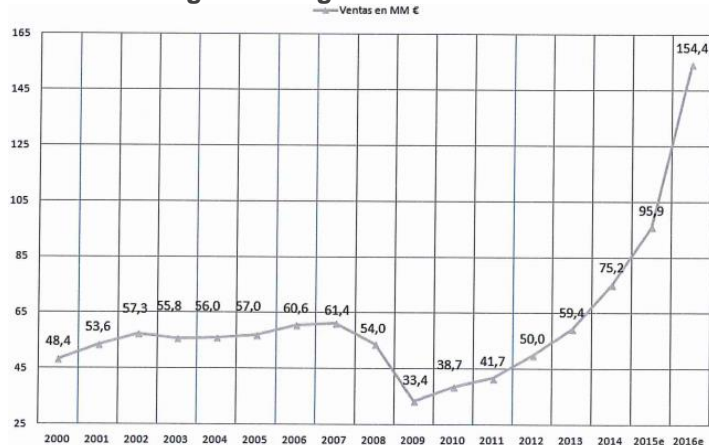
COVERINGS fair in United States



Strategy 6

With regard to the research or availability of financial support, Bell et al. (2004) recommends the possibility of realizing permanent and forceful investments in order to know and take advantage of the countries of destiny. Therefore, it can be said that Halcón Cerámicas has a technical capability that allows it to be leader in the market and obtaining in addition, an appropriate participation with the sufficient economic efficiencies for generating cash flows and this way does not settle in the processes of internationalization accepted, nor generating loses. The financial strategy can occur in two routes: through the usage of its own cash flows, or through the research with other companies, being these ones locals or pertaining to the objective external market, and by the support of governmental programmes. On figure 9, it can be observed the continuing trend of growth of Halcón Cerámicas from 2009 until nowadays, allowing to close the manufacturing activity on 2015 with 115 million Euros and an objective for 2016 of 150 million Euros.

Figure 9. Continuing trend of growth from 2009. Halcón Cerámicas



Source: Halcón Cerámicas.

The strategy of differentiation of marketing proposed by Julien and Ramangalahy (2003) suggests the definition of a system of distribution. About this topic, in the studied case points that the best way is to use distributors in the destiny country that not only it is providing the channel in order to bring the product closer to the client, but it will be able to supply the sufficient knowledge about the market and its evolution.

Strategy 7

Many opportunities of internationalization are lost because of the lack of attitudes and interest of the current managers of a company (Bell, et al., 2004). For this reason, one strategy that can be used when these opportunities appear is the one that Halcón Cerámicas used. When it faced with the result of the improvement at productive and costs level, the company did not have enough productive ability for supplying all the demand from their clients because apart from the success of the large accounts in the Occidental Europe, the demand on the North of Africa, Israel and Golf Countries was beginning to bear. In response to this the company took up the challenge of deepening the internationalization by adapting the commercial team, intensifying the recruitment of people abroad. They also purchased a company with which it could double the productive ability in order to have a ability to supply all markets in which they actually are.

5.3.6.2 Barriers

In general, it could be considered as barriers in order to the internationalization the fact of not using any of the strategies mentioned above.

Therefore, analysing the information got during interview, with the company manager, and the questionnaire realised, the interest is centred in the barriers' identification that Halcón Cerámicas found in the internationalization process related with the nature of the business and the conditions of the destiny country. Later, we are going to explain the barriers found:

1) The constant innovation that the company realises, may be hampered by the lack of conditions in the industry, or what is the same, that there will not be a group of demanding clients that signals and asks for the improvement and the incorporation of new products, or and ambient of rivalry between competitors based on the value addition and not on the fight for offering the lowest price.

2) In some stages of the companies' existence, the absence of resources in order to keep a permanent investment has been an obstacle for advancing on the process of internationalization. For example, with the crisis the demand fell and the companies that were purchasing products stopped doing it, what implied a fall in sales, that united upon breakdown of the financial entities, made that the company had to remodel at an organisational level (stopping 2 out of the 3 factories that the firm had on that moment) and at a financial level and refinancing 25 millions of Euros in 7 years, all this in order to be able to overcome all these obstacles.

3) One of the biggest obstacles that the company have found in order to initiate an industrialization process, had been the psychological distance between the knowledge of the businessman and the structures of the destiny country's market. This obstacle is found when a strategic allied that offers the necessary knowledge and closes the gaps in a fast way, avoiding that the company wear efforts away on the knowledge of the mentioned market, or even worse, to risk resources by the lack of clarity in the actions assumed for entering the country of destination, cannot be localized.

4) The experience in the distributor's election. Its research had been difficult because the same unawareness of the culture, the language and the companies of the country of destination, had accompanied misleading business that had generated losses.

Nowadays, these difficulties can be covered using known letters of credit that the bank dispatches.

5) The transport managing is another barrier that the company had found when distributing its material, besides the customs and duty laws with which it faces on the different countries they operate. Also, the operations realised out of the Eurozone because it supposes a difficulty for the company when having to work with foreign currency.

6. CONCLUSIONS

Finally, we are going to expose the conclusion that can be learned after doing this project. In respect to the theories analysed on the first part of the project, it can be said that, in general, all these theories agree on the existence of a competitive advantage exclusive of the company, as a starting point for a process of internationalization. This competitive advantage becomes in part of the value chain, that will be exploited in the markets abroad, provided that an economic incentive for doing it will exist.

The theories belonging to the perspective by processes are the only ones that studies the process of internationalization in a dynamic way by periods, providing greater vision more realistic that how the business world works, apart from denominating the criteria of less psychological distance (such as, for example, the geographical proximity, cultural and political similarities). On the selection of the first markets abroad, for the economic perspective means more the best relationship between cost-benefit (as it could be the case of the market's size, income per capita, the endowments, etc.). For the network system, the approach that will dominate will be where some participant of the net will operate (associates, agents, international organisms, etc.).

A comparative analysis indicates us that the perspective of the process contemplates all the entrance modes. They are always provided in a gradual way and with progressive requirements, while the economic perspective is centred on the Foreign Direct Investment (FDI). And the network approach involves cooperation as an effective way in order to diminish the uncertainty generated when engaging in new markets.

Regarding the analysis of study of the case Halcón Cerámicas, it can be concluded that, despite the existence of different modalities of internationalization on the scope of the

company, the exportation has been consolidated as the most used form. If the capacities of this company are considered, it can be interpreted that this phenomena is a cautious answer about the international business that this one have developed and to its capacity levels for marketing, operations and finances in order to face the expansion of its markets and the managing complexity that this carries.

If the abilities of this company are considered, it can be said that this one, for initiating the export processes it was initially required to overcome the barriers of the paperwork that hampers the necessary and timely decisions making in matters of investment and adaptation of the business model. As well as, recollecting primary information that can be achieved in order to know the market. When the company crosses these barriers and takes the advantages of these strategies the process will be successful and if its operational capability have arrived to a maturity state in terms of efficiency and quality that will allow it to respond to the exigencies of an international market.

The case studies uses different performances designed for developing strategies for dealing with the process of internationalization; among them the following ones can be identified: a) the use of the orientation and facilitator institutions on internationalization such as, ICEX, IMPIVA or the Chamber of Commerce of Castellón, apart from, developing the product at a level considered of international size through the local experience that implies the development of its abilities; b) the options for the export decision, the realisation of alliances, the foreign direct investment of the destiny country; c) the use of distributors, commercials and agents; d) the development of business abilities as a constant improve, implementation of the international standardization norms, development of products, innovation on the productive processes, among others; e) participation on previous activities of internationalization such as the participation on international fairs, recognition of the destiny country and trainings about the topic to different workers of the directive and commercial area, especially on the production area; f) permanent processes of investment and negotiations in the countries of destination, with test exports in order to gradually adapt the company , the processes and the product needs and exigencies of the foreign market; g) management attitude to the positive control of the uncertainty, the investment on the learning more that on the initial interest by the utilities, and in especial in order to search and accept a strategic allied that will facilitate the commercial processes and of adaptation on the destiny country.

All the strategies previously mentioned had been essential in order to surmount difficulties found during the internationalization process. Some of these difficulties are

associated with the company capacities, which are the fruit of the addressing and effort of its components, but others are associated to the barriers of the process, it means that associated characteristics are important to the nature of the business or the environment of the same that obstruct the process of internationalization. Among these barriers, these ones had been identified: a) that there is not an exigent group of clients that will demand the improvement and incorporation of new products, or a rivalry ambient through competitors based on the added value and not the fight for the lowest price; b) the absence of resources in order to keep a permanent investment; c) the obstacle found when a strategic allied cannot be found that offers the needed knowledge and avoiding that the company will invest to much efforts on the knowledge of the market; d) the experience on the election of the distributor; e) the see through paperwork apart from the customs and duty laws and apart of the several currencies with which it has to operate.

Consequently, it can be concluded that Halcón Cerámicas is a company that really realises a lot of actions in order to perform its internationalization and that, thanks to it operates for many years on the sector. It is a truly company that knows how to adapt to the market, both national and international, and reason by what it is a leader referent on the ceramic market. Although, we will not find a systematization and materialization of these processes, what it could make it, from our point of view, loses good opportunities and it does not take benefit of the maximum existences.

Finally, we hope that our project will contribute to the evaluation and the improvement of the strategies of internationalization for Halcón Cerámics' company.

7. LIMITATIONS OF THE PROJECT AND FUTURE RESEARCH AREAS

Coming to an end, we cannot forget the limitation of our study of the case. This study has two important limitations. In the first place, the practical application to a solely case, or what is the same, we only studied a case in particular, where the information obtained is centred on the main characteristics of this company, as a consequence, it obstructs to generalize any conclusion obtained. However, this limitation is relative because it was not the objective of the project to get generalizations of the same, but we understand, as we will see later, that it can be a future line for researches. Moreover, in spite of being a big company with international practices, it caught our attention the little information they have about their internationalization processes. This leads us, in some parts of the project, to not be able to verify and analyse the theory exposed about the internationalization to this company.

With respect to the future research areas, and with the objective of extending the scope of this project's application, improving this way the results of the study, it would be interesting:

- ❖ Expanding the analysis by comparing the case of Halcón Cerámicas with companies from the sector. This study would let us know if in the sector the similar strategies are being practised by other firms, and its position attending to the levels of internationalization of the sector. In order to realise this future line of research, on the one hand, an international analysis about the main competitors companies of the same sector could be done. And on the other hand, it could be analysed the aggregated data of the sector.
- ❖ It could be tried to analyse the monitoring of the company Halcón Cerámicas in order to see its evolution along time.
- ❖ A comparative studio of the different ceramic industries of Castellón in respect to other different places could be done, for example, with the ones from Italy (one of the main competitors of Spain) in order to see differences and similarities of their strategies of internationalization. This would let us see strong and weak points of our companies, as well as possible strategies for implementing on this area.

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9. ANNEX

Annex 1. Semi-structured questionnaire interview to the company¹

We would be grateful with your collaboration by answering the questions below, which objective is to understand better the internationalization strategies of the company. Regarding the information, you will provide we can guarantee you complete confidence. Finally, this is a non-profit study but merely for research. Thank you so much for your collaboration.

1. - What is the percentage of exports on total sales? _____

2. - Does the company have a specific export department? Yes No

If so:

Could you indicate approximately the year of creation of this department?

Indicate the number of workers in the same _____

Languages spoken on the department:

English French German Arab Others

Which ones? _____

Who depends the export department in the organization chart from?

_____ -

3. - If the company makes importing activities, its destination is:

- Manufacture and sale in domestic market
- Manufacturing and subsequent export
- Marketing in the domestic market
- Exportation

¹ This questionnaire is taken from the study: Castro, P., Molina, H. y Ramírez J. N., 2011. *La evolución de las estrategias de internacionalización de las empresas manufactureras andaluzas de carácter familiar.*

4. - Regarding the development strategies in outside markets:

4.1. - The situation of your company in terms of export is:

| |
|---|
| <input type="checkbox"/> We perform operations in a manner punctual manner |
| <input type="checkbox"/> Although exports are common, staff dedicated exclusively to export activities is not available |
| <input type="checkbox"/> We have more than a commercial as permanent staff, dedicated to the distribution of our products abroad and to establish networks of external agents |
| <input type="checkbox"/> In some case, we have a subsidiary in the destination country |

4.2. - In case of having subsidiaries or offices abroad. Where are they located?

EU-15 Rest of Europe Latin America Maghreb Asia Rest of the world

4.3. - Rate the importance of the reasons which led to implement the development of strategies in some markets and not others

| Degree of importance | Very Low | Low | Medium | High | Very High |
|--|----------|-----|--------|------|-----------|
| Geographical situation (degree of proximity) | | | | | |
| Economic situation of the country of destination | | | | | |
| Political and social situation | | | | | |
| Stability exchange | | | | | |
| Proper contract arrangements or plans to take advantage of institutional promotion | | | | | |

4.4. - Have you done studies on foreign markets? Yes No

If so, do you consider them useful? UTILITY

Very Low Low Normal High Very High

5. - Does the company have external business advice in their business operations?

Yes No

If so, do you consider them useful? UTILITY

Very Low Low Normal High Very High

6. - In relation to external activity, the company has been able to close cooperation agreements with other foreign companies (if so, could you indicate which ones)?

- Agreements of a commercial nature (distribution, agency)
- Agreements technological nature (development of know-how, granting licenses / franchises, technology exchange, etc.)
- Joint Venture and / or trade or production subsidiaries
- Production contracts (manufacturing for foreign companies with their own brand)

7. - Point out how you consider the degree of competitiveness of its exports in the target market in terms of the following product:

| Degree of competitiveness | Very Low | Low | Medium | High | Very High |
|---------------------------|----------|-----|--------|------|-----------|
| Quality | | | | | |
| Image Brand / Company | | | | | |
| Design | | | | | |
| Innovation | | | | | |

8. - Concerning the control of quality of the exported product (select only one):

- The company has a quality control department
- The company has workers exclusively dedicated to quality control
- Quality control what made by workers also dedicated to other functions
- The company does not perform quality controls systematically

9. - On the assumption, that sells the same product in the domestic and foreign market:

a. Are there differences in the selling price? Yes No

If there are, what it is the policy pursued?

- Abroad the prices we post are usually higher than the price of domestic sales.

- Abroad the prices we post are usually lower than the domestic selling price
- The company adapts selling prices abroad as appropriate.

b. Do they influence other differentiators in your product? Yes No

If they exist, indicate the reason / the reasons for changing its product in the international market compared to the national:

- It fits local demand
- It fits local legislation
- It allows reducing production costs
- It has improved quality and design
- Others (specify)_____

10. - Which is the most common mean of payment?

- SWIFT / Order simple payment transfer
- Simple remittance
- Letter of Credit / Documentary Credit
- Documentary collection
- International bank check
- Others (specify)_____

11. - Point out which type that types of promotional activities abroad have made the company in the last year.

- Stand in International Trade
- Promotions and discounts
- Advertising in foreign media
- catalogs
- Mailings
- Websites / Internet
- Trade missions
- It has not taken action
- Others (specify)_____

12. - For the distribution of its exports, what percentage of the total of them are done by the following means of transportation?

- Airplane Ship Trucks Railway Others

In the case of using the SHIP:

What is the most frequent departure port of its exports? _____

In the case of using the AIRPLANE:

What is the most frequent departure airport of its exports? _____

13. - Technological innovations in the last year

Production Process (If so check the boxes on the left and enter the % on the right)

- The company made the activities R & D?
- Did the company make innovations in production processes?

Results (If yes check the boxes on the left and enter the number on the right)

- Does the company register patents in Spain? How many?
- Does the company register patents abroad? How many?
- Is the company registered trademarks abroad? How many?
- Does the company receive grants and / or subsidies for R & D?

14. - Assess the degree of difficulty encountered by the company when they began to export:

| Degree of difficulty | Very low | Low | Medium | Very high |
|---|-----------------|------------|---------------|------------------|
| The products and services we were providing were more oriented to domestic customer | | | | |
| The technological level of my company was inadequate to operate in foreign markets | | | | |
| We lacked financial resources to meet the international markets | | | | |
| There were organizing resistance in the internationalization of the company | | | | |
| We did not have people prepared to face the internationalization | | | | |

| | | | | |
|--|--|--|--|--|
| The family had little international experience | | | | |
|--|--|--|--|--|

15. - Assess the degree of opportunities' importance when they started to export:

| Degree of importance | Very low | Low | Medium | Very high |
|--|----------|-----|--------|-----------|
| Reduced the financial risk of operating in one country | | | | |
| employment opportunities to family members opened | | | | |
| Young family members were more prepared to undertake the internationalization | | | | |
| The power was concentrated in one person who believed in the benefits of globalization | | | | |
| There was the possibility of establishing partnerships with other companies to develop foreign markets | | | | |

16. - How do you consider the level of internationalization of your company?

Very low Low Medium High Very high

17. - Looking ahead, indicate your level of agreement with the following statements:

| Degree of importance | Nothing | Little bit | Something | Quite | A lot |
|---|---------|------------|-----------|-------|-------|
| We must open new foreign markets | | | | | |
| We must expand the number of distributors / agents in foreign markets | | | | | |
| We must expand the portfolio to go to international markets | | | | | |

| | | | | | |
|--|--|--|--|--|--|
| We must increase the quality of products / services to go to international markets | | | | | |
| We must improve the design of packaging to go to international markets | | | | | |
| We must change the prices to go to international markets | | | | | |
| We must deepen the channel, selling a wider range of products by existing channels | | | | | |
| We must hire consultants to conduct international activities | | | | | |
| We must recruit skilled workers for the department or foreign trade activities | | | | | |
| We must make more efforts for training in foreign trade | | | | | |

18. - Do you think you should increase the level of internationalization of your company?

Nothing Little bit Something Quite A lot

19. - What proportion of your portfolio products reach international markets? _____%

20. - Does the company have requested or received government subsidies for internationalization?

Yes No

Which? _____

21. - Do you consider the FOREIGN RESULTS SATISFYING for your company?

Yes No

