

THE INFLUENCE OF INNOVATION ON THE INTERNATIONALIZATION OF PORTUGUESE SME'S

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Abstract:

Innovation is the key idea for the European Union until 2020. The literature review shows that sustainable and inclusive economic growth is possible through a strong culture of innovation. At the same time the reality of the most innovative companies has strengthened the positions advocated by academics. In recent years companies have increased exports mainly as a result of the introduction of innovative processes and products.

The purpose of this paper is to understand the impact of innovation in internationalization processes of companies exporting from the Tâmega and Sousa region known for its peculiarities with regard to the scarcity of resources and lack of soft skills, but peculiar when it comes to the proliferation of exporting companies.

The methodology used in this research was the case study by using in-depth interviews to six managers of SME's, responsible for international issues, namely, exports. This research found evidence of an association between the introduction of elements of innovation in products/processes and the increase of exports in the selected companies. The study also suggests that firms invest in innovation in product/process, instead of investing in innovation through marketing.

The originality of the proposed work is shown at a theoretical and a managerial level. Theoretically it contributes to decrease the scarcity found in the literature concerning the relationship between innovation and internationalization. On a managerial level, this empirical study provides important cues to managers by showing that depressed regions, like Tâmega and Sousa, characterized by human resources with low academic qualifications but highly developed in terms of knowhow, are more able to innovate in terms of products and processes than in terms of marketing. This is a very important finding to the market and to people with responsibilities in the region. It stresses the necessity of providing the region with institutions that can contribute to increase the international marketing competencies that allow these firms the development to other stages of the internationalization process where these are central. This way, firms could ensure a strong presence in foreign markets using their own brands instead of being, mainly, intermediaries of foreign recognized brands.