
FREIGHT FORWARDERS AS CATALYSTS FOR INWARD INTERNATIONALIZATION: CHALLENGES, STRATEGIES, AND IMPACT ON THE GLOBAL SCENE

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SUMMARY

This article examines the role of freight forwarders in facilitating companies' inward internationalization, highlighting how these professionals overcome challenges and contribute to global expansion. The study identifies the main obstacles companies face in internationalization through a detailed analysis.

Internationalization demonstrates how freight forwarders act as strategic intermediaries, offering capable solutions and providing an in-depth understanding of the complexities of international relations. The results show that internationalization is a growth strategy and an imperative for companies seeking competitiveness in a globalized market. The study concludes by emphasizing the importance of choosing freight forwarders with expertise.

It also suggests future research focused on the strategies employed by these agents and their interaction with other stakeholders. This article contributes to the literature on internationalization by shedding light on the transformative role of freight forwarders, reinforcing their importance not only in logistics but also as essential facilitators on the international stage.

Keywords: Inward internationalization, freight forwarders, internationalization challenges, global logistics management, international relations, global competitiveness.

ABSTRACT

This article examines freight forwarders' role in facilitating companies' inward internationalization, highlighting how these professionals overcome challenges and contribute to global expansion. The study identifies the main obstacles companies face in internationalization through a detailed analysis. It demonstrates how freightforwarders act as strategic intermediaries, offering effective solutions and providing a deep understanding of the complexities of international relations. The results show that internationalization is not just a growth strategy but a necessity for companies seeking competitiveness in a globalized market. The study concludes by emphasizing the importance of choosing freight forwarders with particular expertise in inward international operations. It suggests future research focused on the strategies employed by these agents and their interactions with other stakeholders. This article contributes to the literature on internationalization by illuminating the transformative role of freight forwarders, reinforcing their importance not just in logistics but as essentialfacilitators in the international scene.

Keywords: Inward internationalization, freight forwarders, internationalization challenges, global logistics management, international relations, global competitiveness.

1 INTRODUCTION

The central focus of this study is to examine the process of internationalizing companies, with special attention to the inward approach. It analyzes the challenges that organizations face on this journey and the crucial role of the freight forwarder as a stakeholder who facilitates this process. A series of economic, cultural, and political factors shape this choice.

According to Peng & Shin, 2008, in a globalized context, expanding into international markets is vital for companies that aspire to growth and competitiveness, as suggested by various studies (). The inward approach focuses on entering foreign markets to gain knowledge and take advantage of new opportunities and is strategic (Björkman; Kock, 1997). However, this process involves

These are the complex ones that require a detailed approach and the engagement of key stakeholders.

This work seeks to explore how to overcome the challenges of inward internationalization and maximize its benefits, justified by the topic's relevance and pertinence today. According to Karlsen *et al.* (2023), the growing economic interdependence between nations underlines the importance of mastering the dynamics of internationalization as a competitive differentiator, given that international relations are intricately complex and specialist knowledge is crucial to the success of global expansion.

This study will also discuss the historical evolution of internationalization, focusing on the inward approach and how this perspective was initially underestimated in early research in the field, resulting in theories with a mostly outward orientation. The interrelationship between inward and outward operations will also be analyzed, emphasizing how one can facilitate entry into the other.

Therefore, recognizing the role of critical stakeholders in internationalization, given its complexity involving multiple stages and actors, is paramount. Against this backdrop, this study will emphasize the role of the freight forwarder as a crucial facilitator of this process, also considering how its role in international logistics has evolved from a focus purely on the transportation of goods to include other global analytical considerations.

Thus, this research aims to provide a detailed analysis of the challenges and opportunities of inward internationalization, highlighting how the freight forwarder is an essential facilitator in overcoming these obstacles and exploiting new opportunities.

2 DEVELOPMENT

2.1 The Internationalization of Companies: Concept and Reasons

This study explores the concept of company internationalization in the context of globalization, which has acted as a catalyst for significant changes in the global business environment, pushing companies to operate internationally. This global phenomenon facilitates interconnection between nations, accelerating commercial transactions and intensifying competition in the market. Therefore, active participation in international markets becomes essential for companies that aim to remain competitive, promoting innovation and improving their products (Pirett; Pirett, 2019), and seeking increasingly efficient operations.

Given this scenario, it is crucial to present and discuss the concept of internationalization, which is defined as the process of intensifying involvement in international operations (Welch & Luostarinen, 1993). This process is gaining importance due to globalization, which encourages companies to expand internationally to access advanced technologies and superior resources, thus strengthening their competitive position (Peng & Shin, 2008).

According to Kraus *et al.* (2017), the decision to internationalize involves in-depth analysis and the involvement of various stakeholders. Belles (2016) adds that internationalization goes beyond global trade, encompassing the search for new market opportunities abroad. Thus, a company chooses to internationalize by choosing to import or export. Bernard *et al.* (2007) point out that international negotiation strategies positively influence the development of companies, making them better able to thrive and expand their global presence, laying a foundation for sustainable growth.

Internationalization strategy is multifaceted, encompassing a variety of factors and perspectives. Researchers such as Dalmollin *et al.* (2020) and Hemais & Hilal (2002) examine this process from various angles, highlighting, for example, the behavioral approach. This perspective sees internationalization as a process of negotiation between companies and stakeholders whose perceptions and behaviors directly influence expansion strategies to minimize risks and maximize benefits.

In this behavioral context, the focus is on organizational decision-making processes. The main applicable theories include the Uppsala Model, which advocates gradual international expansion (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1997), and the "Networks" theory, which emphasizes the importance of building and maintaining lasting relationships in the international market. In addition, the theory of international entrepreneurship proposed by McDougall (1989) highlights the ability of entrepreneurs to identify and take advantage of global opportunities (Andersson, 2000; Coviello).

This multidimensional understanding highlights that internationalization is a dynamic and extensive process (Karlsen *et al.*, 2003) with significant impacts on International Relations and the global economy. Silva (2012) observes that when internationalizing, companies.

Interact with diplomatic decisions that promote economic integration and commercial collaboration between countries, carefully analyzing the risks and opportunities of the destination markets.

Finally, researchers such as Barcellos and Cyrino (2006) note that the reasons for internationalization include overcoming internal market limitations, accessing strategic resources, and obtaining gains in scale. These factors strengthen the brand and foster sustainable development by expanding into markets where political stability favors safe operations.

2.2 The Inward Focus of Internationalization

In diversifying each landscape of international operations and opportunities provided by global expansion, it is essential to carry out an in-depth analysis of the structure underlying this process. International activities can be categorized into two main strands: outward and inward. Exports mainly characterize outward internationalization, while inward internationalization takes the form of imports, as defined by Barreto and Rocha (2003). According to Welch (1988) and Luostarinen (1993), inward internationalization involves operations that a company carries out within its local market, often through the acquisition of global assets or services, as pointed out by Sacramento (2005).

Stahl (2000) explains that these internal operations aim to meet local demands, thus enabling the development of more competitive domestic businesses. Therefore, mastering inward internationalization is crucial to strengthening a company's strategy in the global market. Furthermore, while inward operations may appear internally focused, they offer the chance to learn from and partner with foreign businesses, expanding the company's knowledge base and experience. As Karlsen et al. (2003) discussed, these elements catalyze geographical expansion.

Experts such as Dubois, Samiee, and Walters (1993), Jones (1999), and Korhonen (1999) note that many companies begin their internationalization journey with a focus on the inward approach, familiarizing themselves with this process before venturing into outward operations. Jones (1999) points out that, although importing is not a compulsory internationalization stage, many companies eventually adopt it.

However, the initial analysis of research into corporate internationalization strategies indicated a limited focus on inward operations, as Karlsen et al. (2003) and Fletcher (2001) point out. As Holmlund (2007) points out, the inward area began to receive more attention, highlighting the need to consider import and export operations integral to the internationalization strategy.

This growing recognition of the importance of inward internationalization brings about a more strategic vision, as Welch and Luostarinen (1988) argue that limiting internationalization to the concept of outward is insufficient. The connection between the concepts of inward and outward is essential, as shown by studies highlighting how imports can precede and influence subsequent export operations (Björkman; Kock, 1997; Dubois; Samiee; Walters, 1993).

Karlsen *et al.* (2003) also state that inward internationalization allows the company to practice and perfect itself in international trade, preparing it for future outward operations. This link between internal and external international operations highlights the importance of approaching internationalization from the point of view of exporting and considering imports as a crucial orientation.

The role of import activities has been increasingly recognized as International Trade grows at a faster pace than global Gross Domestic Product (GDP), indicating the importance of building a knowledge base on international markets that can serve as a gateway to future export operations (Karlsen *et al.*, 2003; Pereira, 2016).

It can be concluded that inward internationalization offers opportunities to gain competitive advantages and promotes greater cooperation between countries, impacting the economics and politics of international relations. This strategy is essential for companies seeking to expand their operations in an increasingly competitive global environment.

2.3 The Freight Forwarder as a Facilitating Stakeholder in Inward Internationalization

Exploring concepts already discussed and considering the challenges of internationalization, as Madsen (1998) highlighted, this process is driven by strategic motivations to establish a presence in high-potential global markets. The success of this expansion depends heavily on understanding market dynamics and the ability to assess prospects and risks (Kovacs, Moraes; Oliveira, 2009). In this context, the freight forwarder emerges as a crucial player, playing a central role as a facilitator in this internationalization process.

According to Kaspar (2006), logistics science, which involves the precise execution of tasks within appropriate deadlines, is vital to the success of companies in international trade. With the intensification of global negotiations, international logistics stands out as a strategic tool for achieving competitive advantages, a view reinforced by Ozsomer (1993), who also emphasizes the importance of a good relationship with the international freight forwarder to overcome operational barriers.

Therefore, the freight forwarder is essential in managing global logistics and coordinating the movement of goods in and out of countries (Keedi, 2003). Daley and Murphy (1997) stress that freight forwarders have specialized knowledge in international trade and facilitate operations involving the global movement of goods.

This expertise is precious when faced with the complexities of internationalization, which include currency volatility, political and economic issues, embargoes, sanctions, and other trade barriers. The freight forwarder's ability to offer practical solutions and an in-depth understanding of international relations is decisive in overcoming these obstacles and significantly boosting internationalization.

Freight forwarders not only deal with researching and analyzing prices and determining routes but also manage freight contracts, receive cargo at entry points, and handle transportation to the final destination, including managing essential documentation such as the bill of lading and customs processes (Vieira, 2003; Bradley, 1994). Holweg and Markides (2006) add that they are also responsible for transport insurance and provide continuous updates on the progress of operations.

History shows that, as early as the 17th century, the need arose for specialized agents to manage the complexities of long-distance trade, a role that evolved into the modern freight forwarder, whose service goes beyond transport and includes active participation in the resolution of This is due to international trade (Burkovskis, 2008).

These agents' knowledge is fundamental for establishing international relations and creates an interdependence between the actors who share knowledge, services, and Products, thus facilitating international trade (Dalenberg, Daley, and Murphy, 1992).

Therefore, choosing a well-informed freight forwarder and being aware is not just an operational decision but a crucial strategy to ensure success in international expansion. It enables companies to overcome logistical challenges and understand and navigate the complexities of international relations more effectively. Therefore, the role of the freight forwarder as a facilitator of inward internationalization is indispensable, turning them into a true transformer within the global scenario, affecting not only logistics but also international trade's economic and political dynamics.

With freight forwarders' growing importance in the context of inward internationalization, they are taking on a transformative role. They manage imports logistically and act as strategic intermediaries who facilitate understanding and navigation through the complexities of international relations.

Freight forwarders are, therefore, more than just logistics facilitators; they are strategic partners who help companies better understand international markets. They contribute to this role is crucial, especially when trade barriers and regulatory challenges constantly evolve.

Additionally, freight forwarders offer invaluable insight into market trends, trade regulations, customs requirements, and local business practices, allowing companies to make informed and strategic decisions. This guidance is vital for companies looking to enter the market, in new markets, and those seeking to sustain and expand their global presence efficiently and graciously.

The functionality of the freight forwarder extends beyond facilitating commercial transactions. They are crucial in mitigating risks, offering appropriate insurance solutions, managing transportation risks, and helping resolve commercial disputes.

This ability to manage risks not only protects companies against potential losses but also strengthens trust in international trade relations, promoting more profound and lo

Through their active participation and specialized knowledge, freight forwarders contribute to innovation in international trade. They are at the forefront of implementing new logistics technologies and innovative practices to reduce costs, improve efficiency, and speed up delivery times. This innovation is essential to remain competitive in a global market increasingly driven by speed and science.

In short, freight forwarders are critical facilitators in the international supply chain and catalysts for change and innovation in global trade. Their skills and knowledge enable companies to overcome logistical challenges and engage more deeply in the complex dynamics of international trade, increasing their ability to operate effectively and competitively on a global scale.

Therefore, for companies seeking to survive and thrive internationally, collaboration with a reliable and competent freight forwarder is crucial in ensuring success and sustainability in their inward internationalization operations. Not only do they facilitate trade, but they also empower companies with the agility and knowledge they need to adapt and grow in the dynamic world market.

FINAL CONSIDERATIONS

This research has detailed the dynamics of company internationalization, focusing specifically on the inward approach and the crucial role of freight forwarders as key facilitators. Throughout the research, it was possible to explore the internationalization process, emphasizing the challenges faced by companies and how freight forwarders play a vital role in overcoming these obstacles.

The research objectives were fully achieved. The main challenges to inward internationalization were identified and analyzed, highlighting the role of freight forwarders as essential facilitators. These professionals simplify bureaucratic procedures and offer valuable insights into the complexities of international relations, including cultural, political, and economic aspects.

The research underlined that international expansion is no longer a choice but an urgent necessity for companies aspiring to remain competitive in a global market. The study also revealed that internationalization involves a wide range of participants and risks, making it an issue of great complexity and requiring in-depth understanding. It was identified that adopting an inward approach to internationalization is an effective strategy for acquiring specialist knowledge and understanding global dynamics.

The analysis confirmed that having a freight forwarder specialized in inward internationalization is crucial to the success of companies' global operations. These professionals' expertise in international logistics management and understanding of the relationships provide a significant competitive advantage internationally.

Thus, it has become clear that inward internationalization is not only a global growth strategy but also an investment in knowledge and an in-depth understanding of foreign markets.

The results highlight the importance of selecting freight forwarders who deliver efficient solutions and have an in-depth understanding of international dynamics, facilitating penetration into outward international markets.

Consequently, this study contributes to understanding the complexity of inward internationalization and highlights the fundamental role of freight forwarders as facilitators. By overcoming the challenges inherent in this process, companies not only manage to expand globally and strengthen their competitiveness in an interconnected market but also influence political, economic, and cultural scenarios.

Based on these conclusions, it is recommended that future research investigate further the specific strategies used by freight forwarders in the inward internationalization process and examine the strategic differences for outward operations. Exploring the stakeholders' interaction and how they influence international relations would also be relevant.

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