

THE INTERNATIONALIZATION OF SMEs PRODUCING GOODS SUBJECT TO FASHION

NADIA WACILA HANANIA VIANNA
UNIVERSIDADE PAULISTA - UNIP
nhvianna@terra.com.br

PEDRO LUCAS DE RESENDE MELO
UNIVERSIDADE PAULISTA - UNIP
resendemelo@usp.br

ARNALDO LUIZ RYNGELBLUM
UNIVERSIDADE PAULISTA - UNIP
arnaldory@yahoo.com

MARCOS ROBERTO PISCOPO
UNINOVE – Universidade Nove de Julho
piscopomr@yahoo.com

ÁREA: ESTRATÉGIA EM ORGANIZAÇÕES

THE INTERNATIONALIZATION OF SMEs PRODUCING GOODS SUBJECT TO FASHION

Abstract

This paper seeks the understanding of how the internationalization of small and medium enterprises (SMEs) producing goods subject to fashion occurs due to the exiguity of research about the subject in literature. The decision-making process of internationalization of four SMEs, has been studied based on theories of decision and internationalization. The research has begun with a literature review on the topic about internationalization of companies, decision-making process and also on the segments related to fashion products in Brazil. Afterwards, four cases of SMEs, which have been internationalized in the area of fashion were studied. Related to the empirical part of the research, the aim was to investigate how the decision-making occurred with regard to the internationalization of companies, which factors led to this decision, how the entrance strategies were designed and, additionally, the difficulties faced by these companies to implement that decision. Results have showed that Uppsala and international entrepreneurship theories have offered contents to understand the direction of these companies toward other countries; the entrance ways adopted by the SMEs have been export, franchise and licensing; and the decision process in general has not followed what is proposed in the specific literature.

Keywords: SMEs, fashion market, decision-making.

1 Introduction

Fashion product is the name that covers clothing, footwear and accessories such as sunglasses and watches among others. It is part of a wide chain of value which starts with the design of the product up to the planning and execution of production, operations and distribution and ends with the sale to the customer.

Fashion, term derived from the Latin (*modus*), and means "belonging code," and "[...] brings in itself the ephemerality and by extension becomes naturally autophagic [...]" (BRAGA, J. 2005, p.37, emphasis added). That is to say, although fashion products reflect a lifestyle, a way of life and a pattern to be followed, they have a short life cycle (COBRA, 2007), are ephemeral products and therefore require companies of that segment to be continually guided by innovation.

Concerning fashion clothing, the data of that industry reveal that in 2012, in Brazil, the sales reached USD 25 billion (Industry Export Program of the Brazilian Fashion -Texbrasil, 2013). As to the footwear sector, the approximate amount in 2011, added up to USD 9,7 billion (Brazilian Association of Shoe Manufacturers - Abicalçados in Portuguese, 2012). Regarding other fashion products, the available data are collectively presented preventing an individualized assessment.

Due to the ephemeral nature of these products, it seems to be a defensible strategy to extend the products life cycle to innovate and explore new markets in order to attract new consumers. With reference to innovation, Kachba and Hatakeyama (2013, p.4) state: "products of the garment industry have their production mix renewed every three months, according to the seasons", and even add that the management of innovation is a challenge for the SMEs. According to Maramotti (2004, apud RECH, 2006), the company that produces fashion is a perfect example of innovative strength, since the organization as a whole is continually involved in creation processes, discussion of each element of the production process, stages of launching and marketing strategies definition.

The opening of the Brazilian market at the beginning of the 1990s changed considerably the competition of the domestic market, due to the impact of foreign products, and led Brazilian business community to reduce costs and export its products as well (BRAGA, A. 2010). Since then, markets of other countries have attracted the attention of producers, particularly those related to textile and clothing, since it was recorded an average of annual growth of 6.2% from 1990 to 2001 considering the world trade (COBRA, 2007, p.18).

The internationalization of Brazilian shoes industry began in the 1960s, and in 1968 the "Brazil's first large-scale exports" occurred, and was directed to the United States; at that time, Brazil would produce 80 million pairs / year (Abicalçados). Only in 2000, with the implementation of the Integrated Sector Program (PSI, in Portuguese) as a result of an agreement between Abicalçados and Brazilian Agency for the Promotion of Exports and Investments), which became known as Brazilian Footwear (BF), actions have been undertaken with the aim of opening other countries for Brazilian footwear, through the participation of producers in international events (trade fairs, exhibitions, etc.), as well as the promotion and consolidation of the brand Brazil (Abicalçados). Currently, 60 companies are part of the BF. It should be noticed that the Abicalçados gathers on its site (free access) studies from different organizations, which bring specific guidelines (indicators of industry and trade of countries), for those who wish to export. This entity also provides advisory support to its members.

On the other hand, the internationalization of Brazilian fashion started by means of export, via local representatives, and Hering Company, a pioneer in exporting, started this

activity in the early '60s. Currently, internationalized companies have been operating abroad through representatives, stores and franchises; difficulties of various kinds have been faced by these companies, including: Chinese competition, cost Brazil and opposite seasons; but nowadays about eight countries receive clothing from Brazilian fashion (Brazilian Association of Fashion Designers, Abest in Portuguese) Companies may rely on the support of the Abest Advisory, which has active business intelligence in target markets. Created in 2003 in partnership with Apex Project + B, it promotes the image of Brazil and encourages exports.

The deciding processes followed for the internationalization have been the aim of several studies, but these have been mainly driven to large companies or they have focused partially the stages of this process. On the other hand, Rialp and Rialp (2001), Wright, Westhead and Ucbasaran (2007), and Gomes, Silveira and Amal (2010) have pointed out the scarcity of papers related to the internationalization of the small and medium sized companies and they have stimulated the accomplishment of researches focusing the knowledge of the deciding process and the entrance strategies taken by these companies.

In the literature review, we found some aimed at small businesses, with different approaches, like Erdilek (2008) publications by portraying the peculiarities of the internationalization of Turkish late movers. Ciravegna, Lopez and Kundu (2014) studied based on empirical research focused on high-tech SMEs, the way in which SMEs in this area establish networks with a view to internationalization, concluding that far differ when they are based in developed and emerging economies. Wolf and Pett (2004) deepen the studies on resource constraints and exports involving small businesses. Tyrvainen and Ojala (2008) research international input methods used by American firms producing electronic components and Sommer, Kaufmann, Haug and Durst (2010) studied the profile of decision makers in small internationalized companies.

Considering that SMEs are pillars of economic growth and change for a country (RUZZIER; HISRICH; ANTONČIČ, 2006), and the exiguity of research in Brazilian literature, particularly concerning fashion products, *then, the objective of this research is to analyze the decision-making process of internationalization of four SMEs*. As well as to evaluate the applicability of internationalization theories at these companies, in order to add knowledge to this field of study. This research is part of a project that involves the study of the decision-making process of internationalization of Brazilian SMEs related to different economic activities.

2 Literature Review

2.1 Decision Making

There are records of studies connected to decision making that return to at least four decades. Aspects of these studies have explored from neurological to psychological views involved in this process. Tversky and Kahneman (1974) investigated mental mechanisms influencing decisions while Raiffa (1982, apud NICHOLS; NICHOLS, 2010) devoted himself to the study of behavioral aspects of decision-making, that led to the deviation of a rational decision, namely the one that would lead to the highest profit possible (monetary or utility).

Hammond, Keeney and Raiffa (1999) and Bazerman (2004) proposed patterns for effective decision-making, but they differ from the number of steps involved in it and the emphasis that the former gave to risk and uncertainty existing in such environment. Considering this, the pattern of Hammond, Keeney and Raiffa (1999, p.19-21) has been chosen to support this paper and there are eight recommendations: “work with the right

problem; set goals; create alternatives with imagination; understand the consequences; confront the items for negotiation; clarify their uncertainties; clearly analyze your tolerance to risk; and examine the interrelated decisions". These authors have pointed out the mode of judgement (mental heuristics), studied in depth by Tversky and Kahneman (1974), and that can influence and constrain this process, which may lead the decision maker to base himself, for example, on presumed probabilities of occurrence of an event or impactful events that are easier to remember.

Individual decisions are therefore subject to biases and mental patterns based on knowledge, experiences and perceptions (CHERMACK, 2003), which may keep them distant from a rational choice. Bénabou (2013) adds that in terms of his future expectations the decision maker may present "blindness to adverse signs", and an excessive optimism facing the facts; accordingly, the decision making in companies generally occurs in environments where there are interactions among individuals and different cognitions of the same reality. Group decisions may be useful to go around these biases, but might be subject to groupthink, the way of thinking that prioritizes the group cohesion, and may also lead to wrong decisions (BUCHANAN ; O'CONNELL, 2006; MARQUES, 2009) since relevant information held by a few might not be considered in the analyses and evaluations (CHOO, 2007) and even cognitions may be induced by higher-ranking people (WOOD ; PICKERD, 2011).

In view of this, we should stress here the importance of Delphi iterative method, developed by the Rand Corporation in the 1950s, which seeks to meet the consensus of experts about future events. It is useful to avoid the aforementioned biases in decision-making group, since individual estimates are gathered and transferred to the participants - in an anonymous way - to be evaluated (WRIGHT; GIOVINAZZO, 2000). At the end of two or three sessions (each one characterized by estimation and feedback), it is possible to get the group consensus or realize the impossibility of reaching it (FUSFELD; FOSTER, 1971).

The decision making process in the organization, according to the researched literature, can also find support in the design of scenarios, which is a kind of tool that draws future glimpses from the analysis of the variation of factors relevant to the objective of the study. Three groups of methodologies for the preparation of scenarios are distinguished: prospective, driving forces, and extreme worlds (MORIARTY, 2012), and in all of them it is usual to rely on the assistance of the reviews of internal and / or external experts to the organization. According to Johnston, Gilmore and Carson (2008), although there are costs and complexity in the preparation of scenarios they can be adapted to the reality of SMEs, and are important to guide the decision-making at these companies since to delineate them will be a preparation, an essay for the future.

2.2 Theories of internationalization

In the literature **concerning theories of internationalization**, several models are mentioned to explain the internationalization of a business unit. However, based on the similarity of their foundations they are generally found in the literature, gathered into three different sets: economic (eclectic paradigm, life cycle and market power) found in Dunning (1980), among others; behavioral (among which stands out the models of Uppsala and Networks), described in Johanson and Vahlne (1977, 1990, 2009), O'Grady and Lane (1996) and Dow (2009); and strategic (strategic behavior and resource-based view- RBV), found in Penrose (1959), Wernerfelt (1984), and Barney (1991).

It should be noted, however, that researchers have questioned the applicability of these theories to explain many processes of internationalization of companies analyzed (O'GRADY; LANE, 1996; SHRADER; OVIATT; MC DOUGALL, 2000; CHANG; ROSENZWEIG

2001; STRONG; SETTE JR, 2005, MOTA, 2007; DIB, 2008). Especially in respect of the SMEs, there is a great controversy, since while some studies accept that such theories explain the entrance of these companies in the international scenario (CHENG, 2008), internationalization based solely on the owners' desire, for example, appears in several papers (CAVUSGIL, 1984; MELSOHN, 2006; RUZZIER; HISRICH; KONECNIK, 2007; PAUNOVIC; PREBEZAC, 2010), as well as the entrepreneur's knowledge. Hutchinson, Quinn and Alexander (2006) expanded this list of characteristics of key decision-makers related to the SMEs studied, capable of influencing the decision of internationalization, such as: pro-activity, competence to form business networks; search for advisory support in the international area, experience in the international environment, and ability to take risks.

Therefore it has been added a fourth theory, known as **international entrepreneurship**, developed by Antončič and Hisrich (2000, apud RUZZIER; HISRICH; ANTONČIČ, 2006), which sees strategies as a result of the mental pattern, knowledge and vision of the entrepreneur, emphasizing that decision-making power in SMEs is concentrated in a few people at the top of the hierarchy or a single person (ANDERSSON; FLÓREN, 2008), which, in general, is the owner-manager of the business (Omerzel; Antončič, 2008). According to Andersson (2000), entrepreneur is the individual that performs innovative actions. An important aspect of the study of internationalization of SMEs is associated with the entrepreneurs' decision-making under conditions of uncertainty, which involve cognition and the process followed in evaluating risks and opportunities (TIPU; ARAIN, 2011). In a review of published studies on SMEs, Didonet (2012) thickens this view that the entrepreneur (owner-manager) has a key role in the internationalization of SMEs, since he uses the business networks to his advantage by circumventing the limitation of resources.

In view of the above mentioned, and with respect of the products subject to fashion, which have a short life cycle, the decision to internationalize seems to be challenging for SMEs.

3 Research Methodology

The research has begun with a literature review on the topic about internationalization of companies decision-making and also on the segments related to fashion products in Brazil. Afterwards, four cases of SMEs which have been internationalized in the area of fashion were studied.

Related to the empirical part of the research, the aim was to investigate how the decision-making occurred with regard to the internationalization of companies, which factors led to this decision, how the entrance strategies were designed and, additionally, the difficulties faced by these companies to implement that decision.

The criterion set by BNDES (Banco Nacional de Desenvolvimento Econômico e Social [BNDES]) to classify sized companies has been used to conduct the study. Selected and associated companies of Abest and Abicalçados were contacted by phone and e-mail in two separate occasions, but they have not cooperated with the research. It was noticed the strong business concern with the preservation of information of strategic nature. From reports in the media concerning the internationalization of Brazilian companies, four companies agreed to participate in the study: **Mormaii, Chilli Beans, Sapatus and T- Brazil**. It is important to point out that Sapatus and T-Brazil are fictitious names, following the companies requests.

Case studies of four companies related to accessories, shoes and apparel, were conducted in the period June 2013–September 2014, through Research Protocol, drawn from the literature review, with semi-structured interviews conducted by managers responsible for the international business of the focused companies or with questionnaire when the interview

proved to be unfeasible. The Research Protocol had eight blocks related to the following aspects: acquisition of general information about the company; international experience of the managers, according to Hutchinson, Quinn and Alexander (2006); Paunovic and Prebezac (2010); description of the motivating factors for the internationalization strategy, according to Dunning (1980), Johanson and Vahlne (2009); Barney (1991) and Antončić and Hisrich (2000) ; the process of internationalization of the company, according to Hammond, Keeney and Raiffa (1999), and Wood and Pickerd (2011); difficulties found in the adoption of the internationalization strategy , according to Abest; view of the most appropriate solutions to eliminate (or reduce) the problems pointed out; competition in foreign markets, according to Wernerfelt (1984) ; and issues arising from the information received.

Moreover, and particularly for the clothing and footwear segments, the procedure have been the triangulation of data sources, aiming to give a greater credibility to the case study (MARTINS, 2006). The data sources searched in addition have been Abest and Abicalçados.

4 Cases Profile

The *Chilli Beans* was founded in 1997, in São Paulo city, the company operates with sunglasses, frames for eyeglasses, and watches. It emerged from the opportunity envisioned by a musician who was in Venice Beach, USA, and was delighted with "eccentric" sunglasses that were being sold there, and he believed that these sunglasses could find a market in Brazil. He brought such glasses to the country and resold them at the famous Mercado Mundo Mix, itinerant fair fashion in Sao Paulo. From this experience, he started selling these glasses regularly, and the result was the opening of the first store in 2001. The import of glasses gave way to the conception of the product, which is now drawn in Chilli Beans and produced completely outsourced. In 2013, the company achieved significant growth, and the production has been manufactured in factories located in China (70%), Brazil, Korea, Italy and Argentina, among others. The finished products are shipped to Chilli Beans, which sends them to its 550 franchised stores, of which 536 are Brazilian (present in all Brazilian states).

The company *Sapatus's* was founded in 1995, Sapatus's collections are designed by the company and its production outsourced to craftsmen shoemakers that produce them manually. The company currently (2013) has four owned stores at fancy addresses in the city of São Paulo, having opened the first one in 1997.

T-Brazil was founded in 1988, in the city of São Paulo, it produces primarily garments and also a restricted footwear and children's accessories line. Currently the company has 23 own stores in Brazil (Sao Paulo and Rio Grande do Sul), 98 franchised stores in the country, and a franchised store in Venezuela; through multi-brand stores, it is present in four countries in the Americas, four in Europe and one in Asia. Direct exports are carried out to Portugal, Spain and the United Arab Emirates.

Mormaii was founded in 1976, as a retail chain specialized in surf clothing, meant both for surfists as well as for consumers identified with these products. Its product-mix is made of clothes (knitted fabric and neoprene), shoes, sunglasses, watches, surfboards, camping items, among others. Mormaii's distribution channel strategy is oriented towards licensing and franchising of points of sale. Specifically in relation to its international stores, it follows a model of indirect exports, with multibrand stores in 50 countries and licensed stores in 7 countries (4 stores in Peru, 1 in Panama, 1 in Paraguay, and 1 in Argentina).

5 Cases Reports

5.1 The company Chilli Beans

The idea to internationalize Chilli Beans came from a Portuguese tourist, in 2005, who wanted to open a store in Portugal. At that time, the company was considered small, and the opportunity envisioned abroad was accepted with reservations by the owner. At the insistence of the person concerned, discussions were held during one year, between the owner and the company's head executive, but there was no search for an expert's advice to support the decision-making process. It took about 7 months between the decision and the opening of the store in Portugal; the franchisee took over all the risks involved in this endeavor. It is important to notice that the owner had not had previous experiences in Portugal.

The store in Portugal - its first international franchise - faithfully followed the pattern of the Brazilian stores, but the brand's positioning was hampered by the characteristics of the Portuguese customer, very different from the Brazilian. Based on this experience, new international franchises have popped up. The company has worked in other countries exclusively through its franchisees, and has included internationalization in its strategic plan since 2012. It should be noted that "the revenue of a store abroad is not only equivalent to a Brazilian store, but also often exceeds". The country choice, however, continues to occur reactively, that is, those interested in opening a franchise are supposed to contact the company. The decision process followed in 2013 is highly structured, and follows eight stages, starting with the reception of an e-mail from a firm interested in a franchise, which is followed by virtual and face to face meetings, involving the interested firm and top staff of the company. There are 24 franchises located abroad, more specifically in the U.S., Portugal, Colombia and Kuwait. The company's strategy, both for international franchises as well as for local, is to conquer an area and then to expand further. "We have no interest to conquer only the country's capital," says the manager of international business, "in 2011 we made a decision: we want to conquer the world."

It should be noted that the choice of product models for each country takes into account the biotype of the local population. Depending on the country, Chilli Beans faces specific problems, such as bureaucracy in Angola, which makes imports difficult, and Kuwait's culture, which does not allow any erotic/sensual appeal in advertising material and store panels. The company has plans to expand to England, Israel, Australia, Ecuador, among others. It should be noted that throughout the course of Chilli Beans's internationalization, there was only one case in which the company adopted a proactive approach in choosing the country: the expansion to Israel. This change of attitude was due to the concern about Chilli Beans's image, which is already present in Kuwait, an Arabian country: "the company is not partisan of any of the countries involved in the Arabian-Israeli conflict; it is pro-Middle East".

5. 2 The company Sapatus

Since 2008, it exports - directly - its collections to France and Italy. On the other hand, its products can be found in 19 multi-brand stores, located in ten Brazilian states and at stores of ten countries, in the American, the European, and Asian continent. Exports started with a proposal that the company saw as an opportunity for the brand's growth and expansion. No analyses or discussions were held internally about this possibility; but it was sought the orientation from Abicalçados, which offered all necessary guidelines, once the owner of that small company had no experience or familiarity internationally.

It took three months between the decision to export and the effective attainment of the plan. Although Sapatus's products features seemed to satisfy the new market, the products were not competitive, with prices considered high for the European market. In view of this,

the company developed a product mix more suitable for the climate and European patterns in order to meet the needs of the new consumer.

Currently, exports do not yet account for 10% of the annual turnover of the company, but Sapatus plans to attend, starting 2014, trade shows in the U.S. market, aiming penetration and growth in the USA. The choice of new countries, although driven by business opportunities in stable or buoyant economies, is successful only when it has the support of Abicalçados.

5.3. The company T-Brasil

It began in 2001, when the partners realized "the huge acceptance that their products had with foreign customers who had bought at Brazilian multi-brand stores." It began that year direct exports to Argentina, as a local businessman showed interest in the brand and the idea to export was embraced by the company's partners; at that moment, the company could be considered of midrange size.

An export channel client suggested in 2009 that the company set up a shop in Venezuela, since this proponent understood that the T-Brazil products were differential (had an irreverent appeal, following the fun concept), and it would be possible to take the concept to the country without such an extensive support from the franchisor, as it occurs with franchise stores in Brazil due to the geographical distance between the two countries.

The proposal was discussed in the company at a meeting at which were present the commercial and the franchise department heads; at that time it was analyzed the profit and loss statement of the company to check the feasibility of the operation. It should be noted that the company's managers had no familiarity with Venezuela.

Between the decision making and the effective implementation of the store abroad, eight months went by. Various kinds of difficulties had to be addressed to achieve this goal, such as the economic situation and the existing regulations relating to the entry of products in the country. The effort spent to create the store in Venezuela was rewarding because it earns approximately 20% above the average Brazilian stores. As a result, T-Brazil does not rule out the possibility of exporting and opening more stores in other countries, but the franchising head has reported that international activities are being planned for 2014; the focus will be the local retailers operating with multi-brands, while the franchisee partner will be sought among those who already operate with the brand in the local retail, and have possibility to be a bit more independent from the franchisor than its Brazilian partners. This manager also informs that the products penetrate easily into any country, especially those where the weather is colder since they have features like comfort and irreverence. Franchisees participate actively in the development of the collections.

5.4 The Mormaii company

Mormaii's first international operation happened in 1995, when it still was a small firm. Going back in time, one of the owners used to travel by then often to Hawaii. The friendship that was established with the son of Brazilians living over there made possible the constitution of a partnership later on; this partner became an importer of the Mormaii products.

A decision was taken to open a store of their own in Hawaii in association with this local partner, with no consultancy study to base the decision. Also, the partners did not engage in formal discussions before the store's opening, and no plan was designed either. A deal was all that was accorded, without any parameters for the management of the new unit.

Several kind of difficulties (currency exchange, customs, cultural, and logistic) led to the store's closure after two years.

It must be stressed that the products did not undergo any changes, and that the time spent between the decision and the opening up of the store was extremely short, since there was no planning and, thus, no strategy directed this international endeavor.

The decision to operate in other countries was taken in the beginning of the 2000s and followed a **different** path from that of the first internationalization, because this time a concern with quality and suitability of the product to the market were present; the choices became based on market intelligence, although they continue to be instructed by interested residents in the country of destination (reactive procedure). Mormaii's headquarter takes in consideration an analysis concerning the expansion potential of the local partner, when it comes to decide about the partnership format it should establish in a country, with the possibility of a combination of licensing and exports.

It should be noted that the company was recently (2014) approached by a big investment bank, offering capital for the development of the Mormaii product in the USA, but the proposal was refused, since the decision's directing criteria is based on the profile of those that look for Mormaii, where the financial contribution is not the only issue considered, it must also have a retail operational know-how in foreign markets. The partners' point of view is that the determining criteria to pick up an international partner is its capacity to develop the brand in that market.

Presently, "the financial results obtained by the company in Brazil are better than those from abroad", but the difference in percentage was not informed to the researchers, as Mormaii considers this information confidential.

In terms of the launch of collections, they are initially offered in Brazil, and the most successful products are submitted to the international partners. There are situations in which products are also developed and produced in other countries and then sent to Brazil, when it occurs a knowledge exchange with the units abroad.

Finally, in terms of the expansion perspectives to other countries, Mormaii's headquarters in Brazil appears cautious in this process, in spite of its interest in moving ahead with the process of internationalization, due to the greater risks involved in supporting such a growth based on the choice of international partners. Being unable to find appropriate new partners, the Brazilian company prefers to keep its present relationships with its partners.

6 Discussion

Several kinds of problems (cultural, institutional country specific, exchange, and logistic) were faced by the companies that were analyzed in their adoption of an internationalization strategy.

Three of the companies examined began the process of internationalization through export or franchise in the years 2000, and one by opening unit on 1995, although there are export records of Brazilian clothing since the late 1960s. In all the cases, the presence of its products in other countries was motivated by third parties interests in the brands.

The evidence obtained from the different sources enables to admit that the theory developed by the Uppsala School could explain the internationalization process followed by Sapatus and T-Brazil, as they started from exports, an entry mode of low financial commitment towards countries that held a small psychic distance from Brazil, that is, presenting a set of factors that facilitated the understanding of the environments and made feasible the flow of information between the markets (JOHANSON ;VAHLNE, 1997, 2009), to direct themselves towards more distant countries only afterwards. The choice for exporting

as an entry mode was also identified in studies by Wright, Westhead and Ucbasaran (2007) and those cited by O'Cass and Weerawardena (2009), directed to SMEs; the low investment requirements in relation to other forms of entry and the concerns about having to share power, very present in SMEs, may perhaps justify this choice.

Although the entry mode with smaller financial commitment has been selected, the decision to internationalize was permeated with concerns and worries about the unknown, which led Sapatus to seek for advisory support from Abicalçados, which is consistent with results obtained by Hutchinson, Quinn and Alexander (2006), but the advisory support of Abest, which offers business intelligence for specific markets and partnership with Apex since 2003, was not considered by Chilli Beans, nor by T-Brazil. The small psychic distance of the receiving markets of the first exports of Sapatus and T-Brazil in relation to Brazil seems to have been a facilitator of the exporter movement.

The opening by Mormaia of the store in Hawaii has consisted of an action that is explained by the international entrepreneurship theory (ANTONČIĆ; HISRICH, 2000), because it was a decision taken based solely on the entrepreneur's vision, his knowledge of the place and local relationship. The company's first internationalization meets the results by Hutchinson, Quinn and Alexander (2006) and the studies on SMEs reviewed by Didonet (2012).

Chilli Beans, in turn, opened a franchise in Portugal after a year of intense negotiations with an individual interested in the store; this was undoubtedly a serious challenge brought to that still small company in 2005, but the learning and results conquered from this first international experience encouraged the expansion to other countries, just as it happened in several cases reported in the literature (O'GRADY ; LANE, 1996). With T-Brazil it was not different; it established the first international franchise in 2009, in Venezuela, but intends to seek for international partners starting in 2014. Franchises have been the entry option for businesses because "you can get a rapid expansion, lower costs to the franchisor, marginal markets can be accessed, it is possible to use local administration, and a variety of possible contracts" (DAWSON, 1994 apud MARQUES, 2006 p.33). It should be noted that there are several franchising contract formats, but the most widespread in Brazil is one in which the management is left to the franchisee, and he is liable for all the required investments for its installation as well as payment of royalties and fees to the franchisor (SILVA; AZEVEDO, 2007).

It is possible that the final decision resulting from the process adopted by Chilli Beans, Mormaia and T-Brazil have suffered the introduction of biases, due to pressures from stakeholders. The fact that the proposal conditions have been discussed does not mean that this has been done with objectivity since it is not ruled out the possibility of some bias of a motivational order introduced in the department heads positioning, as indicated by Tversky and Kahneman (1974). The bias could have been mitigated, for example, through meetings held with the participation of experts (internal or external to the company), preserving the anonymity of responses, as proposed by the Delphi method (FUSFELD; FOSTER, 1971; VIANNA; ALMEIDA, 2011). No evidence of a more structured procedure to decide to internationalize these two companies has been found, which is aligned to the results by Hutchinson, Quinn and Alexander (2006), in Ruzzier, Hisrich and Konecnik (2007), and Paunovic and Prebezac (2010).

Finally, it is worth noting that all the companies examined, when making decisions reactively, that is, considering only the expansion opportunities that are presented to them, may be neglecting the more profitable business opportunities in other countries. T-Brazil, for example, when focusing its search for potential franchisees among those already working with the brand at the local retail and more independent of the franchisor than Brazilian partners, is

enhancing its business network (Network theory) and may be disregarding other decision alternatives. In turn, when Chilli Beans and Mormaii evaluates only those proposals that they receives to establish a franchise, may be overlooking countries with a higher potential growth for its business.

The recent inclusion of internationalization in Chilli Beans's strategic plan, can be explained by the theory of strategic behavior, whereby the entry into international markets would be justified by the interest in obtaining competitive advantage over the competition (ROCHA ; ALMEIDA, 2006).

Chilli Beans currently follows a process that can be considered structured, as it passes through clearly defined stages - although only in part - along the lines of those proposed by Hammond, Keeney and Raiffa (1999), and approaches followed by large companies. Mormaii has followed a structured process, because it is based on data and information coming from market intelligence. As for Sapatus, despite being still in the export stage, it takes all its decisions of international scope only after careful analysis of Abicalçados.

7 Conclusion and final considerations

The results from two of the companies examined show that the first moves towards internationalization, which must be highlighted options without the requirement of an investment of substantial financial amounts, have been determined under conditions of great uncertainty, since no advisory support was sought, and the analyzes of alternatives haven't followed procedures such as the methodologies presented here.

The difficulty in choosing international partners is a relevant characteristic in the internationalization processes of small and medium firms, where the traits of the international entrepreneur are stressed. In this study it was possible to observe this with the aid of the Mormaii, Chilli Beans, and T-Brasil cases dependency in relation to foreign entrepreneurs for the firms expansion.

Differently from big companies that are capable of obtaining partners already established in the international market, the small and medium firms direct themselves to partners that are not necessarily the leaders in their markets. In such a case, the firm in the country of origin is supposed to guide its decision by those partners that can be better trusted in terms of their capability to develop locally. The work by Kuivalainen e Saarenketo (2005), which is related to the information technology field, shows similar situations experienced by the firms analyzed in the present work; for these authors, the difficulties in the choice of an international partner are associated with the necessary competences, as well as the distribution capacity required and understanding of the adaptation of the product, considering the fact that it concerns software companies. Such characteristics are analogous to those pictured in the present study, especially those by Mormaii and Chilli Beans.

Boldness and courage of corporate managers in face of the novelty seem to have been fundamental in this process, which echoes in the theory of international entrepreneurship, but at the same time the company grows, as is the case of Chilli Beans e Mormaii, it is possible to notice a shift to the decision-making process based on structured analysis methodology, as found in Vianna and Almeida (2011), possibly to avoid not only monetary loss, but also to prevent the risk of image damage, which is highly detrimental to the company and is strongly associated with the management of the business beyond the borders of the country of origin. Furthermore, this study complements the limited number of publications involving internationalization of small and medium businesses (RIALP ; RIALP, 2001; WRIGHT; WESTHEAD; UCBASARAN, 2007; GOMES; SILVEIRA; AMAL, 2010; ERDILEK, 2008; WOLF; PETT, 2004; OJALA; TYRVAINEN, 2008; SOMMER et al, 2010).

The present paper, given its characteristics, precludes results generalization to other SMEs, and as an additional **limitation**, does not cover all decision theory methods. It is suggested that **future studies** extend this analysis to include the predisposition of the entrepreneur to risk, that is, if the entrepreneur's profile in face of risk (aversion or appetite) has influenced the decision to internationalize. Another suggestion for future studies can be guided by the analysis of international partners to try to understand which characteristics determine these relations.

References

ABICALÇADOS– Associação Brasileira das Indústrias de Calçados. Brasil Calçados 2012 - **Relatório Setorial da Indústria de Calçados do Brasil**, 2012. Available at: http://www.abicalcados.com.br/noticias_brasil-calcados-2012-relatorio-revela-o-desempenho-do-setor-calcadista.html . Accessed: mai 2013.

ABRAVEST – Associação Brasileira do Vestuário. Available at: <http://www.abraves.org.br/>. Accessed: mai 2013.

_____. **Relatório Anual**, 2010. Available at: <http://www.abraves.org.br/>. Accessed: 11 nov 2011.

ANDERSSON, S.; FLORÉN, H. Exploring managerial behavior in small international firms. **Journal of Small Business and Enterprise Development**. Vol. 15 No. 1, p. 31-50, 2008.

ANTONCIC, B.; HISRICH, R.D. An integrative conceptual model. In: DANA, L.P. (Ed.), **Global Marketing Co-operation and Networks**, New York: International Business Press, NY, p. 17-35, 2000.

ANDERSSON, S. The internationalization of the firm from an entrepreneurial perspective. **International Studies of Management & Organization**, Vol.30, No.1, Spring, p.63-92, 2000.

BARNEY, J. Firm Resources and Sustained Competitive Advantage. **Journal of Management**, v. 17, p. 99-120, 1991.

BAZERMAN, M. H. **Processo Decisório**. 5 ed. Rio de Janeiro: Campus, 2004.

BÉNABOU, R. Groupthink: Collective Delusions in Organizations and Markets. **Review of Economic Studies**, 80, p. 429–462, 2013.

BNDES – Banco Nacional de Desenvolvimento Econômico e Social. 2011. **Porte de empresa**. Available at: http://www.bndes.gov.br/SiteBNDES/bndes/bndes_pt/Institucional/Apoio_Financeiro/porte.html Accessed: 27 jan 2013.

BRAGA, A.C.D.C. **Alianças Internacionais na Indústria de Moda: Análises da Adequação Estratégica (Fit) e do Processo de Internacionalização da Osklen**. Dissertação de Mestrado em Administração. PUC, Rio de Janeiro, 2010.

BRAGA, J. **Reflexões sobre moda**. NUNES, Mônica (Org.). São Paulo: Anhembi Morumbi, 2005.

CHERMACK, T. J. Mental models in decision making and implications for human resource development. **Advances in Developing Human Resources**, v. 1, 2003.

BUCHANAN, L.; O'CONNELL, A. A brief history of decision making. **Harvard Business Review**, January, 2006.

CHENG, Yung-Ming. Asset specificity, experience, capability, host government intervention, and ownership-based entry mode strategy for SMEs in international markets. **International Journal of Commerce and Management**. Vol.18, No.3, p.207-233, 2008.

CHOO, C.W. Social Use of Information in Organizational Groups. In: HUIZING, A. ; VRIES, E.J. **Information Management: Setting the Scene**, vol.1, Oxford: Elsevier, 2007.

COBRA, M. **Marketing & Moda**. São Paulo: Senac; Cobra Editora & Marketing, 2007.

DAWSON, J.A. Internationalization of retailing operations. **Journal of Marketing Management**, v.10, p.267-282, 1994.

DOW, D. **Factors influencing perceptions of psychic distance**. The University of Melbourne. Melbourne Business School. Jun, 2009. Available at: <http://works.bepress.com/douglas_dow/19>. Accessed: 27 mai. 2012.

DIDONET, S. The relationship between small business market orientation and environmental uncertainty. **Marketing Intelligence & Planning**, Vol. 30 No. 7, p. 757-779, 2012.

DUNNING, J. H. Toward an eclectic theory of international production: some empirical tests". **Journal of International Business Studies**, v.11, n.1., 1980. Available at: <<http://www.jstor.org/stable/pdfplus/154142.pdf>>. Accessed: 09 fev. 2012.

ERDILEK, A. Internationalization of turkish MNEs. **Journal of Management Development**, 27(7), p.744-760, 2008. Available at <http://dx.doi.org/10.1108/02621710810883634>. Accessed: 18 mai 2012.

FUSFELD, A.R.; FOSTER, R. N. The Delphi technique: survey and comment. **Business Horizons**. June, p.63-74, 1971.

GOMES, G.; SILVEIRA, A. ; Amal, M. Internacionalização de pequenas e médias empresas em periódicos de administração com alto fator de impacto: 2000-2008. **Revista Ibero-Americana de Estratégia**, v. 9, n. 3, p. 112-138, 2010.

HAMMOND, J.S., KEENEY, R.L.; RAIFFA, H. **Decisões inteligentes**. Rio de Janeiro: Campus, 1999.

HUTCHINSON, K.;QUINN, B.; ALEXANDER, N. The role of management characteristics in the internationalization of SMEs – Evidence from the UK retail sector. **Journal of small business and enterprise development**, v.13, n.4, 2006.

JOHANSON, J.; VAHLNE, J-E. The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. **Journal of International Business Studies**, v.40, p.1411-1431, 2009. Available at: <http://search.proquest.com/docview/197134746/13A67519EE5196EBA5C/1?accountid=14643>. Accessed: 30 mai 2010.

_____. The internationalization process of the firm – a model of knowledge development and increasing foreign market commitments. **Journal of International Business Studies**, v.8, p.23-32, 1977. Available at: <http://search.proquest.com/docview/197407744/13A674B4CFD22376471/1?accountid=14643> Accessed: 20 jun 2009.

JOHNSTON, M.; GILMORE, A.; CARSON, D. Dealing with environmental uncertainty. The value of scenario planning for small to medium-sized enterprises (SMEs). **European Journal of Marketing**, vol.42, No.11/12, p.1170-1178, 2008.

KACHBA, Y.R.; HATAKEYAMA, K. Estratégias de inovação em APLs: viés para o desenvolvimento de produtos de moda. **Produção**, março, 2013. Available at: http://www.scielo.br/scielo.php?pid=S0103-65132013005000012&script=sci_arttext, Accessed: abr 2013.

KUIVALAINEN, O.; SAARENKETO, S. Partner selection for international marketing and distribution in corporate new ventures. **Journal of International Entrepreneurship**, vol. 3, No. 1, p.19-36, 2005.

MARAMOTTI, L. Connecting Creativity. In: WHITE, N.; GRIFFITHS, I. (Orgs.). **The Fashion Business** – theory, practice, image. Oxford, UK: Berg, p. 91-102, 2004.

MARQUES, D.S.P., **Internacionalização de franquias**: um mapeamento sobre a presença de redes brasileiras no exterior, 2006. Dissertação (Mestrado) FEA/ RP, USP. Available at: <http://www.teses.usp.br/teses/disponiveis/96/96132/tde-24012007-151727/> Acesso:em 20 nov 2007.

MARQUES, J. C. Pensamento de grupo: o risco de decisões equivocadas e a diversidade de perspectivas na solução de problemas. **Psicologia Argumento**, Curitiba, v. 27, n. 57, p. 141-149, abr./jun., 2009.

MARTINS, G.A. **Estudo de caso**: uma estratégia de pesquisa. São Paulo: Atlas, 2006.

MELSOHN, M. C. M., **Processo de internacionalização de pequenas e médias empresas brasileiras**. Dissertação (Mestrado em Administração), 2006. Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas. Available at: <http://bibliotecadigital.fgv.br/dspace/bitstream/handle/10438/2243/145223.pdf?sequence=2> . Accessed: 11 mai 2011.

MORIARTY, J.P. Theorizing scenario analysis to improve future perspective planning in tourism. **Journal of Sustainable Tourism**. Vol. 20, No. 6, July, p.779–800, 2012.

NICHOLS, K. ; NICHOLS, P. Psychological Obstacles and Barriers to Settlement in Family Law Cases. **American Journal of Family Law**. Fall, Vol. 24 Issue 3, p.140-146, 2010.

O'CASS, A.; WEERAWARDENA, J. Examining the role of international entrepreneurship, innovation and international market performance in SME internationalization. **European Journal of Marketing**. Vol. 43, No. 11/12, 2009.

O'GRADY, S.; LANE, H.W. The psychic distance paradox. **Journal of international business studies**, v.27, n.2, 1996. Available at: <http://search.proquest.com/docview/197158460/fulltextPDF/138ceae693B31B55FEE/5?accountid=14643> . Accessed: 27ago 2012.

OJALA, A.; TYRVAINEN, P. Market entry decisions of US small and medium-sized software firms. **Management Decision**, 46(2), p.187-200, 2008. Available at: <http://dx.doi.org/10.1108/00251740810854113>, Accessed: 9 fev 2012.

OMERZEL, D.G.; ANTONCIC, B. Critical entrepreneur knowledge dimensions for the SME performance. **Industrial Management & Data Systems**, vol. 108, No.9, p.1182-1199, 2008.

PAUNOVIC, Z.; PREBEZAC, D. Internationalization of small and medium-sized enterprises. **Trziste**, Vol. XXII , br. 1, str. p. 57 – 76, 2010.

PENROSE, E. T. **The Theory of the Growth of the Firm**, Oxford: Oxford University, 1959.
RAIFFA, H. **The art and science of negotiation**. Cambridge, MA: Belknap, 1982.

RECH, S.R. **Cadeia produtiva da moda: um modelo conceitual de análise da competitividade no elo confecção**, 2006. Tese de Doutorado em Engenharia de Produção. Universidade Federal de Santa Catarina, Florianópolis.

ROCHA, A.; ALMEIDA, V. Estratégias de entrada e de operações em mercados internacionais. In: Tanure, B. ;Duarte, R. G. (Org.), **Gestão Internacional**. São Paulo: Saraiva, 2006.

RUZZIER, M.; HISRICH, R.D.; KONECNIK, M. Human capital and SME internationalization: a structural equation modeling study. **Canadian Journal of Administrative Sciences**, Mar; 24, p.15-29, 2007.

RUZZIER, M.; HISRICH, R.D.; ANTONCIC, B. SME internationalization research: past, present and future. **Journal of Small Business and Enterprise Development**, vol. 13, No.4, p.476-497, 2006.

RIALP, A.; RIALP, J. Conceptual frameworks on SMEs internationalization: past, present and future trends of research. **Reassessing the internationalization of the firm**, vol. 11, p.49 – 78, 2001.

SILVA, V.L.S. ; AZEVEDO, P.F. Formas plurais no franchising de alimentos: evidências de estudos de caso na França e no Brasil. **Revista de Administração Contemporânea**, v.11, n.spel, Curitiba, 2007. Available at: <http://dx.doi.org/10.1590/S1415-65552007000500007>. Accessed: 10out 2012.

SOMMER, L. et al. The impact of decision-maker's identity on SME internationalisation: Do origins matter? **International Journal of Business and Globalisation**, 5(1), 90-113, 2010. Available at: <http://dx.doi.org/10.1504/IJBG.2010.034023>. Accessed: 18 mai 2011.

TEXBRASIL - Programa de Exportação da Indústria da Moda Brasileira. Available at: <http://www.texbrasil.com.br/texbrasil/TextBrasil.aspx?tipo=1&pag=1&nav=0&tela=TextBrasil> Accessed: 3 maio 2013.

TIPU, S. A. A.; ARAIN, F. M., Managing success factors in entrepreneurial ventures: a behavioral approach, **International Journal of Entrepreneurial Behaviour & Research**, Vol. 17, No. 5, p. 534-560, 2011.

TVERSKY, A.; KAHNEMAN, D. Judgment under uncertainty: heuristics and biases. **Science**, n.185, 1974.

VIANNA, N.W.H.; ALMEIDA, S.R. A decisão de internacionalizar. **Internext** – Revista eletrônica de negócios internacionais da ESPM, v.6, n.2, jul/dez, 2011. Available at: www.spell.org.br/documentos/download/7979. Accessed: 10 maio 2012.

WERNERFELT, B. A resource-based view of the firm. **Strategic Management Journal**. Vol.5, 2, april/june, p. 171-180, 1984.

WOLFF, J. A.; PETT, T. L. Small-business internationalisation: The relationship between firm resources and export competitive patterns in exporting. **International Journal of Management and Decision Making**, 5(2-3), p. 246-262, 2004.

WRIGHT, J. T.C.; GIOVINAZZO, R. A. Delphi – uma ferramenta de apoio ao planejamento prospectivo”. **Caderno de pesquisas em administração**. São Paulo, v. 01, nº12, 2º trim, 2000. Available at: www.cgee.org.br/atividades/redirKori/861. Accessed: 18 mar 2008.

WRIGHT, M.; WESTHEAD, P.; UCBASARAN, D., Internationalization of small and médium-sized enterprises (SMEs) and international entrepreneurship: a critique and policy implications. **Regional Studies**. Vol. 41, 7, October, 2007. Available at: <http://arafiki.edublogs.org/files/2011/08/Internationalization-of-Small-and-Medium-sized-2i7ecoy.pdf>. Accessed: 14 fev 2011.

WOOD, D. A.; PICKERD, J. Problems to Avoid When Brainstorming Fraud Risks, **The CPA Journal**, april, 2011.