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**THE DYNAMICS BETWEEN INNOVATION AND INTERNATIONALIZATION FOR SMEs: SIX
CASE STUDIES' ANALYSIS OF THEIR STRATEGIC DECISION-MAKING PROCESS**

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The Dynamics between Innovation and Internationalization for SMEs: Six Case Studies' Analysis of their Strategic Decision-making Process

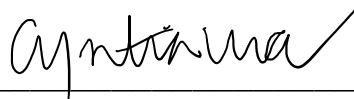
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RESUMO

Os movimentos da globalização expandiram as fronteiras dos mercados para empresas do mundo todo (CZINKOTA; SAMLI, 2007), proporcionando novas oportunidades de negócios e desafios mas também aumentando o nível de competição para *players* globais assim como para empresas entrando em novos mercados (LOVE; ROPER, 2015). Pequenas e médias empresas têm características diferentes e enfrentam riscos diferentes comparado às grandes multinacionais nos seus processos de internacionalização (NASSIMBENI, 2001). A literatura acadêmica demonstrou que há uma ligação forte e positiva entre internacionalização e atividades de inovação de PMEs (GOLOVKO; VALENTINI, 2011; LOVE; ROPER, 2015), e estas estratégias estão relacionadas à sobrevivência e competitividade das empresas (REN; EISINGERICH; TSAI, 2015). Estudos na área de negócios internacionais e marketing internacional têm mensurado quantitativamente o impacto dessas duas estratégias, por vezes explorando como PMEs internacionalizadas têm mais acesso a diversas fontes de conhecimento que levam à ideias para inovação e outras vezes demonstrando como empresas inovadoras se aventuram em mercados diferentes, aumentando volumes de vendas e distribuindo os custos da inovação. Entretanto, estudos sobre inovação e internacionalização ainda carecem de atenção (REN; EISINGERICH; TSAI, 2015), e não exploraram a dinâmica entre elas especificadamente, observando o seu processo decisório. O objetivo do presente trabalho é compreender a natureza da interação entre decisões de internacionalização e inovação, como estratégias de crescimento para empresas médias. Um estudo de caso múltiplo de seis PMEs brasileiras foi desenvolvido na busca da compreensão de como essas empresas consideram o relacionamento entre inovação e internacionalização e como tomam essas decisões (de forma proativa, deliberada e formal ou reativo, solucionando problemas e flexível). A análise dos resultados apresentou doze proposições que destacam diversos aspectos importantes como: quando inovação e internacionalização são relacionadas, as empresas podem adotar processos decisórios diferentes para cada uma delas, deliberadamente buscando exportações e reagindo às necessidades de inovação, por exemplo. O processo decisório estratégico das empresas evolui de reativo para proativo, se a empresa percebe benefícios práticos provenientes da adoção da estratégia e desenvolve um *mindset* global. Além disso, pode usar um processo decisório formal e deliberado para estabelecer objetivos de longo prazo e mudar para um estilo mais flexível e adaptável para resolver situações inesperadas depois da implementação da estratégia. Esta tese visa contribuir para o entendimento dessas dinâmicas e processo decisório nas PMEs para que estas empresas possam tomar decisões mais eficientes e informadas, aumentando sua competitividade e sobrevivência nos mercados doméstico e estrangeiro.

Palavras-chave: Internacionalização. Inovação. Pequenas e Médias Empresas. Processo de tomada de decisão estratégico. Marketing Internacional.

ABSTRACT

Globalization movements have expanded the borders of markets for firms from all over the world (CZINKOTA; SAMLI, 2007), fostering new business opportunities and challenges but also increasing the level of competition for global players as well as firms entering new markets (LOVE; ROPER, 2015). Small and medium enterprises have different characteristics and face different risks compared to larger multinationals in their internationalization process (NASSIMBENI, 2001). Academic literature has demonstrated that there is a strong and positive link between internationalization and innovation activities of SMEs (GOLOVKO; VALENTINI, 2011; LOVE; ROPER, 2015), and these strategies are closely related to firm's survival and competitiveness (REN; EISINGERICH; TSAI, 2015). Studies in the areas of international business and international marketing have been quantitatively measuring the impact of these two strategies, sometimes exploring how internationalized SMEs have more access to diverse sources of knowledge that lead to innovation insights and other times demonstrating how innovative companies self-select to enter different markets, increasing sales volumes and distributing the innovation costs. However, innovation and internationalization studies still lack substance (REN; EISINGERICH; TSAI, 2015), and have not explored their dynamics specifically observing their decision-making process. The objective of the present work is to comprehend the nature of interaction between internationalization and innovation decisions, as growth strategies for medium companies. A multiple case study of six Brazilian SMEs have been developed in an attempt to comprehend how these firms consider the relationship between innovation and internationalization and how they make these strategic decisions (proactive, deliberate and formal or reactive, problem-solving and flexible). The analysis of the results presented twelve propositions highlighting several important aspects such as when innovation and internationalization are considered related, firms can adopt a different strategic decision-making process for each of them, deliberately chasing after exports and reacting to innovation needs, for example. Firms' strategic decision-making process evolves from reactive to proactive, if the firm perceives practical benefits from the strategy adoption and develops a global mindset. Also, it can use a formal and deliberate decision process when establishing long term goals and shift to a more flexible and adaptable style to solve unseen situations after the strategy implementation. This thesis aims to contribute to the understanding of this dynamics and decision process in SMEs so that these firms can make more efficient and informed decisions, increasing their competitiveness and survival in domestic and foreign markets.

Key words: Internationalization. Innovation. Small and Medium Enterprises. Strategic decision-making process. International Marketing.

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LIST OF ACRONYMS

ABRACERVA - Brazilian Association of Craft Beer

ALAS - Latin American Security Association

APEX - Brazilian Trade and Investment Promotion Agency

BNDES - Brazilian Development Bank

CERVBRASIL - Brazilian Association of Beer Industries

CNI - National Industry Confederation

GDP - Gross Domestic Product

INMETRO - National Institute Of Metrology Standardization and Industry Quality

INN - Innovation

INT - Internationalization

LATAM - Latin America

MOVERGS - Furniture Industry Association of the State of Rio Grande do Sul

OECD - Organization for Economic Co-Operation and Development

RBT - Resource Based Theory

R&D - Research & Development

SAAS - Software as a Service

SDMP - Strategic Decision-Making Process

SEBRAE - Brazilian Micro and Small Business Support Service

SINDMOVEIS - Furniture Industry Association of Bento Gonçalves

SME - Small and Medium Enterprise

SPD - Surge Protection Device

TMT - Top Management Team

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INTRODUCTION

The analysis of innovation and internationalization as growth strategies have showed positive and strong evidences of relationship between them for the context of small and medium firms (GOLOVKO; VALENTINI, 2011; LOVE; ROPER, 2015). And these strategies are considered crucial for the survival and competitiveness of SMEs (KYLÄHEIKO et al., 2011; REN; EISINGERICH; TSAI, 2014). Apart from that, the decision-making process related to strategies taken by these firms influences directly the results of such decisions in the future (ELBANNA, 2006; JOCUMSEN, 2004). These two business decisions are capable of increasing competitive advantages, and there might be differences considering the various economic contexts where firms operate, therefore the study of their dynamics is relevant (ALARCÓN; SÁNCHEZ, 2016).

The present research attempted to comprehend the dynamics between innovation and internationalization decisions as growth strategies in Brazilian small and medium firms, and their position regarding the decision-making process adopted by the firm for each strategy.

Few academic studies within the international business and international marketing domains have had subjects from Latin American countries (CUERVO-CAZURRA; LIBERMAN, 2010; JORMANAINEN; KOVESHNIKOV, 2012; MARTÍNEZ-ROMÁN; TAMAYO; GAMERO, 2017; OURA; ZILBER; LOPES, 2016), and even less studied the relationship between these strategies in the context of small and medium firms outside developed economies.

SMEs rely on innovations and diversification of markets (exports as well) to grow and prosper (ALARCÓN; SÁNCHEZ, 2016; GOLDER, 2000; MARTÍNEZ-ROMÁN; TAMAYO; GAMERO, 2017) and they represent important actors in the economy and a major source of employment in developing countries (HOWE; SMITH; VERGHESE, 2018). So academics suggest further exploration of these strategies in SMEs (ALARCÓN; SÁNCHEZ, 2016; OURA; ZILBER; LOPES, 2016; PINO et al., 2016).

On the other hand, innovation studies are usually focused on technology sectors (MARTÍNEZ-ROMÁN; TAMAYO; GAMERO, 2017; PINO et al., 2016), are fragmented and lack integration with other constructs (CROSSAN; APAYDIN, 2010). In terms of decision-making, firms make strategic decisions in different ways. Some present a more proactive, formalized and deliberate process to decision-making, involving anticipation and planning. Others are more reactive in their decision-making style, favoring a more problem-solving

informal, flexible and adaptable process to make strategic decisions. Little is known regarding decision-making process in international scenarios (NEMKOVA et al., 2015; SOUCHON et al., 2016).

Sheth (2011) point out that emerging markets characteristics of market heterogeneity, sociopolitical governance, shortage of resources, inadequate infrastructure and prevalence of unbranded competition, reinforce the need to change the dominant mind-set of marketing research and strategy concepts to fit theories into unique context consumer markets (SHETH, 2011). And the Brazilian market characteristics are particularly interesting.

A recent study showed that Brazil's performance in the Global Innovation Index has been deteriorating over time. It fell from the 47th position in 2011 to the 85th position in 2017, considering the Innovation Efficiency Rate, that represents the amount of innovation products divided by innovation inputs (CONFEDERAÇÃO NACIONAL DA INDÚSTRIA, 2016; CORNELL UNIVERSITY; INSEAD; WIPO, 2018). Although the country presented some economic growth in the period, public investments in the development of innovation inputs were not able to leverage innovation products proportionally. Even worse, in spite the fact that Brazil's investments in innovation have grown in the period, innovation results have fallen. Therefore, the country fell in the Innovation Efficiency Ranking and occupies the 85th position in 2017 (CONFEDERAÇÃO NACIONAL DA INDÚSTRIA, 2016).

The current growing investment in the practice of innovation in SMEs in Brazil lacks structure and formalization, which could potentialize the firm's access to funding and subsidies to the implementation of a management system focused on innovation (DELOITTE/EXAME, 2016; DELOITTE; EXAME, 2018).

According to the National Confederation of Industries and the Business Mobilization for Innovation, an organization comprised of approximately 200 firms for the promotion of innovation as a source of competitive advantage, Brazil needs a strong agenda to turn tables. This agenda includes incentives to the firm's internationalization as a source of innovation inputs, especially for Brazilian SMEs, whose export profile is predominantly of manufactured goods (CONFEDERAÇÃO NACIONAL DA INDÚSTRIA, 2016; FONSECA, 2016).

Productivity and competitiveness are both considered important determinants of long-term gains, growth and readiness to face future challenges (SCHWAB, 2018; WORLD BANK GROUP, 2019). Brazilian firms struggle with poor domestic business indicators like ease of trading across borders, credit access and bureaucracy (WORLD BANK GROUP, 2019),

which makes it more difficult to be competitive in other countries as well as make future innovation strategies, when compared to their international competitors. In terms of innovations, the country's attempts mostly fail in terms of transforming innovation investments into performance results (CORNELL UNIVERSITY; INSEAD; WIPO, 2018).

So far, literature did not investigate innovation and internationalization strategies for SMEs using strategic decision-making process to relate the dynamics of these strategies and the decision-making style of this firms in one study. Thus, the present research is based on the need to explore this relationship using qualitative methods, deepening the existing knowledge and contributing to SMEs competitiveness and survival.

The objective of this study is to explore and comprehend the nature of interaction between innovation and internationalization decisions, as growth strategies for medium firms. In order to achieve the general and specific objectives in a clear and fruitful manner, six case studies were conducted. The methodological procedures started with a systematic literature review of the subjects of internationalization and innovation in small and medium firms, focusing on articles that explored this strategies in traditional firms rather than born-global or international business ventures, that are considered distinguished organizations in the international marketing literature. The literature review served as grounding material for the exploration of the topics in the following methodological procedures.

Six comprehensive case study descriptions were developed based on the analysis of in-depth interviews and documentation gathered from secondary bases as well as organizational information provided by the firms. After that, the material was reexamined considering observable aspects like how innovation and internationalization decisions are taken inside the firm and the important milestones of their export and innovation activities. As part of this thesis' contribution to the academic literature, twelve propositions were presented according to the case analysis. The results showed that innovation and internationalization decisions of growing SMEs in Brazil are related in some cases and not related in other cases, and they can adopt an active or reactive strategic decision-making process and this style can evolve considering their strategy implementation stage.

More specifically, firms can have internationalization and innovation as related strategies and use different SDMP styles. Internationalization is necessarily connected to innovation but the contrary is not always valid. In the context of related strategies, when innovation SDMP is reactive, internationalization SDMP is deliberate and proactive. When strategies are not related and the firm adopts a reactive SDMP towards internationalization

decisions, it benefits from external sales as a leverage to increase domestic competitiveness and overall firm survival. In terms of SDMP, it can evolve from a reactive to a proactive and deliberate decision-making mode, only if the decision-makers realize its practical benefits or potential future benefits like financial stability, access to credit and mitigation of currency exchange risks.

The first chapter of this thesis presents the topic delimitation and research problem and the second one brings out the general and specific objectives. The literature review is displayed in the third chapter followed by the method on the fourth chapter. For each company participant in this multiple case study, a thick description of the case was produced including a brief description of the firm, its history, market situation, innovation outlook and internationalization outlook. The case description were conceived as narratives of each firm conducive to the presentation of results in chapter 6. Finally, the document is complete with the discussion of the results, conclusions, academic and managerial implications as well as limitations and future suggestions in chapter 7.

1 TOPIC DELIMITATION AND RESEARCH PROBLEM

The purpose of this research is to comprehend how executives of small and medium sized companies consider innovation and internationalization decisions as they ponder over growth strategies for their firms. Therefore, in order to offer delimitation of what are the topics specifically related to this research, definitions and boundary subjects are explicated in the following paragraphs. Beginning with the interpretation of constructs like innovation and internationalization, decision-making process regarding strategies, size and characteristics of small and medium sized enterprises (SMEs), and definitions such as gazelles or rapid growing firms. Next to that, the author presents academic findings and conclusions about Brazilian SMEs as well as the contextualization of the current state of these firms in Latin America and Brazil, disclosing the significance of exploring the dynamics between these two constructs for such firms and its decision-making styles.

A broad definition of internationalization that encompasses internationalization of sales, production, R&D, the business, etc is the one published by Hitt, Hoskisson & Ireland (2012, p. 298) when they say internationalization is *"expanding across country borders into geographic locations that are new to the firm"* (KAFOUROS et al., 2008).

International involvement is defined as the extent to which the firm's revenues are derived from exports (FERNÁNDEZ; NIETO, 2006; MARTINEAU; PASTORIZA, 2016) and is composed by two dimensions, propensity to export (indicates whether the firm is an exporter or non-exporter) and export intensity (ratio of exports sales to total sales), previously used in Li, Chen, & Shapiro (2010) and García, Avella, & Fernández (2012). These dimensions are in line with other works that used similar constructs like international exposure (share of exports as a percentage of total turnover) in Coeurderoy, Cowling, Licht, & Murray (2010) and Lages, Jap, & Griffith (2008), and international market presence (number of international markets) in Coeurderoy et al. (2010), among others.

For the purpose of this thesis, internationalization of firms is regarded as exports (at least). Many researchers have observed that firms that do not possess the same volume and slack of resources as large multinationals such as SMEs, usually operate in international markets through exports (FERNÁNDEZ; NIETO, 2006; JOHANSON; VAHLNE, 1977; NASSIMBENI, 2001). It is initially a low risk and low commitment form of internationalization that evolve to more complex forms of market expansion (CASSIMAN; GOLOVKO, 2011a; GOLOVKO; VALENTINI, 2011). Therefore, exports represent the most popular form of

market entry for SMEs and, therefore, further analysis of the process of export decision-making is important to the international marketing literature (NEMKOVA; SOUCHON; HUGHES, 2012).

In regards to innovation, the scientific community has developed a great number of conceptualizations and definitions to describe innovation (CROSSAN; APAYDIN, 2010). The Organization for Economic Co-Operation and Development (OECD) acknowledges four types of innovation: product innovation (services or products that are new or significantly improved), process innovation (production processes or delivery methods that are new or significantly improved), marketing innovation (significant or new changes in marketing methods involving product's placement, packaging, design, promotion or pricing) and, organizational innovation (new forms of organizational methods, business practices or external relations). Theoretical studies' definitions of innovation also include value-added novelty in production, management systems, distribution both as process and outcome (CROSSAN; APAYDIN, 2010).

In informal conversations with Dr. Tamer Cavusgil at the Robinson College of Business of Georgia State University, he came up with the following description of innovation: "*firms' activities that require deliberate actions and resource commitment aimed at enhancing performance*" (Prof. Cavusgil's definition, 2017). The present research adopts Prof. Cavusgil's definition of innovation considering "firms' activities" as one or more of the four types of innovation described by the OECD (above paragraph), product, process, marketing and organizational innovations, given the research context, where the main phenomena explored is the dynamics between innovation and internationalization, both as deliberate activities that require SMEs to ponder over each growth strategies. The rationale behind this argument is that both innovation and internationalization are activities that require resource commitment and deliberate actions, therefore, might represent a trade-off for the executive of an average middle sized firm.

The analysis of these two growth options together makes sense considering that a firm's "*growth strategy is always combination of the product and market options*" (KYLÄHEIKO et al., 2011, p. 511) where, firms with strong R&D are more inclined to grow by innovation more predominantly, firms seeking to grow with existing products are more likely to go international gradually. On the other hand, researchers affirmed that scientific studies did not fully explored the firm's internationalization and innovation decisions (REN; EISINGERICH; TSAI, 2014) and the characteristics of consolidated large multinationals are

quite different from small and medium enterprises (LOVE; ROPER, 2015; NASSIMBENI, 2001).

In light of this academic literature gap, the present research brings the analysis of innovation and internationalization as growth strategies using the theoretical lenses of strategic decision-making process, especially in emerging market's SMEs.

Strategic decisions are responses to market conditions or market pressures and these decisions depend on the interpretation of the firm's decision-makers in terms of what they consider important for their business (HUGHES et al., 2018). Decisions that influence the firm's future growth in terms of their presence in international markets as well as their actions or reactions towards the need to implement innovations are strategic decisions for SMEs. The academic body of literature so far considers that little has been uncovered regarding the process of decision-making in the international scenario (NEMKOVA et al., 2015; SOUCHON et al., 2016), let alone for smaller emergent firms. Strategic decisions are characterized by the use of substantial resources, the generation a flow of decisions derived from that strategic one and these choices establish precedents within the firms that usually change how future strategies are created (DEAN JR.; SHARFMAN, 1996).

In a normative view, firms would make strategic decisions based on formal planning, balanced ponderation of options favoring optimal results (JOCUMSEN, 2004; SOUCHON et al., 2016), however, unstable market conditions like foreign market environments can force a more dynamic pace for decisions to be made (CAVUSGIL; GODIWALLA, 1982), in favor of timely decisions instead of an optimal balance between choices (SOUCHON et al., 2016). Studies that investigated decision-making process of SMEs, argument that for small firms, their process can be much less complicated and more intuitive than the literature prescribes (JOCUMSEN, 2004). In terms of decisions regarding internationalization, Cavusgil and Godiwalla (1982) affirm that the process is informal, reactive, oriented towards problem-solving and use intuitive approaches. Improvisation can also play a significant role to exporters (NEMKOVA et al., 2015).

In order to address the specific objectives of comprehending the decision-making process related innovation and internationalization as growth strategies for growing Brazilian SMEs, this research explored the six organizations studied observing how decisions are taken to develop an understanding of their decision-making style using the structure proposed by Cavusgil and Godiwalla (1982). In one side, the styles described are formal, structured,

proactive, deliberate and entrepreneurial-oriented and, the opposite styles are considered as reactive, problem-solving, flexible and adaptive (CAVUSGIL; GODIWALLA, 1982).

In terms of size, there are several criteria to categorize firms according to the number of employees and annual income. The Organization for Economic Co-operation and Development (OECD) classified SMEs as: “*non-subsidary, independent firms which employ fewer than a given number of employees*” (OECD, 2017). Although the number of employees varies across countries, the most frequently used delimitation is 250 employees as the upper limit (OECD, 2017).

The Brazilian Development Bank (BNDES) prioritizes the financial support for small and medium companies, separating enterprises according to their annual gross income: micro firms (up to R\$ 360 thousand), small firms (between R\$ 360 thousand and R\$ 4.8 million), medium firms (between R\$ 4.8 million and R\$ 300 million) and large firms (over R\$ 300 million) (BNDES, 2019).

The Brazilian Micro and Small Business Support Service (SEBRAE) is a private organization focused on promoting the sustainability and competitiveness of small business and they classify small business as firms with total annual income up to R\$ 3.6 million (SEBRAE, 2017). Brazil instituted the General Law of micro and small size enterprises in 2006 and classifies firms according to their annual income. Micro enterprises earn less than R\$ 360 thousand per year and small enterprises have annual income between R\$ 360 thousand and R\$ 3.6 million (SEBRAE, 2017). A recent study revealed the ranking of 100 fastest growing small and medium sized companies in Brazil conducted by the consultancy firm Deloitte and Exame and they have classified SMEs as firms with annual net income between R\$ 5 million and R\$ 500 million in 2017 (DELOITTE; EXAME, 2018). The firm’s growth was measured as the annual average growth of net income from 2015 to 2017. From this ranking, 72 firms have reached annual average growth rate of more than 20% (DELOITTE; EXAME, 2018).

Throughout the world, academics have associated indicators like size and age of firms to high employment rates and this line of research lead to the use of the term “gazelles” to refer to young and fast growing firms (HENREKSON; JOHANSSON, 2010). OECD proposed the definition of gazelles as firms with average employment rate exceeding 20% per year over a three year period, with ten or more employees at the beginning of the period and less than five years old. However, Henrekson and Johansson (2010) conducted a meta-analysis searching empirical evidence for gazelles and only found twenty studies (all of them using data

from developed countries) showing the lack of suitable data in many countries (HENREKSON; JOHANSSON, 2010).

Moreno and Casillas describe high-growth enterprises or gazelles as firms that experience intense growth, regardless of the indicator used (sales, revenue, number of employees), concentrated in a short period of time, between four or five years. They observed this type of firm under two circumstances, whether it is a new firm that exploits a new market opportunity or is an existing firm that undergoes an extreme strategic renovation (reconfiguration of product-market positioning, change in behavior) that allows the high growth of the firm (MORENO; CASILLAS, 2013).

Considering the aforementioned firm classifications and the purpose of this thesis, this research considered as subjects firms with up to 250 employees or with annual net income up to R\$ 500 million in 2017; firms that have experienced average growth rates over the last three years, independent companies (not subsidiaries) and; firms that have developed exports and/or innovation activities in the past 5 years.

Brazil appears at the 109^o position in World Bank's Doing Business ranking in 2019 and, although having improved its position from the previous year (125^o in 2018), the country's position is not great considering that a total of 190 economies are observed by the study (WORLD BANK GROUP, 2019). It means that indicators like ease of trading across borders, getting credit and registering property and others are evaluated and compared to other countries, leading to the conclusion that a lot of reforms and improvements are necessary to observe gains in productivity and competitiveness of Brazilian firms.

Productivity is the most important determinant of long-term gains and growth, and a critical asset to face the fourth industrial revolution (the evolution and redefinition of how people work, live and interact with each other), according to the Global Competitiveness Report 2018 (SCHWAB, 2018; WORLD ECONOMIC FORUM; KEARNEY, 2018). Brazil ranked 72nd place in 2018, having slipped down three positions from the previous year, and is the worst performing of BRICS countries. Brazil remains a relatively closed country in terms of openness to trade, freedom of people's movement and ideas exchange also, it ranks as one of the least "future-ready" governments along with Venezuela and Greece, according to the index measuring the set of institutions, policies and factors that determine productivity.

In terms of innovation, Brazil lacks coordination between public and private sectors that are necessary to boost innovation capabilities. Business dynamism is also slow in Brazil as the country lacks market competition due to the presence of subsidies, high import tariffs and

non-trade barriers that refrains openness to global markets. In order to stimulate productivity, the country should promote inclusion of more firms in the innovation ecosystem (SCHWAB, 2018). As a turbulent market, its future depends on reforms and political actions that favors productivity and integration with global economies (OECD, 2018).

Overall, Brazil ranks at the 64th position in the Global Innovation Index of 2018, behind its Latin American neighbors Chile (47th), Costa Rica (54th), Uruguay (62nd) and Colombia (63rd). Worse than that, it ranks 85th out of 126 countries in efficiency, which means that it fails in translating innovation investments into results. The innovation ranking for Latin American countries relative to other regions in the world has not improved (CORNELL UNIVERSITY; INSEAD; WIPO, 2018).

So, considering all the challenges posed by the Brazilian current outlook, how Brazilian companies, specially smaller ones, are able to prosper? Despite the restrictions, successful SMEs focus on people training and retention as well as practice of innovation as a way to boost efficiency and productivity. A recent research appointed to factors such as launch of new products, new market entry and even mergers and acquisitions as strategies of SMEs to grow (DELOITTE; EXAME, 2018).

In terms of investments in innovation, SMEs tend to find pragmatic ways to invest continuously in innovation like promoting partnerships and technologies, launch new products and allocate professionals to innovate. There is, however, a long way to go to adopt a formal business strategy that prioritizes innovation and to invest resources to innovation projects as a priority. The lack of formalization in the innovation practices of SMEs lowers its chances of attracting funds available to R&D and to participate in subsidized innovation programs. In terms of internationalization, the expansion to new geographic markets has been on the radar for Brazilian SMEs as a way to generate higher income (DELOITTE; EXAME, 2018).

The main strategic objectives of SMEs are growth and market extension (MARTÍNEZ-ROMÁN; TAMAYO; GAMERO, 2017). Innovation and internationalization are *"two of the most important factors determining business success"* (GOLDER, 2000). The introduction of novelties and improvements is a good strategy for the survival of SMEs in periods of crisis (MARTINEZ-ROMAN et al.;2017). Innovation and internationalization are strategic decisions made to improve firm's resources and capabilities in an ultimate strategy to obtain or maintain competitive advantage (ALARCÓN et al., 2016; MARTINEZ-ROMAN et al.;2017).

Developing and least developed countries have the SMEs as the backbone of their economies and a major source of employment, however, these economies are usually commodity based. In order to diversify their offerings, SMEs must find mechanisms to improve their products and services, through innovation, connection with different markets and exports (HOWE; SMITH; VERGHESE, 2018).

Despite the already stated importance of innovation and internationalization for SMEs, research focused on international business in developing countries exploring Latin-American firms is very limited. Research involving emerging markets' international activities have focused China in detriment of other BRICS countries (JORMANAINEN; KOVESHNIKOV, 2012). Less than 3% of articles published in the top four international business journals (Journal of International Business Studies, Management International Review, Journal of World Business, and International Business Review) have Latin-American countries as their focus (CUERVO-CAZURRA; LIBERMAN, 2010), demonstrating the lack of studies exploring the innovation and internationalization behavior of SMEs from Latin American business environments.

Other authors point out that, innovation in emerging countries is more about learning a foreign technology and adapting to the local conditions rather than disrupting market technologies (MATTOUSSI; AYADI, 2017). The relationship between innovation and performance in Latin America has been neglected (OURA; ZILBER; LOPES, 2016) and, on top of that, innovation studies and models are centered on high-tech sectors, which are not efficient in firms from other sectors like Latin American markets; that are predominantly led by natural resources and commodities, therefore, innovation and entrepreneurship policies should consider diversity of sectors and markets and not only adopt strategies created for developed countries (MARTÍNEZ-ROMÁN; TAMAYO; GAMERO, 2017; PINO et al., 2016).

Crossan and Apadyn (2010) published an extensive review of innovation and affirm that the numerous academic articles and business ranking and indices reveal the importance of innovation for both researchers and practitioners. Despite the large number of publications reviewed, they argument that innovation research is fragmented and not fully investigated in all areas therefore, they recommended further exploration of innovation at different settings and in connection with other constructs, across varied contexts (CROSSAN; APAYDIN, 2010).

Most academic studies present a cross sectional view of internationalization and innovation strategies after the firms' executives have taken action. Therefore, studies have a static view over this process, giving a different contribution to the understanding of these topics.

Thus the relevant literature is not completely unanimous in its findings and it is therefore of importance to study the relationship between these two variables in different business contexts (PINO et al., 2016). Studies suggested future investigations about ways that exporting SME managers can optimize their scarce resources and look more closely to the relationship between innovation and internationalization of exporters to more distant countries, that might have different dynamics than developed countries (ALARCÓN; SÁNCHEZ, 2016; OURA; ZILBER; LOPES, 2016).

The first outcome of this research is an in-depth analysis of the decision-making process and reasoning of medium companies' executives regarding internationalization and innovation strategies for growth. The understanding of this important mechanism amongst growth strategies is fundamental for the creation and maintenance of medium firm's international and domestic competitiveness and long term survival.

Another important outcome is the comprehension of the decision-making process related to internationalization and to innovation as growth strategies, reflecting how firms consider these strategies and their importance to the organizations. At last, by exploring this theme with firms' executives, it is our intention to uncover new possible variables that affect the internationalization and innovation decisions in SMEs. Therefore, the main research question guiding this work is:

What is the nature of the interaction between innovation and internationalization decisions as growth strategies for medium firms?

2 RESEARCH OBJECTIVES

2.1 GENERAL RESEARCH OBJECTIVE

To bring more clarity into the subject, this thesis' main objective is to explore and comprehend the nature of the interaction between internationalization and innovation decisions, as growth strategies for medium companies.

2.2 SPECIFIC RESEARCH OBJECTIVES

Conducive to the establishment of the research focus and parameters for subsequent analysis, the researcher outlined the following specific objectives:

- a) To comprehend the decision-making process related to internationalization as growth strategy.
- b) To comprehend the decision-making process related to innovation as growth strategy.
- c) To explore the dynamics between innovation and internationalization as growth strategies for medium companies (dependent / independent / interdependent / evolutionary / other).

3 LITERATURE REVIEW

In order to explore the afore mentioned research question, the author conducted a systematic literature review (TRANFIELD; DENYER; SMART, 2003; WOLFSWINKEL; FURTMUELLER; WILDEROM, 2013). The procedures taken as part of the systematic literature review were inspired by the work of Crossan and Apadyn (2010) in their multi-dimensional framework of innovation, where they used Tranfield et al. (2003) methodology for systematic literature review, a transparent and reproducible strategy (CROSSAN; APAYDIN, 2010).

In the first sub-chapter of this literature review, the reader shall be acquainted with the concepts and constructs that lead to this theoretical construction. The first section is the topic of internationalization revealing how the global movements brought countries closer fostering international trade and helped to define a subsection of the marketing field with its own distinguishing characteristics and focus, the international marketing. The second section introduces the reader into the most traditional internationalization theories developed first for multinational enterprises and Resource Based Theory (RBT) theoretical view that give support to the connection between internationalization of firms and innovation outcomes, including empirical studies that have already explored this logic. The following section highlights the theories and characteristics of SME's internationalization, other than large multinational firms.

The second part of this literature review focuses on the academic studies that have investigated innovation and internationalization as growth strategies for SMEs or growth firms followed by an analysis of the process of decision-making, highlighting its characteristics, the usual steps taken and the differences between the same process in large firms and smaller ones. At the end of this chapter, the reader shall have had an overview of the theoretical knowledge accumulated in the subjects of international marketing, the existing theories of internationalization of firms, the theories explaining the internationalization of SMEs, the innovation and internationalization decisions in SMEs considered as growth strategies and an spectrum of how SMEs carry out their decision-making process when considering strategic decisions.

3.1 INTERNATIONALIZATION THEORIES AND INTERNATIONAL MARKETING

3.1.1 International marketing as a distinguished field of study

Globalization is defined as the “*The increase in the frequency and duration of linkages between countries, leading to similarities in activities of individuals, practices of companies, and policies of governments*” (CZINKOTA; SAMLI, 2007, p. 317) and has fostered the trade to expand beyond each country’s boundaries, presenting new opportunities and challenges to the marketers. Marketing strategies had to be regarded in light of international environment characteristics (CZINKOTA; SAMLI, 2007; LOVE; ROPER, 2015). The expansion of the companies’ markets from domestic to foreign countries has led to an evolution of the marketing field and the definition of a distinguished field of study (CAVUSGIL; DELIGONUL; YAPRAK, 2005; CZINKOTA; SAMLI, 2007). Considering the openness of market opportunities, companies are increasingly compelled to generate sales abroad (DAI et al., 2014a) and the international business field of study has developed a rich body of literature exploring the phenomenon.

Internationalization activities are present in management practices for a very long time, but it was not until the second half of the twentieth century that the academia recognized it as a distinct field of study. According to Czinkota and Samli (2007), the systematic comprehension of customers’ needs, the consideration of aspects linked to customer satisfaction, the analysis of offer-demand issues connected to cultural diversity and the consolidation of methodological approaches to understand modes of entry, expansion and international market penetration are the characteristics that differentiate the international marketing literature (CZINKOTA; SAMLI, 2007).

According to Cavusgil, Delignul and Yaprak’s (2005) critical evaluation of the international marketing literature, the dimensions that have dominated the field in terms of research attention are the expansion and development of local presence in foreign markets, the ownership structures, and the design, execution and evaluation of strategies abroad. The environmental conditions that interfere and support the essence of international marketing as a field of study are: the emergence of global as well as regional consumers, the economic growth of transition economies, the inception of global market players from a variety of different countries, and the rising of market opportunities in developing countries such as the BRICS

(Brazil, Russia, India, China and South Africa) (CAVUSGIL; DELIGONUL; YAPRAK, 2005).

The literature brings two perspectives to the evolution of the field: the extension and the indigenous perspective. The extension perspective reflects the perception of the early scholars, who considered international marketing issues as extensions of their domestic marketing systems. Therefore, the academic studies adopted a comparative as well as a descriptive form where the focus was on the context of business and the adaptations in the firm's marketing system (MARTINEAU; PASTORIZA, 2016). Using theories from other disciplines such as economics, sociology and anthropology, the research was mainly descriptive, analytical and comparative, providing the basis for companies to use their marketing resources in other countries (CAVUSGIL; DELIGONUL; YAPRAK, 2005; MARTINEAU; PASTORIZA, 2016). This perspective is in line with Czinkota and Samli's (2007) statement that by the mid 1950's exports of production surplus from large North American companies to post-war Europe comprised the international trade at the time.

During this phase of early development, the most popular research themes were cross-cultural consumer behavior (how culture influences consumer choices), firm's strategy (entry modes, infrastructure, supply chain management) and the internationalization processes (adaptation versus standardization, opportunities and risk assessment). In this period, the development of specific journals and the urge for more methodological rigor have contributed to the field's defining moments (CAVUSGIL; DELIGONUL; YAPRAK, 2005).

The second perspective is the indigenous focus starting in the 1990s, following "dramatic changes in the global market environment" (CAVUSGIL; DELIGONUL; YAPRAK, 2005, p.4). Czinkota and Samli (2007) provided a summary of the dramatic changes in the economic scenario that are part of the globalization phenomenon. The decentralization of commerce (creation of trading networks and commerce blocks around the world), deregulation (elimination of barriers to commerce), privatization (more freedom of choices in the international arena) and the development of the Internet space (communication facilities allowed several changes in the world supply chain, to name just one). Adding to those facts, the increase of flow of different resources, such as capital flow (investments), information flow, technology flow and know-how flow (human resources) have also contributed to the formation of the international marketing field (CZINKOTA; SAMLI, 2007).

The authors named it 'indigenous' phase because the international marketing field developed its own outlook of the phenomenon and unique constructs. The complexity of the

international market forces led to the legitimization of the discipline. The main characteristics of this phase are the predominance of studies about relationships, networks, knowledge and other intangible assets or resources as well as the equity stream, with the generation of global value. These studies use theoretical foundations borrowed from organizational behavior, international business and marketing (CAVUSGIL; DELIGONUL; YAPRAK, 2005). By this period, academic scholars started to work more prominently on the company's resources and outcomes, including intermediate outcomes such as brand, customer and channel equity, even using different theories such as RBT (KOZLENKOVA; SAMAHA; PALMATIER, 2014; LOVE; ROPER, 2015; RUZZIER; HISRIC; ANTONCIC, 2006). The traditional performance indicators such as sales, profits and market share had their attention deviated to intermediate indicators like number of foreign countries entered (CAVUSGIL; DELIGONUL; YAPRAK, 2005; CAVUSGIL; ZOU, 1994; DHANARAJ; BEAMISH, 2003).

With the field's evolution, the research topics became more mature and methodologically complex. Common research themes are the consumer behavior; the contingent factors that influence company's strategies, the internationalization theory development, network structure and organization and equity in different markets. International marketing scholars adopted different theories to their studies such as RBT and agency theory (CAVUSGIL; DELIGONUL; YAPRAK, 2005; RUZZIER; HISRIC; ANTONCIC, 2006).

Understanding the historical path that built international marketing as a distinguished field of study with its own characteristics is important considering the current international business scenario faced by growing SMEs. From the beginning, when internationalization was an activity for large firms up to a more recent period when small firms have an international orientation from their inception, internationalization theories have been evolving to comprise a growing number of different internationalization paths. The speed of the development of new ideas, the changes in consumer behavior with the increase of technology use and transformations in business strategies considering the technology developments of recent years are factors that require a constant exploration of international marketing as a field of study. The next section brings an overview of the traditional internationalization theories and their evolution over the years.

3.1.2 Theories of internationalization

Internationalization is a term that has been used since 1920s, to identify the expansion of economic activities across different nations' borders and it was not until early 1970s that globalization emerged. Globalization refers to the management of a firm's operations in a global scale and it is characterized by the worldwide integration increasing competition for each market (RUZZIER; HISRICH; ANTONCIC, 2006). Czinkota and Samli's (2007) definition of globalization mentioned earlier, includes other aspects of the internationalization of firms' operations such as the maintenance of links between countries and the outcomes of the internationalization to society, companies and governments. The main drivers of globalization are the growth of technologies connecting people and locations, the deregulation of commerce and economic liberalization after the fall of socialism (RUZZIER; HISRICH; ANTONCIC, 2006)

The early internationalization studies have focused mainly in the economic and production aspects of large multinational enterprises (MNE) starting in late 1950s, and five main theories resulted from that period: internalization theory, the transaction cost theory, the eclectic paradigm, the monopolistic advantage theory and the stage theory of internationalization (MCDOUGALL; SHANE; OVIATT, 1994; RUZZIER; HISRICH; ANTONCIC, 2006).

Initially conceived as a model for the growth of firms, the internalization theory rests on the belief that companies seek the verticalization of their operations wherever they have a lower cost, bringing new activities to the control of the company instead of intermediaries. When the company gains control over activities performed in other countries at lower costs and greater benefits, the multinational enterprise is characterized (BUCKLEY, 1988; RUZZIER; HISRICH; ANTONCIC, 2006). Similar to the internalization theory, the transaction cost approach refers to the profit-seeking behavior to internalize markets when the firm reduces the costs associated with this operation within the company and the unit of analysis is the transaction itself.

The eclectic paradigm is an addition to the internalization theory and it explains international production and growth of international production based on the OLI Paradigm. Ownership advantages account for the collection of the company's intangible assets, Location advantages accounts for the institutional and particular characteristics of a location and, at last, the Internalization advantages referring to the firm's management abilities inside the value

chain to run operations at a lower cost and greater benefits (DUNNING, 1988; RUZZIER; HISRICH; ANTONCIC, 2006).

In the eclectic paradigm, in order to compete in international markets, firms need to possess a combination of the OLI paradigm factors. Firstly, they need to exceed their foreign local competitors in specific firm advantages called monopolistic or competitive advantages, to make up for the costs of entering the foreign market. The competitive advantages identified were highly related to the MNEs activities such as branch related advantages or possession of income generating assets. Secondly, location advantages originate from the notion that MNEs possess advantages that they prefer to keep inside their organization in multiple locations rather than to transfer or sell to other companies' use. Finally, the OLI paradigm requires that MNEs perceive greater benefits of transferring intermediate products produced at local market to a different location and integrate them with some feature abroad (DUNNING, 1988).

The monopolistic advantage theory establishes that MNEs hold a superior bundle of assets compared to foreign firms in their own domestic market, and these superior assets are difficult to transfer or acquire by other companies. These MNE advantages are related to superior knowledge, production techniques and marketing resources (strong brand, superior products, and patents, among others). When the MNE reaches the superiority, the transfer of this advantages to foreign markets come at no additional cost, as the local firms are unable to compete with the foreign firm (MCDUGALL; SHANE; OVIATT, 1994; RUZZIER; HISRICH; ANTONCIC, 2006).

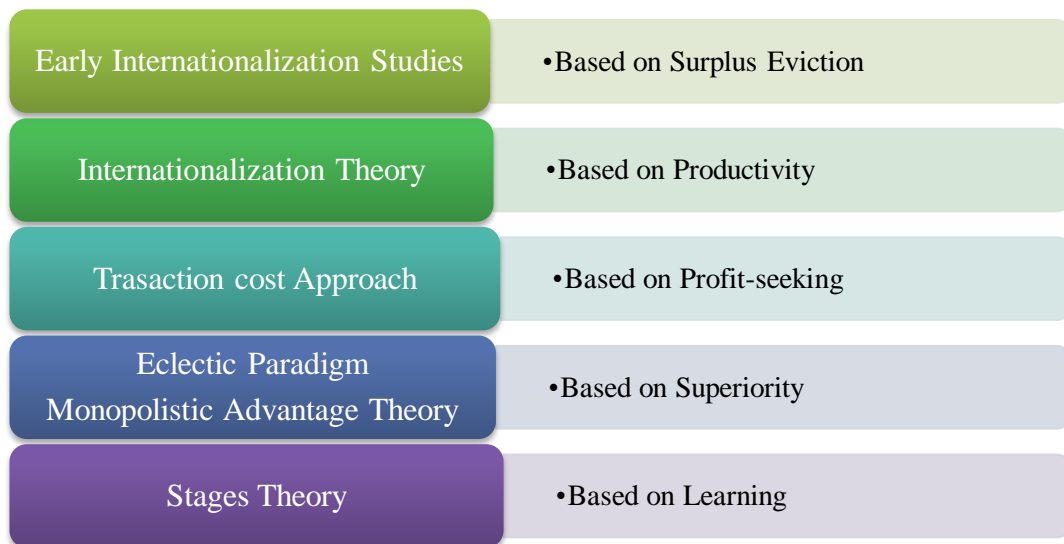
The stages theory of internationalization approaches the pace of a firm's internationalization and organizes the process in a timely and orderly manner. It affirms that companies start to export as a response to unsolicited orders from firms in other countries and, as the foreign sales increase, the firms establish a formal organization for exporting. The development of international activities brings greater knowledge about foreign markets specificities, which, in turn, reduces FDI related uncertainties. In time, this greater participation, resource commitments and knowledge leads the firm to become a full MNE (MCDUGALL; SHANE; OVIATT, 1994; RUZZIER; HISRICH; ANTONCIC, 2006).

One can observe that the development of internationalization theories evolved with firms' behavior and the changes in the economic scenarios. In the beginning firms sought to get rid of their production surplus by selling overseas. Then they looked for productivity using the verticalization of their activities (internationalization theory) or they demonstrated a profit-seeking behavior (transaction cost theory).

After that, the intention was to pursue firms' superiority compared to the foreign local competitors by having selected advantages (eclectic paradigm or OLI paradigm) or a using a balanced set of resources that granted firms with superior position in international markets (monopolistic advantage theory). Studies thereafter observed a more evolutionary behavior based on learning and experience in firms that gradually increased their foreign economic activities (stages theory). Figure 1 shows a graphic summary of the internationalization theories and their grounding principle.

Taking the globalization impacts in global markets such as the economic growth of transition economies and the opportunities in emerging markets, marketing strategies had to be regarded in light of international environment characteristics (CAVUSGIL; DELIGONUL; YAPRAK, 2005; CZINKOTA; SAMLI, 2007). The use of existing resources on different international markets implies in assuming that the same resources will behave in the same manner as to create competitive advantage in different markets, perhaps with different conditions of turbulence. This is a risky assumption and has been the main focus of scholarly attention in the field supported by the resource-based theory comprehensive theoretical framework (KOZLENKOVA; SAMAHA; PALMATIER, 2014). Therefore, the contributions of the RBT's use as a theoretical lens for support in marketing are particularly meaningful in the international setting.

Figure 1 – Internationalization theories and principles



Source: The author (2020).

RBT has been widely used in the management and marketing literatures and has been the base for unraveling several aspects of the firm's marketing activities, strategies as well as the difference in the performance of firms, including in the international scenario. It is based on the paradigm that the firm is a collection of resources, that determine its ability to design, produce, commercialize and distribute its products and services (BARNEY, 1991; WERNERFELT, 1984).

According to Kozlenkova, Samaha and Palmatier (2014), international marketing studies largely use RBT's framework as the background theory to investigate firm's assets like relational resources, experiential resources and order of entry, including the contingency nature of the resources by the inclusion of factors such as industry growth, market protectionism and culture (KOZLENKOVA; SAMAHA; PALMATIER, 2014). See Table 1 for examples of academic studies that have investigated international marketing topics using RBT's lenses.

Resources are defined as physical, financial, human or organizational assets that a firm can call in to reach its goals. Capabilities are processes that enhance other resources in terms of productivity and efficiency, considered also as a resource. As for the dynamic capability, is the ability to maintain the company's assets valuable and competitive, under the conditions of a changing environment and is a part of the RBT's theoretical framework (BARNEY; HESTERLY, 2012; KOZLENKOVA; SAMAHA; PALMATIER, 2014).

With the development of the theory, academics demonstrated strong efforts to integrate RBT into marketing studies and use its comprehensive and flexible framework to understand diverse aspects of the field (KOZLENKOVA; SAMAHA; PALMATIER, 2014).

Day (2014) suggests that the company's strategic thought should start in the market. Firms should go to the market environment and look for general knowledge about customers, competitors and their dynamics, without so much concern about the company's resources or offerings. An important inquiry is also to absorb insights on how the company can help to solve customer's issues and make money from it. Then, going backwards, the company's adaptive capabilities strengthen and foster other resources and dynamic capabilities in order to adjust timely to the ever changing market (DAY, 2014). These adaptive capabilities are market learning focusing on opportunity spotting, market experimentation (learning from planned experiments) and the maintenance of strategic relationships with partners. These adaptive capabilities are market driven in their conceptualization but somewhat close to the concept of absorptive capacity referring to the identification and use of external knowledge to commercial ends (COHEN; LEVINTHAL, 1990).

The internationalization of a small or medium company is a different set of processes than the ones described in studies focusing on MNEs (NASSIMBENI, 2001; RUZZIER; HISRICH; ANTONCIC, 2006). SMEs that are active in different markets are more exposed to different sources of knowledge and resources than companies operating in domestic markets only (PITTIGLIO; SICA; VILLA, 2009; REN; EISINGERICH; TSAI, 2015a)

International business theories applied in MNEs fail to explain the internationalization of smaller firms, who have less resources, financial means and managerial ability to cope with the elevated risks of expanding abroad (NASSIMBENI, 2001), not to mention the different speed of their internationalization paths (MCDOUGALL; SHANE; OVIATT, 1994). The following section approaches the internationalization theories developed in an effort to comprehend the behavior of SMEs in international markets.

Table 1 – International marketing studies based on RBT

Title	Reference	Main topic
Choosing between wholly-owned subsidiaries and joint ventures of MNCs from an emerging market	Chiao, Lo, Yu (2010)	RBV suggests that MNCs exist to create advantages that will turn into profits. The development of MNCs capabilities plays an important role on entry mode decisions. R&D capability, international experience and customer-following are organizational resources that affect the choice of entry mode by MNCs.
Constraints to building and deploying marketing capabilities by emerging market firms in advanced markets	Kaufmann, Roesch (2012)	Heterogeneity of resources and VRIO conditions are the basic elements for emerging market companies to differentiate themselves. However, their ability to use these strategic resources and marketing capabilities to reach target markets successfully is imperative to gain competitive advantage.
Rapid internationalisation among entrepreneurial firms in Australia, Canada, Ireland and New Zealand: An extension to the network approach	Loane, Bell (2006)	International contacts are important resources of the firm. These social connections are strategic assets that are difficult for other firms to copy; therefore, they are sources of competitive advantage. The knowledge-based view (KBV) adds a dynamic aspect to RBT, where knowledge and the learning process turn into evolving resources within the firm and sources of competitive advantage. This is especially important for the entrepreneurial firms because of their ability to form creative combination of their assets (technology, routines, and management) to take advantage of new opportunities and increase its competitiveness.
Export decision-making orientation: an exploratory study	Nemkova, Souchon, Hughes (2012)	Planning and improvisation of export decisions are capabilities derived from an arrangement of resources and skills. This arrangement of resources turned into capabilities is in line the notion of strategic fit, derived from RBT and contingency theory.
The Effect of Export Marketing Capabilities on Export Performance: An Investigation of Chinese Exporters	Zou, Fang, Zhao (2003)	The firm's resources are divided into two different categories: assets (resource endowments collected by the company) and capabilities (arrangements of skills and knowledge accumulated that bring assets together to be deployed in an advantageous manner). Pricing, distribution, communication and product development capabilities antecedents to advantageous position in international markets because they are functional capabilities based on knowledge and experience of the employees and are hardly imitated or traded among companies.
Relationship Capabilities, Quality and Innovation as Determinants of Export Performance	Lages, Silva, Styles (2009)	The RBT paradigm of resource heterogeneity and immobility explains the link between company's characteristics and resources, product strategy and performance outcomes. Organizational learning capabilities for innovation and relationship capabilities are antecedents of product innovation strategy; and relationship and quality capabilities are antecedents of product quality strategy.
The effects of entrepreneurial marketing on born global performance	Kocak, Abimbola (2009)	KBV is an explanation for born-globals internationalization, whereas the knowledge and its management are the most important resources. Dynamic capabilities serve as activities and routines that enable the company to rearrange its resources, activities and competencies in order to face a changing business environment. Market and entrepreneurial orientations are organizational capabilities of the firm and both encourage the search for knowledge about international markets.

The innovativeness of born-globals and customer orientation: learning from Indian born-globals	Kim, Basu, Naidu, Cavusgil (2011)	Customer orientation is one of the organization's resources that lead to competitive advantage. It precedes and enables the company's strategies to sustain its innovativeness that, in turn, lead to financial return. Innovativeness is also a source of competitive advantage for rapid internationalizing companies such as the born-globals.
Exporters moving toward emerging markets: a resource-based approach	Bortoluzzi, Chiarvesio, Di Maria, Tabacco (2014)	International experience, managerial capability and marketing capability are firm's resources or capabilities that could create competitive advantage for companies facing entry into emerging markets. Marketing capabilities enable the company to gain deeper market knowledge and better ability to sense and respond to marketing opportunities.
International strategies of emerging market firms	Erdogmus, Bodur, Yilmaz (2010)	Firm's resources influence the standardization of branding. Companies that present capabilities for innovativeness and focus on quality are more likely to adapt to local markets. These capabilities require openness to new ideas and change, flexibility and market sensitivity. Additionally, firms with customer focus (customer oriented) are more likely to customize their marketing practices, resulting in less standardization of their brands.
The Export Orientation and Export Performance of High-Technology SMEs in Emerging Markets: The Effects of Knowledge Transfer by Returnee Entrepreneurs	Filatochev, Liu, Buck, Wright (2009)	The company's efforts to increase its capacity to innovate and learn should drive its internationalization, which in turn, leads to foreign sales. Global social networks are resources accessible to the company that are positively associated to both export orientation and performance. The internationalization process requires that the small company revise and develop its organizational knowledge capacity as well as other dimensions of it. The presence of a returnee entrepreneur can raise the company's absorptive capacity, enhancing its export orientation and performance.
Export market location decision and performance: The role of external networks and absorptive capacity	He, Wei (2013)	The company's external networks and its absorptive capacity are complementary resources that affect the internationalization process. In order to benefit from the knowledge and information raised through the external networks, the company needs absorptive capacity to overcome institutional, economic and cultural barriers of international trade.
Corporate entrepreneurship, customer-oriented selling, absorptive capacity, and international sales performance in the international B2B setting: Conceptual framework and research propositions	Javalgi, Hall, Cavusgil (2014)	The company is a collection of resources, increasingly knowledge based. Knowledge acquisition and management play a central role in the competitive advantage creation of the firm. This advantage may develop in the international scenario as well. In international markets, even with the available technologies for communications between the customers and the firm, the salesperson is often the most usual point of contact of the customer. It is most likely that the salesperson is able to gather information about customers that are unavailable to other points of contacts of the firm.
Capabilities as a mediator linking resources and the international performance of entrepreneurial firms in an emerging economy	Lu, Zhou, Bruton, Li (2010)	Institutional capital and managerial ties are resources that are part of the explanation of the entrepreneurial firm's international performance. Information acquisition and adaptive capabilities are mediators of the resource-performance relationship, in line with previous literature that argues that the mere possession of resources is not enough condition for the development of sustainable competitive advantages. Capabilities can merge the company's resources with the employees' tacit knowledge to achieve superior performance.

Source: The author (2020).

3.1.3 Internationalization of small and medium firms

The growth in global trade and its international dynamics brought new opportunities for SMEs (MARTINEAU; PASTORIZA, 2016). However, there are a number of complexities and challenges to be faced by the internationalizing company such as cultural differences, environmental turbulences, different dynamics of commerce and variability of customer's preferences, among others, that require a deeper evaluation of the risks and benefits of the internationalization process (DAI et al., 2014a; NASSIMBENI, 2001). Despite the lack of resources and means available to larger corporations, SMEs have been increasing their presence in international markets overcoming inherent difficulties of its reduced dimension (MARTINEAU; PASTORIZA, 2016; NASSIMBENI, 2001).

The international expansion has turned into a vital strategy for business opportunity exploitation by SMEs (REN; EISINGERICH; TSAI, 2015a). In the investigation of the determinants of SMEs survival, a study observed that the greater exposure to internationalization activities (export intensity), the greater are chances of survival. Firms facing unknown markets need to tackle adversities and a number of unseen risks and challenges of a more distant environment. These needs require rapid creation and development of capabilities, resulting in greater chances of successfully applying new knowledge into new commercial needs, therefore increased chances of survival (COEURDEROY et al., 2010).

Traditional multinational corporations rely on their tangible assets like equipment, plants, financial and human resources to transfer their domestic competitive advantage abroad and, consequently, succeed in international markets. Young firms have to overcome their lack of these tangible resources relying on intangible ones, like knowledge based capabilities to enter and grow in foreign markets (KNIGHT; CAVUSGIL, 2004). For SMEs, internationalization is considered as an innovative act, which entails different processes compared to larger corporations, where the presence in foreign markets might be logical path for their growth (KNIGHT; CAVUSGIL, 2004; KNIGHT; KIM, 2009). As mentioned earlier, the economic and technological developments have provoked alterations in the international trade and shaped the internationalization processes of different companies (CZINKOTA; SAMLI, 2007). The facilitated use of technological connections between individuals and companies is no longer a privilege of larger corporations and smaller ventures may also find resources to sustain its competitive advantage in foreign markets (KNIGHT; KIM, 2009; OVIATT; MCDOUGALL, 1994).

In their case study investigation of the factors that support SMEs performance in foreign markets, Knight and Kim (2009) conceptualize international business competence (IBC) as “the extent to which the SME adopts a bundle of international competences to carry out international business activities in foreign markets in an effective way” (KNIGHT; KIM, 2009, p. 260). IBC is composed of international orientation (aggressive approach to internationalization), international marketing skills (ability to create value from marketing elements), international innovativeness (development and introduction of innovations in foreign markets) and international market orientation (an international approach to Narver and Slater (1990) conceptualization of market orientation) (KNIGHT; KIM, 2009; NARVER; SLATER, 1990).

Noticing the variation of conditions, resources and challenges of the international trade for MNEs and SMEs, a number of scholars dedicated empirical studies to understand the internationalization of SMEs as well as to build theories and models to predict its behavior (LOVE; ROPER, 2015; MARTINEAU; PASTORIZA, 2016). The most cited works on the subject refer to the Uppsala School, the born-globals and international new ventures literature (LOVE; ROPER, 2015).

The Uppsala School refers to a stream of literature originated in the Nordic countries in the early 1970s more interested in the dynamics of the internationalization process for small and medium firms, strongly characterized by the works of Johansson and Vahlne (1977, 1990). In their first paper, the authors observed a common trait of internationalizing firms, which is their pace. Typically, firms enter foreign markets with low commitment and risk options such as exports via an agent, then as they learn from this operation, they start to increase their commitments and develop gradually more advanced forms like sales subsidiary and the establishment of a production base abroad (JOHANSON; VAHLNE, 1977). The model for the internationalization of small firms is based on the gradual acquisition, integration and use of knowledge of foreign markets. The firms’ activities in other markets and decisions like, to start exporting, to establish channels, to start a FDI initiative, are a part of the internationalization process and incur in different types of learning. As the firm gains knowledge with this actions and decisions, it gradually increases its foreign market commitments, here considered as the amount of resources employed and degree of commitment (how difficult it is to transfer these resources to other purposes) (JOHANSON; VAHLNE, 1977). The firm’ ability to learn is one of the most important sources of competitive advantage (VERA; CROSSAN; APAYDIN, 2015).

Another important perception is that firms acquire market knowledge through activities in the country, generating business leads. In the process, market knowledge reduces uncertainty regarding this market specifically, and increases the chances of greater resource commitments as a result. Therefore, internationalization is gradual and dependent upon the development of activities that generate market knowledge. This kind of skills and knowledge is difficult to transfer and apply in other countries (JOHANSON; VAHLNE, 1977, 1990).

The difference in the stages of internationalization implies that the market experience gained with activities are different from one stage to another. The knowledge gained with exports via representative might be superficial compared with knowledge gained with the activities of setting a foreign subsidiary. In their model, they also contemplate psychic distance, defined as “differences in language, culture, political systems, etc., which disturb the flow of information between the firm and the market” (JOHANSON; VAHLNE, 1990, p.13). In their view, companies start their international involvement activities in countries where they perceive the lowest psychic distance, therefore, they can comprehend and absorb the most of market knowledge (JOHANSON; VAHLNE, 1990). The concept of market knowledge for the Uppsala School of Internationalization is developed based on experimental learning from Penrose’s (1959) theory of the growth of the firm, which can only be obtained through personal experience (RUZZIER; HISRIC; ANTONCIC, 2006).

The Uppsala School has been the focus of considerable empirical research, refinement as well as criticism, such as being deterministic disregarding the role of strategic decisions in the process (RUZZIER; HISRIC; ANTONCIC, 2006). Another critic is that this model does not contemplate the type of company that has a high level of international commitment from its inception such as international new ventures and, therefore, could not fit into the gradual stages model of internationalization (MCDUGALL; SHANE; OVIATT, 1994; RUZZIER; HISRIC; ANTONCIC, 2006). McDougall et al. (1994) proposed to divide academic works into traditional small firms internationalization and the international new ventures, based on the time of the firm’s internationalization (RUZZIER; HISRIC; ANTONCIC, 2006).

Oviatt and McDougall (1994, p. 49) defined an international new venture (INV) “as a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”. These companies’ most distinguishing feature is that they have important resource commitments in more than one country. Particularly from the technology industry, these companies are not tied to FDI; they can produce, sell, raise capital and operate in several different countries from the start. Instead

of gradually turning from a domestic to a multinational company, an INV has a proactive international strategy since its inception. The INV concept is more focused on the age of the firm when it becomes international, rather than its size (OVIATT; MCDOUGALL, 1994).

Born-globals are defined as “business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries” (KNIGHT; CAVUSGIL, 2004, p. 124). Knight and Cavusgil (2004) definition of born-globals is similar to Oviatt and McDougall’s (1994) international new ventures definition, however, the former highlights the role of knowledge from the bundle of resources necessary to achieve superior international performance. Another difference is that they emphasize international business performance in contrast with Oviatt and McDougall’s competitive advantage.

After their awarded article on international new ventures in 1994, McDougall and Oviatt have analyzed the intersection between international business research and entrepreneurship in 2000. By that time, the authors pointed out that these two streams of literature have traditionally treated different subjects. International business academic works were more focused on research where the unit of analysis was the large and established multinational companies, whereas entrepreneurship dealt with the inception and development of small firms in their domestic market (MCDOUGALL; OVIATT, 2000).

However, the emergence of conditions that allowed for SMEs to compete internationally, like the rise and popularization of communication technologies, the greater number of economic liberalization deals as well as the fall of trade barriers, have brought international business and entrepreneurship closer than ever (MCDOUGALL; OVIATT, 2000). They have termed international entrepreneurship as “*a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organization*” (MCDOUGALL; OVIATT, 2000, p. 903). In this conceptualization, characteristics such as firm size and age are not defining, and the international entrepreneurial behavior in larger companies is called corporate entrepreneurship.

Considering SMEs smaller stack of resources, their internationalization often involves smooth forms of expansion such as exports, that offers more direct forms approaching final markets without filters, enabling the firm to quickly reach market demands (FERNÁNDEZ; NIETO, 2006; NASSIMBENI, 2001). Exporting has become an important strategy for SMEs because it involves low levels of commitment, complexity and risk constituting, therefore, a preferred way of internationalization for such firms (CASSIMAN; GOLOVKO, 2011b; GOLOVKO; VALENTINI, 2011). The main factor that motivates the

export process of SMEs are unsolicited orders, a result of “odd opportunities or sporadic contacts rather than precise strategic choices” (Nassimbeni, 2001, p. 247).

For the purpose of this thesis, internationalization activities of SMEs refers to exports (at least). As mentioned in the above paragraph as well as by Johansson and Vahlne’s internationalization theory, traditional SMEs start their international activities with exports to another market and this type of internationalization brings interaction with different potential sources of external knowledge like representatives, importers, clients (B2B) and customers, among others (JOHANSON; VAHLNE, 1977, 1990). Therefore, this study’s unit of analysis are not the firms described as international new ventures (MCDOUGALL; SHANE; OVIATT, 1994) or born-globals or rapid internationalizers (KIM et al., 2011), but rather it is the traditional small and medium firms with sales overseas.

Following the growing presence of SMEs in the international market, the international business field has also termed the SMEs international involvement, defined as the extent to which an SME’s revenue derives from exports. The construct has two dimensions: international propensity (if the company exports or not) and international intensity (importance of foreign sales relative to domestic ones) (FERNÁNDEZ; NIETO, 2006; MARTINEAU; PASTORIZA, 2016).

Martineau and Pastoriza (2016) organized a framework for research on the international involvement of SMEs which shows that the majority of the studies have focused in uncovering antecedents of the SMEs international involvement contrasting to the scarce attention paid to its outcomes and implementation process (MARTINEAU; PASTORIZA, 2016). The environmental-level factors of international involvement are related to the assessment and description of difficulties and incentives to SMEs internationalization and the comparison with domestic markets, other companies, other industries, etc. At the firm-level, innovation is intensively explored as a resource or capability that leads to the SMEs international involvement and its outcomes (MARTINEAU; PASTORIZA, 2016). The firm’s tendency to find new avenues to explore the market and try different practices is said to promote the improvement of current products and services as well as the development of new products, facilitating the process of international involvement of SMEs (DAI et al., 2014a; MARTINEAU; PASTORIZA, 2016). Innovative capability can also be viewed as an firm-level resource of SMEs and is considered as a source of competitive advantage for rapid internationalizing companies such as born-globals (KIM et al., 2011). Growth is an essential factor for SME survival (GOLOVKO; VALENTINI, 2011) and foreign markets offer an

attractive form of expansion for the company's existing product or for its innovations (CASSIMAN; GOLOVKO, 2011b; GOLOVKO; VALENTINI, 2011).

In the course of the development of theories to explain or predict the internationalization of small and medium firms, academics have often related different aspects related to innovation. For example, foreign market entry as an innovative act (KNIGHT; CAVUSGIL, 2004), innovativeness (KNIGHT; KIM, 2009), innovation as a resource (MARTINEAU; PASTORIZA, 2016), among others (CASSIMAN; GOLOVKO, 2011a; GOLOVKO; VALENTINI, 2011; KIM et al., 2011). The next section presents the literature review of scientific knowledge that connects internationalization and innovation of SMEs specifically.

3.2 INNOVATION AND INTERNATIONALIZATION AS GROWTH STRATEGIES IN SMALL AND MEDIUM FIRMS

3.2.1 Innovation and internationalization of SMEs

The world's business environment is becoming more globalized and the competition among firms is not limited to its borders, therefore, export competitiveness is important for SMEs (LOVE; ROPER, 2015). Studies showed evidence of strong positive relationship between innovation activities and exports of SMEs (GOLOVKO; VALENTINI, 2011; LOVE; ROPER, 2015).

SMEs and MNEs have different business environment as well as their conditions for innovation. MNEs have relative strengths when it comes to material assets like scale and financial resources; on the other hand, SMEs have advantages related to its size and structure, defining more behavioral advantages like entrepreneurial dynamism, flexibility and efficiency (LOVE; ROPER, 2015).

Since the first definition of innovation coined by Schumpeter, authors have developed a large number of descriptive concepts to identify innovation (CROSSAN; APAYDIN, 2010). Amongst all these different innovation perspectives, Crossan and Apaydin (2010) came up with a very comprehensive determination of innovation:

Innovation is: production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres; renewal and enlargement of products, services, and markets; development of new methods of production; and establishment of new management systems. It is both a process and an outcome. (CROSSAN; APAYDIN, 2010, p. 1155)

In order to differentiate the actions that are carried within the firms that have the purpose of actually renewing or changing an aspect of the firm and its products, and that require thought, planning and resources, from the actions that are executed for a different purpose and unintentionally bring innovation to the firm, Prof. Cavusgil termed the following definition: “firms’ activities that require deliberate actions and resource commitment aimed at enhancing performance” (Prof. Cavusgil’s definition, 2017), that we use considering that “firms activities” relate to one or more of the four types of innovation described by OECD (product, process, organizational and marketing innovations).

In their revision of SMEs innovation and export relationship, Love and Roper (2015) have found that one of the key internal enablers of innovation is R&D. It plays an important role in the generation of new knowledge, providing the basis for innovation; also, R&D, through its skilled staff, raises the firm’s absorptive capacity (its ability to absorb and use external knowledge) (LOVE; ROPER, 2015). SMEs development of R&D is less formalized than in MNEs (NASSIMBENI, 2001), more of a function of senior and skilled staff than a specific department, however, there have been evidences that innovation of SMEs is more strongly related to external knowledge (partnerships and spillovers) than to R&D (GANOTAKIS; LOVE, 2012; LOVE; ROPER, 2015). SMEs acquire external knowledge through their proximity to other companies and networks (spillovers), their openness to partner with other companies deliberately to exchange expertise or knowledge and through their exporting activities, specially to highly competitive and knowledge intensive markets (LOVE; GANOTAKIS, 2013; LOVE; ROPER, 2015).

The term “learning by exporting” is used to refer to the theoretical basis that investigates the positive link between exporting and performance, with its roots in the macroeconomic growth models (LOVE; GANOTAKIS, 2013). At the individual level, firms exposed to foreign markets increase their learning level, which helps them to improve their existing products and services or even create new ones radically different. The exposure to international trade forms the knowledge base of market and technology information necessary to develop innovations (LOVE; GANOTAKIS, 2013). In terms of market knowledge, exporters need to gain familiarity with the foreign customers’ different tastes and preferences in order to adapt and sell to the market. In terms of technological knowledge, the contact and the relationship development with suppliers or business-to-business customers brings access to their technology and product development information that might enable the firm’s own innovation and product development (LOVE; GANOTAKIS, 2013).

Firms that are active in other markets have their offerings more developed and, therefore, more competitive and efficient than companies that operate in the domestic market only (BORTOLUZZI et al., 2014a; LOVE; GANOTAKIS, 2013). Scale is another important factor that brings advantages for exporting firms, expanding their demand market providing a possibility to distribute the costs of R&D and innovation (LOVE; GANOTAKIS, 2013). Consistent with the learning-by-exporting, exporters learn from their experiences abroad and benefit from their exposure to new knowledge, which helps them to innovate effectively, therefore, internationalization has a positive effect on innovation performances (LOVE; GANOTAKIS, 2013; REN; EISINGERICH; TSAI, 2015a).

In terms of external resources, international activities such as networks, research collaboration, international recruitment, alliances, clients, suppliers that collaborate to the firm's access to this external source of information and knowledge are important incentives for the SMEs internationalization. These resources help to cope with the risks and costs of innovation. SMEs that are active in the international markets generate more knowledge than other companies selling nationally only (PITTIGLIO; SICA; VILLA, 2009).

Ren et al. (2014) admit that the academia did not explore sufficiently the relationship between a firm's internationalization and its innovation performance. They use Cassiman and Golovko's (2011) positive significant link for the complementarity of exports and innovation to propose that exporters learn from their foreign contacts, adopt new productivity enhancing technologies and improve its innovation outcomes (REN; EISINGERICH; TSAI, 2015a). Although the authors do not find a significant relationship between internationalization and innovation in their work, they affirm that international companies are more flexible and receptive to additional knowledge to innovate efficiently (REN; EISINGERICH; TSAI, 2015a). To face the lack of support for their hypothesis, their interpretation is that Chinese small firms possibly enter international markets within global value chains as low cost manufacturers, position which does not entail innovation (REN; EISINGERICH; TSAI, 2015a).

Pittiglio et al. (2009) explore the impact of international activities on knowledge output and they argue that small firms use external sources to innovate, to cope with their inherent challenges in the form of international collaborations, networking and international recruitment. Exporters are exposed to external flow of knowledge, which makes them more innovative. In line with Day's (2014) thinking they outlined better ability to use external sources of knowledge, absorption of ideas and trends from a variety of different markets and cultural perspectives, among others, as benefits of internationalization, which is considered as an

incentive for networking and prosperous R&D collaborations (PITTIGLIO; SICA; VILLA, 2009).

The entrance in emerging markets as well as the support for a competitive advantage position in these specific markets is based on the development of firm's capabilities, among them is the marketing capability (organization and reorganization of marketing resources) and the ability to introduce product innovations in the market (BORTOLUZZI et al., 2014a). Considering a group of Italian manufacturers, Bortoluzzi et al. (2014) found that firms that are present in emerging markets have stronger marketing capabilities (including product innovation) than other Italian firms active only in advanced markets. Emerging markets present greater difficulties for firms originally from advanced markets, therefore, they are forced to develop and create higher levels of marketing capabilities to innovate and remain competitive in these markets (BORTOLUZZI et al., 2014a).

Firms from emerging markets have less resources or capabilities to engage in R&D activities, therefore, they find knowledge required for innovation through their export activities (contact with foreign partners that could provide information) and through knowledge spillovers by locating in an innovation clusters formed by inward FDI (geographic proximity facilitates tacit knowledge transfer). Both export activities and innovation clusters of inward FDI have a positive effect on the firm's innovation (LI; CHEN; SHAPIRO, 2010). The broad geographic diversification allows for the firm to learn from different institutional environments and enhance their innovating capabilities (WU et al., 2016).

Although not focused specifically on small firms, Sofka (2008) argues that internationalization is a source of innovation insights for companies seeking competitive advantages in different markets. The exposure to international markets brings interchanges with different partners and establish richer communication flows, allowing the organization to be aware of valuable new information when it comes across. Sourcing innovation inputs from foreign suppliers, competitors or clients present different results. Knowledge from customers is harder to assimilate and transform, as it is more confused and unreliable. Competitors and suppliers might provide easier information to transform as they have a similar knowledge base with the firm. His results, however, showed that German companies indicated the customers as the most promising foreign source of innovation insights (SOFKA, 2008).

This literature review found a number of scientific studies providing support for the intended path from internationalization to innovation performance (BERRY, 2006; CASSIMAN; GOLOVKO, 2011b; GOLOVKO; VALENTINI, 2011; LI; CHEN; SHAPIRO, 2010; MURRAY; CHAO, 2005; PITTIGLIO; SICA; VILLA, 2009; PRASHANTHAM;

YOUNG, 2011; REN; EISINGERICH; TSAI, 2015a; SOFKA, 2008; VALENTIM; LISBOA; FRANCO, 2015). Therefore, it seems reasonable to consider the contact of SMEs with its international clients, customers, competitors, agents, among others, as a source of new external knowledge that provides insights into innovations.

The articles also explored the path from innovation to internationalization performance as it has been observed in new forms of international organizations such as the born-globals, whose innovativeness drives its internationalization (FILATOTCHEV et al., 2009; KIM et al., 2011; LAGES; SILVA; STYLES, 2009; ZOU; FANG; ZHAO, 2003). In this sense, innovativeness influences the firm's ability to internationalize, making innovative firms more able to access foreign countries preferences contributing to its competitiveness (DAI et al., 2014a). Innovation is one of the key resources leading to access to international markets (CASSIMAN; GOLOVKO, 2011b; D'ANGELO et al., 2013; KNIGHT; CAVUSGIL, 2004).

Technology is related to innovations in products and services, and is regarded as a resource of firms, enabling firms to exploit opportunities in foreign markets. The greater the technology intensity of a firm, the greater its international involvement. The SME's product innovation capacity is a firm-level antecedent of its international involvement (DHANARAJ; BEAMISH, 2003). In another vision, R&D is important for the SMEs success because it increases the firm's learning and absorptive capabilities and these skills are essential as they compete in international markets (FILATOTCHEV et al., 2009; REN; EISINGERICH; TSAI, 2015a).

In their investigation of the drivers of exports in small firms, Cassiman and Golovko (2011) affirm that successful product innovation leads to the decision to export. Innovation enhances the SME's productivity, leading to the self-selection to export expanding their consumer base (CASSIMAN; GOLOVKO, 2011b). In the same line, Lages, Silva and Styles (2009) consider that innovative products lead to positional advantages that influence consumer demand and premium prices improving, therefore, the company's profit margins and revenues in foreign markets. Exporters exploit international relationships to gain access to market characteristics and information that lead to alterations in the products (innovation) as well as the quality issue of these products to meet different markets' demands, therefore reassuring the path from internationalization to innovation as well (LAGES; SILVA; STYLES, 2009).

Innovativeness is conceptualized as "the openness to new ideas and new ways of meeting customer needs" also encompassing the ability for the development of new products to market niches (KIM et al., 2011, p. 881). It is a resource that contributes to competitive advantage therefore, one of the drivers of SMEs international performance (KIM et al., 2011).

Customer orientation is the resource that precedes and enables the company's strategies to sustain its innovativeness that, in turn, lead to financial return. Innovativeness, as an organizational culture, is also considered as a source of competitive advantage for rapid internationalizing companies such as the born-globals (KIM et al. 2011), which can be enhanced through strategies of relationship, technology and information processing.

Innovative offerings are the primary feature of born-globals as well as their flexibility to serve emerging market niches quickly. Therefore, these type of firms relate innovation and deep understanding of customers. In regards to internationalization, born-globals do not follow traditional steps of expanding to traditional markets; instead, they rely on their unique offerings to serve different foreign specific market niches. The authors highlight the importance of born-global efficiency in understanding customer needs (KIM et al., 2011).

Despite having scarce financial and human resources and defying the traditional internationalization streams of literature such as the Uppsala model, born-globals appear to gather important intangible resources comprised from different strategic orientations such as market, entrepreneurial and technological orientations, in order to provide the competitive advantages needed for successful internationalization (KIM et al., 2011; KOCAK; ABIMBOLA, 2009). Knowledge and its management within the firm are the most important resources. Additional explanation comes from the dynamic capabilities view in the form of activities and routines that enable the company to rearrange its resources, activities and competencies in order to face its changing business environment. Market and entrepreneurial orientations are considered as organizational capabilities of the firm and the both encourage the search for knowledge about international markets (KOCAK; ABIMBOLA, 2009).

Placed in Australia, Canada, Ireland and New Zealand, researchers reported that many firms went after the formation of new networks as sources of new external knowledge because of the high level of innovation in their market niches, which made existing networks obsolete (LOANE; BELL, 2006). Alliances, venture capital and proximal firms represent a source of external knowledge, which integrates with the firm's internal knowledge through absorptive capacity. International knowledge from external sources influences positively the level of internationalization of an international new venture (FERNHABER; MCDOUGALL-COVIN; SHEPHERD, 2009). However, the results show that new ventures with low top management team's (TMT) international knowledge benefited the most from external sources of international knowledge. Their argument is that these companies would be more motivated to take advantage of its partners. Therefore, the lack of an internationally experienced TMT is

compensated by the external sources of international knowledge (FERNHABER; MCDOUGALL-COVIN; SHEPHERD, 2009).

D'Angelo et al. (2013) investigate the determinants of success of SMEs following two distinct pathways (regional or global), examining the influence of key resources (innovation, human resource management, networking and the firm's experience) and they affirm that product innovation impact positively on SME export performance irrespective of export destination (D'ANGELO et al., 2013).

The SMEs ability for product innovation is the most important factor regarding its propensity to enter foreign markets and is the area where SMEs can have greater control when compared with other marketing areas such as promotion and distribution, which is usually shared with local commercial intermediaries (NASSIMBENI, 2001). The ability to form and effectively activate relationships with other companies and organizations is an important factor for the SMEs propensity to export. Both abilities, product innovation and inter organizational relationships, are not easily transferred from others, instead, they need to be developed through process of tacit knowledge transition (NASSIMBENI, 2001). The SMEs product lifecycle starts with the development of an innovation, followed by the exploitation of business opportunities for this innovation in the domestic market. In one view, small firms rarely have the necessary resources to innovate globally from its inception, so start from the domestic market and evolve gradually to the exports (CASSIMAN; GOLOVKO, 2011b; NASSIMBENI, 2001).

Both innovation and internationalization processes entail different challenges and to cope with the latter, Dai et al. (2014) sustain that the firm's entrepreneurial orientation is important, however, each dimension, namely proactiveness, innovativeness and risk taking, represent different trade-offs in the cost-benefit relation of SMEs internationalization and have different influences on the company's international scope (DAI et al., 2014a). At high levels of innovativeness, the associated costs of trial and error are spread among the variety of countries and the SMEs is capable of realizing benefits from the international scope. Less innovative companies pursue low costs of standardization and might be competitive in different countries due to the exploitation of lower prices and little customization efforts. On the other hand, at medium levels of innovativeness, the commercialization efforts necessary to benefit from innovations are not enough to enter multiple markets. If its offerings are not innovative enough, the company is unable to assume the elevated costs of competing abroad, lowering its internationalization ability (DAI et al., 2014a).

Golovko and Valentini (2011) analyze the complementary effect of innovation and exports on firm growth. Innovation and exports form a reinforcing cycle. For once, they support

that the activities of the company in foreign markets can promote SMEs learning, high quality innovation through new knowledge. At the same time, innovations imply novel and better products for domestic as well as foreign markets, making exports more successful in a virtuous cycle (GOLOVKO; VALENTINI, 2011). The complementary effect is achieved when the strategies of innovation and internationalization are explored at the same time, as opposed to one of them isolation. Higher R&D investments generate better products to serve global demands which, in turn, lead to growth in exports (GOLOVKO; VALENTINI, 2011). However, innovation depends on learning and internationalized firms have access to more information and technology than domestic ones (learning-by-exporting) do. This way, exports leads to innovation, which leads to the company's growth. In other words, SMEs that pursue innovation and exportation activities at the same time have higher growth rates than the ones following only one of them (GOLOVKO; VALENTINI, 2011).

In order for the complementary effect between innovation and exports to take place, firms need to meet two conditions. The first is that firms need *absorptive capacity* to identify and assimilate external knowledge which is available in export markets (SOFKA, 2008; WU et al., 2016; XIE; LI, 2015). Second, this knowledge absorbed needs to be employed effectively and applied into innovations, that should be valued accordingly by the domestic and foreign markets (GOLOVKO; VALENTINI, 2011).

In the articles that involved the concept of absorptive capacity, the authors treat the internationalization process almost as a necessary pre-condition for subsequent value creation (COEURDEROY et al., 2010) and development of new knowledge (FREEMAN et al., 2010a). These articles did not describe the start of the internationalization activity as the process of entering different markets (downstream). Rather, they conceived internationalization as part of the process of exploiting inter-firm partnerships (COEURDEROY et al., 2010) and joint knowledge development with different business relationships (FREEMAN et al., 2010a) as antecedents of the commercial success, both in international and domestic markets.

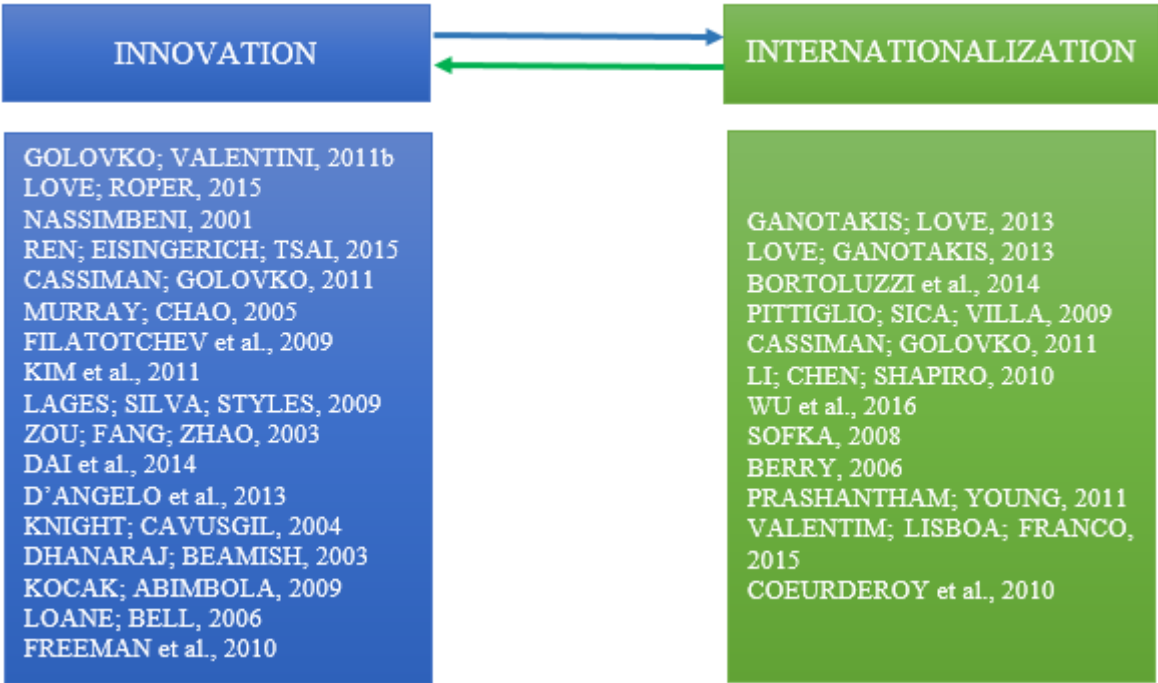
Figure 2 shows examples of articles that related innovation and internationalization as variables that interfere with one another, divided by how the authors positioned the constructs as dependent or independent variables. These models and hypothesis included other variables, however, for the purpose of this thesis, only the main relationship was presented. The literature review showed evidence, therefore, that innovation and internationalization are related to one another in many ways, its impact might be different according to the context and remaining variables included. Most studies assume a position grounded on previous literature and their data set to position these firm's decisions as sequential (innovation affecting

internationalization or vice-versa). They consider static cross sectional information from panels or surveys that reflect the decisions already taken by the firm. Either firms show an innovator profile or they have a predominant internationalization description, according to the proxy used.

Essentially, Figure 2 exposes some of the debate and investigations relating innovation and internationalization in SMEs. One can observe that the same group of authors can appear in both sides of the columns (for example, Elena Golovko, James H. Love and Bruno Cassiman), meaning that they have conducted studies where the main premise was that innovation leads to internationalization and also other studies in the opposite direction, where internationalization activities lead to innovation decisions. However, few (or none) demonstrate the dynamic process of the firm to decide whether to pursue innovation and/or internationalization as their main growth strategy and the strategic decision-making process adopted.

Next section, the reader shall find the results of the literature review regarding innovation and internationalization as growth strategies, its importance for growing firms and whether the studies explored how this decision is undertaken.

Figure 2 - Innovation and Internationalization Studies



Source: The author (2020).

3.2.2 Innovation and internationalization as growth strategies

Some authors consider internationalization an innovative act for small and medium firms, because opening new markets is a form of shaking the ongoing process and driving change in the status quo of organizations (CHANDRA; STYLES; WILKINSON, 2009). For smaller firms, it entails different processes compared to larger corporations, where the presence in foreign markets might be logical path for their growth (KNIGHT; CAVUSGIL, 2004; KNIGHT; KIM, 2009).

Case studies and a survey were employed to investigate the early adoption of internationalization as a growth strategy (KNIGHT; CAVUSGIL, 2004). This model of early internationalization contrasts to the Uppsala School of internationalization that suggests that firms that are successful in their domestic markets and then seek growth in other markets, gradually. In reporting the capabilities gathered by born-globals to compete internationally since their inception, the authors accentuate the importance of innovativeness for these firms. Therefore, innovativeness is a fundamental characteristic of firms that choose internationalization as a growth strategy (KNIGHT; CAVUSGIL, 2004).

In terms of their innovative capabilities, small firms have the advantage of being more flexible and dynamic, rendering more efficient product developments; whereas in larger firms, the creation of new routines or changes in existing procedures are more complex and bureaucratic (KNIGHT; CAVUSGIL, 2004). International expansion brings unexpected challenges and requires a fast learning curve in order for a small firm to succeed and born-globals face these challenges using their innovative capabilities. Accordingly, the authors propose that a strong innovation culture plays an important role influencing internationally oriented firms to enter new markets earlier (KNIGHT; CAVUSGIL, 2004).

Born-globals are characterized by a culture of strong international entrepreneurship orientation, referring to its proactiveness and innovativeness to pursue new markets, together with international market orientation, that refers to the emphasis in the creation of value through the marketing elements (KNIGHT; CAVUSGIL, 2004). Their most important business strategies are based on the leverage of technological mastery to produce unique products and a solid sense of product quality, which reaches international markets through independent distributors (KNIGHT; CAVUSGIL, 2004).

As much as the literature relates these two constructs together (CASSIMAN; GOLOVKO, 2011a; LOVE; GANOTAKIS, 2013; LOVE; ROPER, 2015), analyzing how researchers have built the relationships between them allows us to make inferences about the

possible nature of interaction of internationalization and innovation as distinct growth strategies for growing firms. These inferences, however, are not enough to understand how executives have taken these decisions and the trade-offs involved at the time.

Zahra et al. (2009) consider that internationalization is a growth option that favors small and medium firms to gain knowledge that fosters innovation, therefore implying that the activities developed in other countries lead to collecting insights useful to innovate in their own firm (ZAHRA et al., 2009). Their theoretical framework shows that firms move overseas to search for new radical knowledge. Different entry modes grant distinct access to information and the higher number of countries entered, the higher is the encouragement to innovate. Social knowledge is a moderator variable, affecting the internationalization impact on innovation (ZAHRA et al., 2009).

Small and medium firms might miss international markets opportunities because of their inward orientation, which means that the firm is more occupied in responding current issues and do not reserve the necessary resources to future investments (ZAHRA et al., 2009). On the other hand, smaller firms are centralized in the figure of its founders, making it easier to process learning from international activities and faster to apply into their activities (AUTIO et al. 2000).

Innovation and internationalization are strategic decisions made to improve firm's resources and capabilities in an ultimate strategy to obtain or maintain competitive advantage (ALARCÓN et al., 2016; MARTINEZ-ROMAN et al.;2017).

Attempting to predict the behavior of firms in the agri-food sector, Alarcón et al. (2016) investigated five years of innovation and exports data of Spanish companies. Their results indicate that innovation and internationalization decisions are not taken jointly. As a longitudinal data quantitative analysis, the article does not focus on the decision-making dynamics but rather on the probability of the firm's actions influencing one another in the future. Firms that adopt either innovation or internationalization activities tend to adopt the other growth strategy as well in a given following period because to deal with both at the same time, more effort and resources (human, economic) are necessary (ALARCÓN et al., 2016).

In another view, Golder (2000) found that innovators prefer late entry into foreign markets, to enjoy the benefits of established demand, lower risks and costs of product development, therefore, and innovation precedes internationalization. (GOLDER, 2000; MARTINEZ-ROMAN et al.; 2017). Nonetheless, international activities bring ideas and insights to innovation, as starting point to new product development process shaping a bi-

directional relationship between the two strategies (GOLDER; 2000, CASSIMAN, GOLOVKO; 2011).

For Cassiman and Golovko (2011), innovation also precedes internationalization but not for the same reasons stated before. The innovative activity affects the firm's productivity, which in turn, affects the firm's likelihood of market extensions (CASSIMAN; GOLOVKO, 2011), especially international markets (MARTINEZ-ROMAN et al., 2017). Thus, these decisions are not strategic growth choices but rather, one is consequence of the other (CASSIMAN; GOLOVKO, 2011; MARTINEZ-ROMAN et al., 2017).

Young firms with a new product go international to exploit their market power and exports help pay for innovation costs. Smaller firms might not have the necessary means (resources and capabilities) to innovate globally, they start in their home market and gradually move to exports and then FDI. Innovation investments makes firms better at meeting demands, making exporting more profitable, therefore, innovation decisions are important in explaining small and medium firms export and growth strategies (CASSIMAN, GOLOVKO; 2011).

Product innovation pushes the firm's productivity which pushes the firm to export markets (self-select to export markets) (MARTINEZ-ROMAN et al.;2017). Self-selection, when a firm decides that it is ready to enter other markets, is a competing explanation from the learning-by-exporting principle, stating that a firm gradually increases its foreign activities according to their own learning and adapting capabilities (CASSIMAN, GOLOVKO; 2011).

Considering that small and medium firms have lower levels of resources available to execute their growth strategies, innovation and internationalization are options that are not taken jointly and need careful consideration by growing firms (ALARCON et al., 2016; ZAHRA et al. 2009). In some investigations, depending on the context of the study, the authors stated that internationalization precedes innovation (ALARCON et al., 2016; ZAHRA et al. 2009), others stated the opposite direction in a bi-directional virtuous relationship (GOLDER, 2000; MARTINEZ-ROMAN et al.; 2017; CASSIMAN; GOLOVKO, 2011) or sometimes one is consequence of the other (CASSIMAN; GOLOVKO, 2011; MARTINEZ-ROMAN et al., 2017).

In a different view, Kylaheiko et al. (2011) analyze if internationalization and innovation are complementary or substitute in a cross-sectional manner. They explored the effect of both growth strategies on performance and concluded that these strategies are substitute options. However, there is no reasoning on the decision-making process between the two strategies for growth. There was no analysis of how firms decided to pursue one or the other (or both) strategies, given that they had to weight trade-offs inherent to the choice. The

conclusion was grounded on how these firms performed after deciding. The authors aggregated firms in clusters based on their strategy profile considering innovation and internationalization, but the article did not approach how firms decided between their choices (KYLAHEIKO et al., 2011). They are both growth strategies so, when there are constraints to the complementarity between innovation and internationalization (because of the trade-offs), these strategies are substitutive (in the short term).

Drawing a parallel, the authors relate internationalization with economy of scale, when the firm is able to open to different markets and explore gains by volume without product adaptations. Economy of scales draws the Penrosian effect, where firms grow by the diversity of the products, which is a result of their combination of resources, capabilities and entrepreneurial drivers (KYLAHEIKO et al., 2011). Innovation and internationalization are related to firm's resources, therefore these are alternative strategies because firms have high costs of dynamic transactions (trade-offs). In the short term, firms use innovation to grow domestically, however, in the long term, the firm needs to go international as they face growth limitations.

In a similar vein, Pino et al., (2016) affirm that innovation and internationalization have a positive relationship but these decisions are not taken jointly. Although not focused on the decision-making dynamics, the authors evaluate the probability of the firm's present actions influencing future actions. Firms that adopt either innovation or internationalization tend to adopt the other growth strategy as well in a given following period, and to deal with both of them at the same time, more effort and resources (human, economic) are necessary (PINO et al., 2016).

For the context of Latin American firms specifically, non-technological innovations is a strategic move to enhance market performance because it requires fewer resources to develop. Non-technological innovations such as organizational and marketing innovations involve the implementation of new organizational and marketing methods and tools in the business' practices and procedures. On top of that, organizational innovation fosters a favorable environment to create other types of innovations and it has direct influence on marketing innovation producing more impact on market performance than marketing innovation (PINO et al., 2016). Different types of innovation foster an increased ability to adapt to changing environments (DAMANPOUR et al., 2009).

Other academic studies consider innovation and internationalization related strategies. In an exploration of large companies in the UK, Kafouros et al. (2008) argue that internationalization is necessary to boost the effects of innovation on performance. Therefore,

both strategies are necessary and there is no possible choice. A higher degree of internationalization provides the firm with better ability to reap benefits from its investments in innovation therefore, being in many different markets is important for the economic return of innovation (KAFOUROS et al., 2008). Furthermore, the impact of innovation on performance is insignificant for firms that are not in many different markets, implying that there is a necessary degree of international activities in order to benefit from innovations (KAFOUROS et al., 2008).

Internationalized firms are better at using available resources and different specific country advantages as well as establishing important international connections useful for innovation activities. These firms' internationalization reduces innovation costs and grants access to a richer set of resources and knowledge when compared to domestic firms (KAFOUROS et al., 2008).

Oura et al. (2016) investigated what factor is more important for Brazilian SMEs: innovation capacity or international experience. They believe that literature overemphasizes the role of innovation investment for SMEs and the studies do not pay enough attention to international experience as a determinant to export performance. They concluded that innovation and international experience are associated, as firm level determinants, to the export performance of firms; however, their impact is different for emerging countries firms. Their results show that international experience has a greater impact on export performance than innovation capacity (OURA; ZILBER; LOPES, 2016). This may be because for emerging countries firms, innovation is more about absorbing and incorporating a foreign technology as well as adopting to local conditions than introducing radical innovations to the market (MATTOUSSI; AYADI, 2017).

For Brazilian firms, innovation capacity is not enough to export, as there is a need to overcome many obstacles inside its own country and some of the practical ways to improve a firm's international experience are to find new countries offering tariff advantages, analyze specific trade statistics of import and export and obtain cultural knowledge about other countries (OURA et al., 2016). As for the dynamics, the authors recognize that SMEs managers have to decide where and how to invest their scarce resources between innovation capacity and international experience in order to achieve better export performance (OURA et al., 2016).

In the context of small and medium firms from Tunisia, Mattoussi et al., (2017) found that there is little evidence of complementarities between innovation and exports on firm's performance. They investigated firms' investment in innovation and exports and observed that for exporting firms and for fully exporting firms, innovation and

internationalization decisions are not related (MATTOUSSI; AYADI, 2017). This result is linked to the fact that innovation in developing countries might be more related to learning and adopting foreign technologies as well as adapting to local market demands than breakthrough ideas (MATTOUSSI; AYADI, 2017).

Therefore, the academic literature showed that both innovation and internationalization decisions are important for firms growth and survival and have focused on determining the relevance of each innovation and internationalization activities as well as the variables that interfere with this framework. However, there is a lack of thorough understanding of how executives of small and medium firms balance the trade-off between these two decisions, in their path for growth. The comprehension of how these weighted decisions are developed and which factors are most important for the decision-making process can highlight critical variables and put forth different ways of thinking. These contributions can enlighten how small and medium firms face strategic challenges and overcome resource scarce difficulties. The next session brings an introduction to the literature on the definitions and streams of literature on strategic decision-making processes in general, its characteristics for SMEs and how these decisions are taken considering the internationalization process.

3.2.3 Decision-making process in SMES

Strategic decisions are the ones that require commitment of substantial resources, establishment of precedents and generate a flow of decisions derived from that strategic one (DEAN JR.; SHARFMAN, 1996). These decisions are responses to strategic choices presented by the market (i.e. to export, to innovate, or both) and depend on what managers interpret as important in the environmental conditions of their businesses (HUGHES et al., 2018). Little is known about how strategic decisions are made in the international scenario (NEMKOVA et al., 2015; SOUCHON et al., 2016).

The study of strategic decisions is divided into two streams of literature: content research, that evolves around the issues concerning the decisions and, process research (Strategic Decision-Making Process - SDMP), which entails the series of actions taken to make decisions and implement them, as well as the factors that influence this process, with the process receiving much less attention by the academia than content research (ELBANNA, 2006; NEMKOVA; SOUCHON; HUGHES, 2012).

In his revision of the decision-making process research, Elbanna (2006) mentions some characteristics of strategic decisions: it is a responsibility of top management, it is a

reflection of the firms' interaction with its environment, involve matters that are critical to the firms' survival and usually imply a great deal of resources. Strategic decisions can be formal or informal, intended or unplanned, revolve around issues that are not customary for the organization, require trade-offs and evaluation of risks and uncertainties and, once these decisions are made, it becomes difficult to reverse (ELBANNA, 2006).

The process of deciding upon a strategic matter is divided into stages: attention to a situation, collect information, develop options, evaluate option regarding cost and benefit and lastly, selecting an option. However, this view of stages is criticized by many, invoking that many strategic decisions are influenced by intuition or a-rational, automatic processes which are usually dominated by mental routines based on experience, that happen rapidly without apparent rational thought (BAUM; WALLY, 2003). Either rational and planned or informal and intuitive, the process of decision-making influences the effectiveness of such decisions (DEAN JR.; SHARFMAN, 1996).

The actual strategic decision-making process of small businesses follows a much less complicated process the way it has been suggested by theory (JOCUMSEN, 2004). SMEs decision-makers use simple analytic tools and make extensive use of intuition and gut feeling, they rely on past decisions and use advices from business associates in a greater extent than they use external professionals (JOCUMSEN, 2004).

Jocumsen (2004) described strategic decisions in the context of small businesses as the ones that are significantly important to the firm relative to its performance, long term survival and impact on functional areas (JOCUMSEN, 2004). An evaluation of the performance of SMEs in Australia revealed that, despite significant interventions of consultants, government initiatives and financial remedies, SMEs performance are still unsatisfactory. The underperformance of such firms can be linked to poor strategic marketing decisions and a lack of understanding of how SMEs make their strategic decisions, that interferes with firm survival and growth (JOCUMSEN, 2004).

One of the most important features of the Uppsala internationalization model is the gradual accumulation of knowledge that supports the decision-making process related to foreign markets and permits the increasing commitment of resources and risk tolerance among exporters. To Johansson and Vahlne (1977, 1990), the most important type of knowledge is experiential knowledge rather than objective information, which is related to the improvisational and a-rational process of decision-making (COLLINSON; HOULDEN, 2005).

The decision of a SME to enter international markets represents a strategic decision because it interferes with the firms' relationship with its environment and markets

(CAVUSGIL; GODIWALLA, 1982). It is a key driver in the internationalization environment (NEMKOVA et al., 2015) and has been identified as a major factor of export performance (NEMKOVA et al., 2015; NEMKOVA; SOUCHON; HUGHES, 2012). Souchon et al. (2015) ponder that, conventionally, firms would sought after formal planning to base their decision-making processes, however, the international markets are characterized by intense competition, different customer base and fast pace of changes. This scenario of uncertainty, time pressure and challenges requires a much more dynamic decision-making process to allow greater responsiveness and competitiveness, therefore, decisions are more likely to be timely instead of optimal (SOUCHON et al., 2016).

Overall, internationalization decision-making processes characteristics are: informal, reactive (rather than proactive), problem-solving oriented and based on intuition (CAVUSGIL; GODIWALLA, 1982). Improvisation is a significant approach and the predominant decision-making style used by exporters (NEMKOVA et al., 2015).

Cavusgil and Godiwalla (1982) proposed that decisions regarding internationalization of firms are highly influenced by subjective factors and the process of decision-making is rather free of deliberate and logical paths, instead, it reflects the personalities and subjective factors of the decision-maker. Therefore, the internationalization decision is not guided by the rational approach (CAVUSGIL; GODIWALLA, 1982). Firms' decisions rely on both objective and subjective insights; however, the international scenario is more complex and presents greater uncertainty, the accuracy and quality of objective knowledge in such dynamic markets is not a given, turning the decision-making process more obscure (CAVUSGIL; GODIWALLA, 1982).

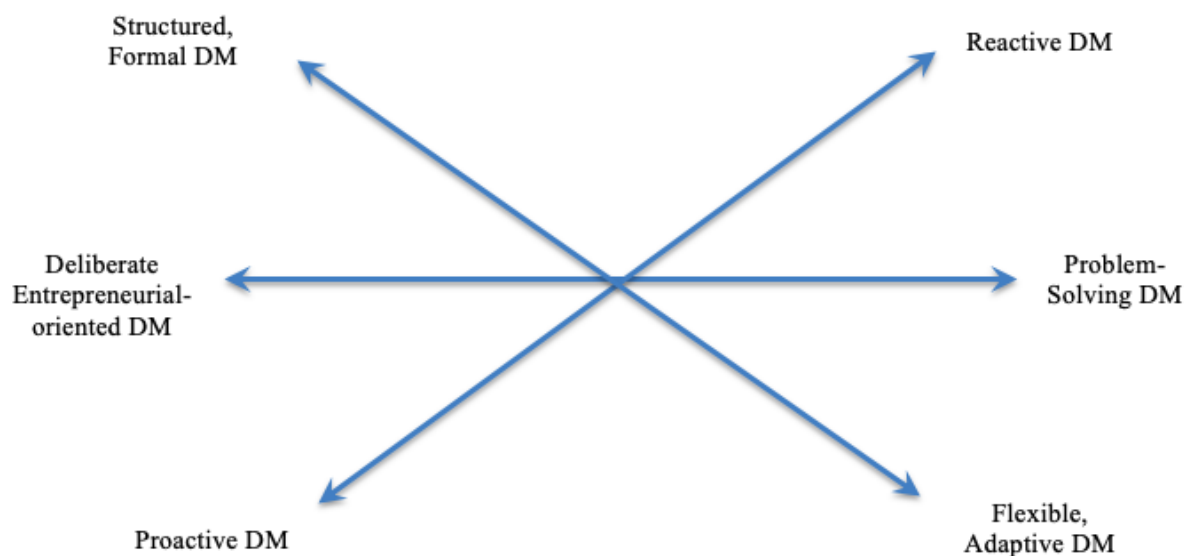
Evoking from decision theory, Nemkova, Souchon and Hughes (2012) present two approaches when it comes to strategic decision-making process related to exports: export planning and export improvisation. Both coexist in the activities of firms and a combination of the two of them can bring benefits to the firm's performance (NEMKOVA; SOUCHON; HUGHES, 2012).

Cavusgil and Godiwalla (1982) described two decision-making styles. The first one is represented by the left side of the arrows presented by Figure 3, demonstrates a formal strategic planning, involving deliberate and sometimes organized processes to gather information and use of methodologies to achieve best decisions. This specific decision-making mode involves a set or organizational resources like analytical resources to assess the firm, its close environment and more distant realities (external markets). The authors suggest that strategic investigations are carried out bringing enough market intelligence to serve as base for

managers to make important strategic decisions such as corporate objectives, goals, product-market strategies, among others (CAVUSGIL; GODIWALLA, 1982).

The second one is a more disjointed and adaptive style, that is used when the firm does not have specific and clear goals and the decision-makers are not aware of firm's planning and process of decision-making. In this case, as described by the right side of the arrows of Figure 3, the firm reacts to situations quickly gathering information to solve problems, making adaptations and using a flexible decision-making mode. Both are polar styles situated in opposite directions and represent different practices of decision-making, but are not mutually exclusive and, as the internationalization process evolves, firms vary their decision-making style (CAVUSGIL; GODIWALLA, 1982).

Figure 3 – Illustration of export decision-making styles



Source: adapted from Cavusgil and Godiwalla (1982).

In the beginning, the participation of a firm in foreign markets is most likely the result of an accidental involvement so, without setting clear goals, they will react and solve-problems in a passive-reactive decision-making mode. After obtaining some experience in the international setting, possibly perceiving foreign countries as not so distant markets anymore, firms gradually invest more time and resources, progressively using more sophisticated and elaborated research techniques, to envision future plans and setting specific goals to the export activity and evolving to a more formalized and structured decision-making process.

Decision-making literature considered that the descriptive and normative approach to decision-making are diametrically opposed and offer very contradictory ways to how the

process takes place, however, for export markets in emerging economies such as China, there is a need to integrate these approaches to find the fit between export planning, creativity and spontaneity (HUGHES et al., 2018).

Spontaneity, as in the ability to make timely decisions, has shown evidence of its importance for international marketing. It provides managers with faster responses to changing customers preferences, flexibility and greater reaction to unpredicted problems. However, this positive influence is greater when the firm actually has a formal planning, centralize its decisions and market dynamism is not high (SOUCHON et al., 2016).

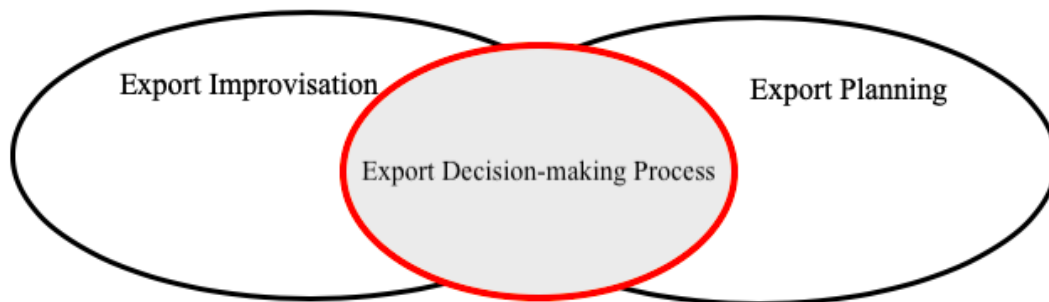
Export planning relates to the theory that suggest that managers systematically collect information, analyze data, evaluate their options, make a strategic choice and formulate a detailed implementation plan, in other words, it represents how rational and optimal choices should be done (NEMKOVA; SOUCHON; HUGHES, 2012). Export improvisation relates to how managers actually behave in making decisions, considering human limitations, political and environmental constraints, based on their intuition, adapting to the current context. The three dimensions of improvisation are: creativity, spontaneity and action orientation (towards implementation of such improvised actions) (NEMKOVA; SOUCHON; HUGHES, 2012).

Management and marketing literature considered export planning and the normative decision-making process as a true depiction of firms' behavior, therefore, improvised activities were seen as deviations or exceptions of the pattern of rational decision-making until criticisms to the rationality and rigidity of the process emerged in the works of Tversky and Kahneman (1986), amongst others (NEMKOVA; SOUCHON; HUGHES, 2012). It is rare that managers taking real life decisions can select the optimal choice based on deep and thorough analysis because they usually have to accept one available option as satisfactory, given that they have many different tasks to attend to at the same time (NEMKOVA et al., 2015).

Evidences of different paths in decision-making accumulated and academics observed that the processes were also adaptive, intuitive, creative and related to heuristics (NEMKOVA; SOUCHON; HUGHES, 2012). Moreover, they realized that improvisation and planning are not opponents but they overlap and sometimes coexist in firms, as shown in Figure 4. The complementarity between them provides enhanced decision-making as both improvisation and planning bring benefits to firms. Improvisation can be connected to fast innovative decisions that are necessary for the competitiveness of the business. On the other hand, planning brings well-informed and well-researched decisions and involves market orientation, design and long-term view of the firm (NEMKOVA; SOUCHON; HUGHES,

2012). However, too much focus on planning might hinder the firms behavior towards innovation after a certain point, on the other hand, spontaneity and creativity are not directly linked to changes in a firm's proclivity to innovate in export markets (HUGHES et al., 2018).

Figure 4 – Illustration of export decision-making process approaches



Source: developed by the author using logics presented in Nemkova, Souchon and Hughes (2012).

According to their findings, improvisation is very important for managers to the degree that they declared it a “*dominant decision-making paradigm*”. However, they predicted that both export planning and export improvisation were positively related to performance (NEMKOVA; SOUCHON; HUGHES, 2012; p.361). The interaction between improvisation and planning and its effects on export responsiveness and performance was investigated by the same group of authors in 2015. Among their findings they stated that there is no one best formula about decision-making which could address all the firms' needs therefore managers should find a balanced combination of improvisation and planning to optimize decisions. Also, managers need to be trained to understand what improvisation is and how to make the best of improvisational skills during decision-making process (NEMKOVA et al., 2015).

In another view, firms change their decision-making process according to their internationalization phase. In a more initial phase, decisions are more characterized by improvisational, adaptive and incremental processes and, as the firm gathers more experience and knowledge working in different markets, the decision-making process becomes more structured and formalized (CAVUSGIL; GODIWALLA, 1982).

Given the information stated above, the exploration of the decision-making process that managers of small and medium firms undertake, considering the dynamics between innovation and internationalization as growth strategies is essential to the optimization of growth, survival and performance of such Brazilian firms. In the next chapter, the method of investigation is detailed and presented.

4 METHOD

This chapter presents the methodological proceedings conducted by the researcher for the application of the present research. Firstly, in order to obtain the most updated knowledge about the topics studied in this thesis, the researcher conducted a systematic literature review, following Tranfield, Denyer and Smart (2003). The method used consist of three main phases: planning, execution and reporting (TRANFIELD; DENYER; SMART, 2003). At the planning phase, the objectives of this research were used as the starting point and the key data sources was chosen. Web of Science, EBSCO and JSTOR were used as the research databases, as they are known for representing the most comprehensive data-bases of peer-reviewed journals in the social sciences (CROSSAN; APAYDIN, 2010).

The execution phase requires the definition of the selection criteria, organization of the publications, compilation of a consideration set and classification and typology (TRANFIELD; DENYER; SMART, 2003). In this case, the following key words were used: internationalization, export(s), innovation, SMEs, growth firms, medium firms, growth companies, gazelles. Also, the selection criteria included the filters: type of document (articles only), journal's impact factor (Journal Citation Report or Scimago Journal Ranking) and selection filters such as elimination of theoretical articles, articles that did not study SMEs or any of the dimensions of international involvement. The review focused on articles that studied firms that conduct internationalization activities (exports) in a traditional manner (JOHANSON; VAHLNE, 1977, 1990) rather than born-globals or international new ventures (KNIGHT; CAVUSGIL, 2004; OVIATT; MCDOUGALL, 1994), as they have different internationalization paths and innovation levels.

The initial database of 769 articles was filtered and duplicates were excluded remaining 317 articles, that were organized into three different groups, comprising a consideration set: reviews and meta-analytical articles (43 articles), highly cited (82 articles) and most recent (192 articles). These articles were analyzed considering their title, keywords and abstract to find the ones that are closely related to the thesis subject of research and 53 articles remained. Tranfield et al.'s (2003) third phase is reporting which led to the development of this literature review presented in chapter 3.

The first section presents the research strategy along with the definition of case studies and its relationship with the research's question and objectives. The second sub chapter brings the operationalization of the research strategy in the form of the definition of case subjects as well as the reasoning regarding the number of cases to be included. The third part

details the procedures put together for data collection followed by research instruments and protocol used in this investigation. At last, the section ends with data analysis method employed in this work.

4.1 RESEARCH STRATEGY

The object of this investigation was to explore and comprehend the dynamics between innovation and internationalization decisions as growth strategies for growing companies. In order to reach this goal, the nature of this exploratory research is qualitative using multiple case studies as research strategy.

Exploratory research is justified when the researcher's objective is the comprehension of the problem, rather it is to formulate it more precisely, identify alternate strategies of action, extract testable hypothesis or establish future research priorities (GIL, 2002; MALHOTRA, 2009). Exploratory research aims the deepening of ideas and the emergence of intuition surrounding a phenomenon which involves bibliographic research, interviews with people involved and examples that promote comprehension of the proposed situation (GIL, 2002).

The emphasis of qualitative research is not on the measurement of variables involved in the context but rather the comprehension of it (SAMPIERI; COLLADO; LUCIO, 2006). It uses the text as empirical material instead of numbers, interested in the participant's perspectives and daily practices revealing their everyday knowledge related to the research question (FLICK, 2009).

Considering that companies are complex organizations, the comprehension of a phenomenon such as the nature of interaction of decisions about resource allocation at the time of strategic trade-offs for the growing of the firm is a task that depends on the interpretation, a key element that separates complex organizations from other lower level systems (DAFT; WEICK, 2005). The researcher must capture the participant's interpretation of his daily events that reflect the organization's reality (DAFT; WEICK, 2005). The methodological procedures to be applied should seek to grasp depth of the data, richness of interpretation and contextualization of the environment (SAMPIERI; COLLADO; LUCIO, 2006).

One type of qualitative methodologies widely used is case studies. Case studies are relevant when the research question involves the explanation of a present circumstance or a deep and rich description of a social phenomenon (YIN, 2015). It can be applied with the objective to provide description, to test or generate theory (EISENHARDT; GRAEBNER,

2002). But more than revealing the strength of a factor, cases are particularly interesting to pin down mechanisms and pathways between cause and effect (GIVEN, 2008).

Its strength is the capacity to handle a large variety of evidences (documents, observations, interviews), displayed in a historic conventional case (YIN, 2015). Case study is the deep empirical investigation of a contemporary phenomenon in its real world context, especially when the limits between the phenomenon and its context are not clearly defined (GIL, 2008; YIN, 2015).

Gil (2008) defines case studies as the deep and exhaustive study of one or few objects allowing for the rich and detailed knowledge about it. It is a research approach focusing on one or more instances of a phenomenon (GIVEN, 2008). It is characterized by the large amount of variables of interest, multiple sources of evidence and can cover multiple cases to extract a single set of cross-case conclusions (EISENHARDT, 1989; YIN, 2015). Other characteristics include thick descriptions, process tracing and case-centered rather than variable-centered (GIVEN, 2008).

In describing the advantages of case studies, Given (2008, p. 68) states: “case studies have been the major source of theoretical innovation” whereas surveys control the scope of such theoretical innovations. The emphasis on tracking the processes in a detail manner from one cause to its effect, give case studies the advantage of revealing the specific mechanisms that lead the cause to the effect, rather than stating the strength of such relationship (GIVEN, 2008).

The research question represents an important step in case studies designs since questions like how and why, that require an explanation or detailing of processes, are related to case studies (EISENHARDT, 1989; YIN, 2015). This thesis research question relates to “what” when it asks about the nature of the interaction between internationalization and innovation decisions as growth strategies for growing companies. Following Yin’s (2015) recommendations, the present research question was formulated only after careful consideration of related literature and examination of similar studies that dealt with the same constructs and paved the way for future explorations of the topic. Several academic works suggested future studies using in depth investigation of this dynamic process between innovation and internationalization strategies (ALARCÓN; SÁNCHEZ, 2016; CROSSAN; APAYDIN, 2010; OURA; ZILBER; LOPES, 2016; PINO et al., 2016; REN; EISINGERICH; TSAI, 2014).

The project should declare enough reasons and justifications to guide the investigation towards certain aspects as well as some criteria by which the exploration should

be evaluated (YIN, 2015). This thesis correlated the constructs in previous literature and, based on their findings, defined research objectives that lead this investigation to empirical evidence.

Reflecting the lack of consensus of which steps should be taken in qualitative research (LANGLEY; ABDALLAH, 2011), there is no undisputed decision upon which process should be followed by researchers when designing a case study approach. However, Gil (2008) indicated a logic useful for most cases: problem definition, definition of unit of analysis, definition about number of cases necessary, design of the protocol, data collection, data analysis and evaluation, and presentation of results.

In order to make sense of qualitative data in management and strategic subjects, an insightful method is to use disciplined coding and analysis, registering the number of first order categories (open coding), second order categories (axial coding) and core categories (aggregate dimension), including tables with direct quotes and score of categories to increase reliability of the findings as well as the confidence on the reasoning behind the inferences made (CORLEY; GIOIA, 2011; GIOIA; CHITTIPEDDI, 1991; LANGLEY; ABDALLAH, 2011). Eisenhardt (1989) depicts case studies as a positivist in its orientation and aimed at revealing sets of propositions for later quantitative confirmation and it is defined as “a research strategy which focuses on understanding the dynamics present within single settings” (EISENHARDT, 1989, p.534).

4.1.1 Observable aspects

Based on the literature review, the researcher has brought theoretical concepts that permeated data collection and served as analytical priorities for data analysis. These concepts and their corresponding observable aspects are detailed below.

Before the evaluation of the dynamics in question, it was important to understand the firm’s timeline or meaningful milestones reached since its foundation. This evolution analysis is relevant to understand how executives decided upon growth strategies over the years. Observable dimensions are the activities actions taken by the firm that shaped their decision-making mode over the years, like new market entry, new products launched to new or existing markets, adoption of innovative production processes or operation modes, new international or domestic partnerships, among others.

Academic literature indicates that innovation and internationalization decisions are related (CASSIMAN; GOLOVKO, 2011a; GOLOVKO; VALENTINI, 2011; LOVE; ROPER, 2015) and form a reinforcing cycle (GOLOVKO; VALENTINI, 2011). It also presented

evidence that innovation activities lead to internationalization of firms (GANOTAKIS; LOVE, 2012; LOVE; GANOTAKIS, 2013; SOFKA, 2008), and that being in foreign markets promotes firms' innovations through their external sources of knowledge (DAI et al., 2014b; FILATOTCHEV et al., 2009; LOANE; BELL, 2006; NASSIMBENI, 2001). Therefore, studies have shown bidirectional relationships of these two growth strategies. This research objective was to understand the dynamics between these decisions for growing firms, therefore, observable aspects include information about how these activities happen inside these firms, whether they are connected or independent, which one comes first, or if one is consequence of the other and what is the degree of interrelationship between them.

Considering that these two activities require resource commitments and investment by the firms, the decision-making involves weighting options for the executive of a growing firm. Another relevant aspect of this dynamics is the perception of firm's executives regarding the nature of interaction between innovation and internationalization, discerning if they consider them not related at all, or related decisions or a different evolutionary scenario (used to be dependent but not anymore).

In Appendix A the reader shall find the text used for the first contact with executives from subject firms. Appendix B reveals the research protocol containing topics related to observable dimensions that serve as guardrails for data collection.

4.2 RESEARCH SUBJECTS

4.2.1 Definition and delimitation of cases

The determination of which cases will be studied requires case definition as well as case delimitation (YIN, 2015). The definition of which cases to include in the investigation is related to the research question and its objectives. They should narrow considerably the amount of relevant data, allowing the researcher to pin out specific cases as favorable opposed to others. However, the choice of cases might change in light of later discoveries during the collection of data. Case delimitation serves to identify the group of subjects that are the focus of the research, distinguishing them from others that are not (YIN, 2015). On behalf of due delimitation, the case should have some concrete manifestation or expression in real life rather than an argument or a hypothesis. And to serve the academic community, the research subjects studied should be

similar to the ones in previous studies allowing the comparison of the findings or the subjects should be operationally different, innovating in a clear manner (GIL, 2002; YIN, 2015).

In this thesis, the previous literature examination has served as the basis for the definition of the research question and objectives. The inclusion criteria for the selection of cases as unit of analysis follows the theoretical analysis undertaken in this work.

For the purpose of this study, internationalization construct reflected the firm's international involvement (FERNÁNDEZ; NIETO, 2006; MARTINEAU; PASTORIZA, 2016), considering the propensity to export (whether the firm is an exporter or non-exporter), used in (GARCÍA; AVELLA; FERNÁNDEZ, 2012) and export intensity (ratio of exports sales to total sales), used in (LI; CHEN; SHAPIRO, 2010). These dimensions are in line with other constructs already used in academic literature like international exposure, share of exports as a percentage of total turnover (COEURDEROY et al., 2010; LAGES; JAP; GRIFFITH, 2008, among others) and international market presence, number of international markets (COEURDEROY et al., 2011).

The international involvement of firms comprises the profile of traditional enterprises (JOHANSON; VAHLNE, 1977, 1990) rather than born-globals or international new ventures (KNIGHT; CAVUSGIL, 2004; OVIATT; MCDUGALL, 1994), that display international entrepreneur orientation since its inception.

In regards to innovation, the present work adopted Dr. Tamer Cavusgil's informal description for innovation: "firms' activities that require deliberate actions and resource commitment aimed at enhancing performance" (Prof. Cavusgil's definition, 2017), considering "firms' activities' as one or more of the four types of innovation described by the OECD both as deliberate activities that require SMEs to ponder over the inevitable trade-offs of each growth strategies.

The literature review brings different criteria regarding firm size, but most of them use the number of employees to define it. Some considered SMEs as firms with 500 or less employees (KNIGHT; KIM, 2009), average of 300 employees (GUNAWAN; ROSE, 2014), more than 10 and less than 250 employees (VALENTIM; LISBOA; FRANCO, 2015), more than 10 and less than 200 employees (GOLOVKO; VALENTINI, 2011), less than 1000 employees for manufacturing firms and less than 300 employees for IT firms (REN; EISINGERICH; TSAI, 2015a), less than 250 employees (DAI et al., 2014b; LOANE; BELL, 2006; PITTIGLIO; SICA; VILLA, 2009) and some of them declared SMEs as unit of analysis but did not reveal its definition clearly (COEURDEROY et al., 2010; D'ANGELO et al., 2013; SCHMIELE, 2011).

Classifications according to SEBRAE, the Brazilian Constitution and Deloitte/Exame use firm's annual income as a defining fact. However, it is difficult to obtain reliable information of firm's income, as they are mostly limited firms with no obligation to publish their financial reports. Therefore, in this case, the number of employees was also considered as a selection criteria as well as the annual net income growth rate. The criteria used for subjects' selection were:

- Firms with up to 250 employees or with annual net income up to R\$ 500 million in 2017;
- firms that have experienced average growth rates over the last three years;
- Independent companies (not subsidiaries);
- Firms that have exports and/or innovation activities in the past 5 years.

The ranking of the 100 fastest growing SMEs in Brazil, developed by Deloitte/Exame, shows 72 firms with average annual growth of at least 20% over the period of 2015 to the end of 2017 (DELOITTE; EXAME, 2018).

This research used recently published reports and rankings concerning the export activity and growth of SMEs, as starting point to subject's selection (CONFEDERAÇÃO NACIONAL DA INDÚSTRIA, 2016; DELOITTE/EXAME, 2016; DELOITTE; EXAME, 2018; SEBRAE, 2017). Apart from that, the researcher used her own contacts with the business community to reach firms according to the above-mentioned criteria.

4.2.2 Definition of the number of cases

The methodology for case studies comprises single case studies and multiple case studies as variables of the same methodological structure and the findings from multiple case studies are usually considered more robust than single ones (YIN, 2015). The logic of replication, which is different from the sampling logic applied to quantitative studies, is used in the selection and definition of number of cases considered in a multiple case study (YIN, 2015).

The replication logic is that each case selected should predict similar results obtained previously or should produce revealing different results that were predictable by the theory (YIN, 2015), in order to confirm theory, extend theory or provide radical examples (polar types) (EISENHARDT, 1989). Each individual case consists of a complete study, where the researcher seeks to find evidences for the theoretical assumptions made previously and

develops case conclusions. These conclusions are considered information that should be replicated in the following individual cases (YIN, 2015).

According to Yin (2015), different from quantitative studies, the number of case replications does not follow a formula and is subjective. The number of cases is related to the level of confidence in the results presented. Two or three replications might be enough for a simple theoretical construction or a demand for low level of certainty, however, for a higher confidence in the multiple case findings, five or more replications might be necessary (YIN, 2015).

A recommended strategy is the progressive addition of new cases until the theoretical saturation is reached, when the increase of new observations does not contribute significantly to the augmenting of information on the matter (EISENHARDT, 1989; GIL, 2002). Although it is not advisable to set the amount of cases previously, Gil (2002) and Eisenhardt (1989) suggest four to ten cases as the ideal number of cases. With the selection of different research subjects (in this case, firms), it is possible to pull out common concepts across cases (LANGLEY; ABDALLAH, 2011). Case selection, therefore, should concentrate on finding research subjects that have common traits enabling cross comparisons and maximizing differences while controlling for other dimensions (EISENHARDT, 1989).

For the purpose of this research, common traits between subjects (firms) include the size of the firm (up to 250 employees or up to R\$ 500 million net income in 2017), ownership (independent not subsidiaries), growth and market access (export activities in the last five years). Yin's (2015) advice is to keep the research project open for modifications due to discoveries that might come with each individual case development.

The first firms selected and then contacted as an attempt to participate in this research were listed in the Ranking of the fastest growing SMEs 2018, published by Deloitte and Exame (DELOITTE; EXAME, 2018). After searching for possible contacts through LinkedIn, company websites as well as the researcher's contacts, over 30 companies were approached for this research and two of them responded positively to the invitation. To obtain the necessary number of cases, the researcher then started to contact other firms through the indication of the researcher's personal and professional contacts, always complying with the defined criteria.

This investigation led to six cases that provided powerful analytical conclusions. This number of cases provided enough cross-comparisons between cases that shared common characteristics in regards to strategies for growth and decision-making process between

innovation and internationalization decisions as well as the emergence of contrasting differences between cases showing separate growth paths and opposing choices.

4.3 DATA COLLECTION PROCEEDINGS

The application of case study research relates to data collection phase, as the fulfillment of the study. However, in order to increase the reliability of case studies' findings, a number of preparations and concerns should be addressed (YIN, 2015).

It starts with the preparation of the researcher conducting the investigation. To be able to produce good case studies, one should be able to formulate good questions and remain open as a good listener (free from ideologies or pre judgements) (YIN, 2015). Openness to adaptations is ideal as new situations might emerge from the cases and should be faced as opportunities and not threats (EISENHARDT, 1989; YIN, 2015). Impartiality is important to be sensitive to contrary evidence and to remain ethical throughout the research process. It is also important to have a clear understanding of the subjects studied, even in exploratory research (EISENHARDT, 1989; YIN, 2015).

Collection and analysis phases occurred at the same time and the overlap allowed for adjustments and improvements as well as better preparation for the next case. The modification of instruments during the phase of data collection is justified if it improves the resulting theory (EISENHARDT, 1989). Field notes taken by the researcher at the moment of the interview containing its impressions, thoughts that occurred during research as well as descriptions of events that happened during the visit are forms of having a head start in the phase of analysis (EISENHARDT, 1989).

Yin (2015) debates over six possible sources of evidence used in multiple case studies: documents, records on files, interviews, direct observations, participant observations and physical artifacts. The multiple sources allow for the triangulation of data that strengthens the cases' evidences (EISENHARDT, 1989). This case research used at least two sources of evidence: in-depth interviews and secondary document analysis. The following subsection brings details of these sources.

4.3.1 In-depth interviews

Case studies frequently use interviews as source of information and, in this case, they are more like guided conversations with a consisting line of investigation rather than structured interviews. In-depth interviews should follow the research protocols and its own line of investigation but also formulate conversational questions that lead to the revelation of necessary information. Recording the interviews allows for a more precise interpretation of the content, however, it should not be used when the interviewee does not allow it or feels uncomfortable with it (YIN, 2015).

Regardless of the length of the interviews, this investigation seeks deep participation of the interviewees as much as possible, allowing for other sources of information and other cases to be uncovered. The interviewees are knowledgeable of the export activities of the firm as well as its innovation strategies. The literature review on exports and innovation activities of small and medium firms revealed that it is usually the founder or owner that mostly relate to these activities as he or she is the entrepreneur that leads organizational behavior (FILATOTCHEV et al., 2009; FREEMAN et al., 2010a; LOVE; ROPER, 2015). Therefore, this research focused on the participation of the founders or owners whenever possible, or the firm's senior experienced staff.

4.3.2 Secondary Documentation Analysis

There are a variety of documents considered as sources of evidence and a great number of them is available online, therefore, a careful search on the internet is essential to uncover valuable information before field work (YIN, 2015). The present research considered internet searches for such secondary information and analyzed the following reports: Global Innovation Index 2016 (DUTTA; LANVIN; WUNSCH-VINCENT, 2015), Ranking of the fastest growing SMEs 2018, published by Deloitte and Exame (DELOITTE; EXAME, 2018), Sebrae's Report on the Exports of SMEs from 1998 to 2015 (FONSECA, 2016) and the Report on Brazil's performance in the Global Innovation Index 2011-2016 (CONFEDERAÇÃO NACIONAL DA INDÚSTRIA, 2016).

Internet search also seek information about specific industry sectors and the selected firms. Starting from the company's website to trade associations and governmental export promotion agencies, these sources reveal evidences regarding the firm's export activities, innovation activities and growth strategies. In addition to the information available

online, the researcher analyzed documentation that corroborate the dynamics involved in the study (see Appendix C), according to availability and openness of the firm in regards to access.

4.4 RESEARCH PROTOCOL AND INSTRUMENT

Research protocol not only comprises the instrument for the data collection but also defines the conduct to be adopted during its application (GIL, 2008). Includes a global vision of the project describing the research main objectives and most important concepts, field proceedings such as access to the organizations and its informants and general procedures, questions or topics that instigate the conversation and exposure of the information to be collected and sources of the information (GIL, 2008; YIN, 2015).

In regards to instrumentation for research application, in exploratory research, there is no exact delimitation of parameters or social dynamics and, therefore, there is no request for rigid initial instrumentation. It is recommended to researchers, to think of the instrumentation terms together with the research question and objectives, strengthening the research instrument, protocol, case selection and interviews (MILES; HUBERMAN; SALDAÑA, 1994).

Considering recommendations, the text used as a first contact with firms and the research protocol used as conversational informal guide are in Appendices A and B. The research instrument was evaluated by four academic experts in the areas of marketing, international business and international marketing and their suggestions have been incorporated into the final version of the protocol, before the first interview.

4.5 DATA ANALYSIS PROCEDURE

Analysis of case data can follow different strategies. One of them is to follow the project's theoretical propositions that reflect previous work of literature review, providing analytical priorities that assist the organization and focus of the analysis towards explanations that need to be addressed (YIN, 2015). In order to have a stronger support for the evidence collected, it is important to arrange data in categories and subcategories and use holistic interpretation to converge facts and theory (GIL, 2008; YIN, 2015).

Bardin (2009) recommends methodological treatment that starts with the phases of previous analysis, exploration and treatment of data, inference and interpretation of results. Previous analysis focuses on the organization of material, such as transcriptions, audio revisions

and document selection. Material exploration refers to codification and decomposing of the material to identify categories. Treatment, inference and interpretation of data refers to the search for meaning which allows the use of the content to the formulation of new propositions or hypothesis (BARDIN, 2009).

Eisenhardt (1989, p. 540) defends the within-case analysis, involving: “detailed case studies write-ups for each site”. Comprising pure description of the cases, the write-ups have important implications for the generation of insights as the researcher becomes deeply acquainted with the cases and is able to notice unique patterns beforehand (EISENHARDT, 1989). After the description of cases, the investigator shall look for cross-case patterns, arranging them in several different ways favoring comparisons. Selecting categories and looking for similarities among the cases is one way of doing it. Another possibility is to separate the cases in groups according to a single dimension like exporter vs. non-exporter. The idea is that: “these cross case searching tactics is to force investigators to go beyond initial impressions, specially through the use of structured and diverse lenses on the data” (EISENHARDT, 1989, p. 541).

For this particular research, the analysis strategy adopted was a blend of case descriptions with content analysis (treatment, inference and interpretation of categories) (EISENHARDT, 1989; YIN, 2015). It started with the preparation of the researcher for each interview. After the initial contact with the firms and their acceptance to participate as research subjects of this thesis, the researcher followed the recommendations of Yin (2015) and investigated about the firms, their context and industry information, in order to be prepared to conduct interviews with ease, posing interesting questions and being a good listener. The preparation phase included analysis of important information about the firms such as news articles, sector reports, presentations and documentaries. After the preparation and interviews, the researcher conducted a previous analysis, which included the transcription of each audio file and organization of each case’s database. In Appendix C the reader shall find the detailed data base for each of the case studies including information about profile of the personnel interviewed as part of the data collection and the list of documentation used as part of this investigation.

Following Eisenhardt’s (1989) recommendations, for each company investigated a detailed case description was developed, focusing on the subjects of internationalization and innovation decisions and its interplay, as the main research question posted.

A total of eight firms were studied, however, two of the companies did not comply with two or more of the research filters applied and, therefore, were not considered as part of

the final draft of this thesis. From the excluded companies, one of them had more than 600 employees and R\$ 500 million in revenue and the other one was once a big company with more than 3000 employees and, after suffering huge losses due to the economic crisis in 2016 filed for bankruptcy and judicial recovery, now a medium sized firm under reconstruction.

From the six remaining cases, four of them complied with all the filters applied. Two of them passed all filters but failed to present growth rates in the last couple of years. Considering that these two companies presented rich and detailed information that could be of great use to the research in question, they were not disqualified. Table 2 shows case companies and research filters applied and Table 3 displays a brief profile of the interviewees.

Table 2 – Research filters applied

Filters applied	Suget	Birra	Softseg	Plugin	Agri	Transfo
Less than 250 employees or R\$ 500 mi	✓	✓	✓	✓	✓	✓
Growth (2018/2017)	✓	✓	✓	✓		
Independent firm	✓	✓	✓	✓	✓	✓
Export or Innovation (last 5 years)	✓	✓	✓	✓	✓	✓

Source: The author (2020).

The companies' names mentioned in this document are fictional and most of the citations of the sources used were subtracted from the case descriptions due to the confidentiality terms agreed with the interviewees and the organizations. Some of these references are not even listed because they disclose the name of the company or the name of the interviewees directly. These documents are indirectly mentioned as part of the cases' databases in Appendix C and are available for consult upon request.

In Agri's case, even not presenting growth rates, the firm still managed to invest resources into innovations and kept serving international markets. In Transfo's case, their international activities have just taken a deliberate and strategic role and, therefore, could take more than two or three years to yield results. In both cases, their business context in Brazil had suffered from market turbulences over the last years, which contributed to their lack of growth performance.

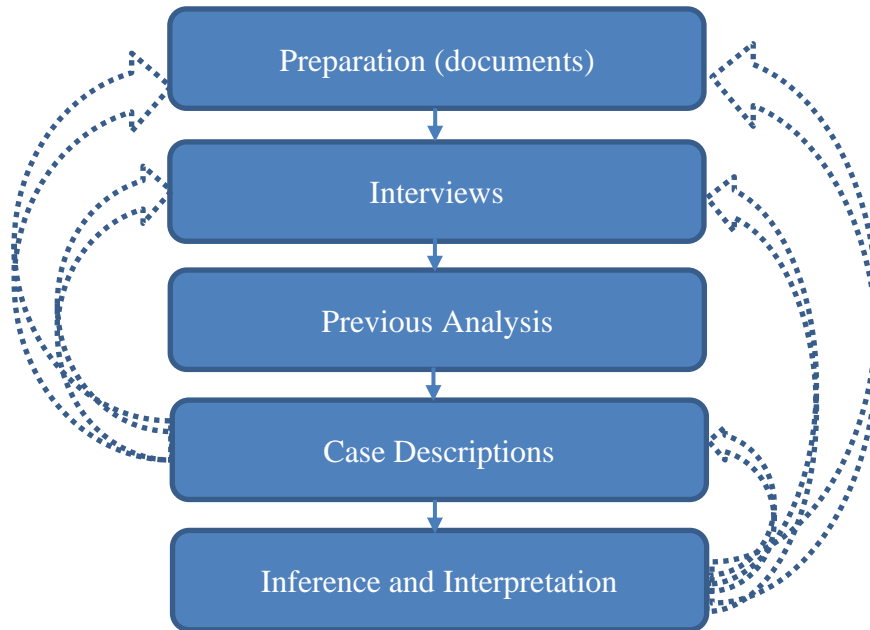
Table 3 – Interviewees profile

	Firm	Title	Period in the firm	Period in current position
1	Suget	Director-President	16 years	10 years
2	Birra	Financial-Administrative Manager	6 years	6 years

3	Softseg	Commercial Manager	2 years	8 months
4	Plugin	International Manager	2 years	2 years
5	Agri	Director-President	45 years	Since foundation
6	Transfo	International Business Manager	12 years	1 year and 9 months

Source: The author (2020).

Figure 5 – Analysis strategy scheme



Source: The author (2020).

Note: The dotted arrows represent the moments where the researcher reexamined data sources or material produced during the analysis.

As observed in Figure 5, the analysis strategy moved on to the phase of inference and interpretation of the categories observed throughout the previous stages. Between the activities of case descriptions and data analysis, there was an iterative process of going back and revisiting data sources and materials produced during the data collection and analysis (CORLEY; GIOIA, 2004; GIOIA; CHITTIPEDDI, 1991; LANGLEY; ABDALLAH, 2011).

5 CASE DESCRIPTIONS

Each case description was designed as a narrative to present the reader with the perspective of the firm considering the topics covered during the interview, the information gathered during the preparation phase, documents sent by the subjects and e-mails exchanged. The cases present the criteria used for case selection, a brief description of the company, its history, an overview of their market situation considering their market segment, market share and vision for the future. Next, the case presents an outlook of the topic of innovation in the firm, pointing to examples of innovations mentioned during the interviews and facts gathered through documents, followed by the internationalization outlook, describing their internationalization path, evolution, difficulties and benefits obtain from such activities. A summary of the basic statistics gathered from the companies are presented in Table 4.

Table 4 – Basic statistics chart

Firm	Income (2018)	% of Exports on Income (approx.)	Growth 2018/2017 (approx.)	Age (years)	Nr. Employees	INN and INT Dynamics
Suget	R\$ 72 mi	50%	12%	40	200	Related
Birra	R\$73 mi	2%	100%	24	131	Not related
Softseg	R\$ 50 mi	9%	43%	18	70	Related
Plugin	R\$ 121 mi	9%	42%	28	390	Related
Agri	R\$ 20 to R\$ 50 mi	20-25%	-	45	265	Not related
Transfo	R\$ 100 to R\$ 150 mi	20%	-	25	380	Related

Source: The author (2020).

Additionally, an interview was conducted with an experienced strategy and global markets development expert. She has a Master's in Business Administration, is an university professor of the disciplines of International Business and International Marketing Plan, provides consultancy to furniture industry associations and other companies, supporting their international marketing and brand promotion in countries like India, Russia, China, Japan, Colombia, USA, Chile and Argentina, for over twenty years. Her perspectives on the internationalization and innovation decisions of Brazilian small and medium firms, based on her wide experience consulting for these firms was used as a backdrop stand to this research findings and conclusions. She is referred to as "Expert" in the analysis.

5.1 Company A – Suget

Research filters applied:

- Fewer than 250 employees or R\$ 500 mi (income) ✓
- Growth (2018/2017) ✓
- Independent firm ✓
- Exports or innovations (last 5 years) ✓

5.1.1 Brief Description

Suget is a family owned Brazilian manufacturer of edge banding, a component for the furniture industry with diverse applications. Their line of products include melamine edge banding and PVC colormatched banding. As part of the furniture industry, Suget works closely to designers and furniture manufacturers and maintains an exclusive lab to match each client's specific requirements. The firm is located in Cruzeiro, SP in a 20 thousand square meter area and employs approximately 200 people.

Suget's main values are centered on four pillars: assertiveness to fulfill each given mission on time, continuous learning as an organization, focus on performance and attention to discipline, involving norms, routines and procedures. The firm's ability to learn has fostered an evolutive culture, creating flexibility and adaptability to implement new management practices, at the same time, discipline and norms have given a sense of formal structure to innovation.

Their annual net income in 2018 was R\$ 72 million, in 2019 there is an expectation to obtain R\$ 80 million and, for the next three years, to reach R\$ 120 million.

5.1.2 History

The company was founded in 1979 in Cruzeiro (SP) by two partner families and introduced the paper edge band in the country. One of the firm's founders was described as a very curious and innovative entrepreneur. He already had a furniture shop and decided to visit Germany to find insights and technological novelties used in other markets. During his trip, he found out that the European market was already using paper to manufacture edge bands and components for the furniture industry. With this one insight, Suget was founded.

Its founding members have implanted a culture that is willing to question the status quo and embrace changes and innovations. Since then, the firm has been introducing many technologies and products regarding their main business into the Brazilian and foreign markets.

The firm's current director is the third generation of the family to take over business and he was preceded by his father and his grandfather. He joined the family business 16 years ago, at the age of 30 after having several other professional experiences and academic background. He has been Suget's Director and main leader since 2009.

5.1.3 Market Situation

According to the National Confederation of Industries (CNI) and the Furniture Industry Association of the State of Rio Grande do Sul (MOVERGS), the furniture sector is one of the most promising industries prepared to recover from the economic crisis that has affected the country in the last five years (DINO, 2019). Before the crisis, in 2013, the furniture and mattress industry was around R\$ 43 billion and was growing steadily at an average rate of 13% per year. In 2018 the crises started to give in and sector started to show signs of recovery, presenting growth predictions between 5% to 10% in income, in the coming years. In order to overcome the crisis, the industry has outlined several strategies but the most important one is the adoption of technology innovations (DINO, 2019).

Suget is the current market leader in their segment, supplying to the largest furniture manufacturers in Brazil. They are also the market leader in Latin America and second largest melamine edge bands manufacturer in the world. They produce over half billion meters of edges per year and sell to over 30 countries, in 4 continents. Their main market segments, within the furniture industry are:

- Furniture (serial production);
- Planned or designed furniture;
- Woodwork and carpentry;
- Office furniture;
- Doors;
- Floors and coverings.

As part of their strategic vision for the year of 2021, Suget focuses on being the world leader of the market niche of melamine edge bands and triple their PVC bands production

and, in order to reach those goals, they have been investing over R\$ 10 million in plant expansion and new market niches since 2018.

Their plan is to focus on underexplored markets such as India, which has a major housing and furniture deficit, and Europe which is currently dominated by their main competitor located in Germany. Also, the firm is attentive to their leadership position in Brazil and Latin America and expects to increase competitiveness by being the first to launch new products and innovative solutions to the market, creating opportunities in different market niches such as the door manufacturing business and the e-commerce business, which is relatively new to Suget.

5.1.4 Innovation outlook

The furniture industry suppliers are considered the great innovation inducers of the sector as a whole because around 70% of the furniture production value is associated with components, materials and consumables (PROJETO..., 2019). This means that the suppliers are a fundamental link to introduce technological and design innovations to be integrated into furniture. Therefore, as promoted by industry associations, the qualification of industry suppliers such as Suget represents improvements to the whole sector (PROJETO..., 2019).

Since its foundation, Suget's founders have been described as curious, innovative people that looked for different opportunities for growth. Their broad vision of world opportunities has been a source of innovation insights for the top management and has been backing the strategic decision-making process. Not only within top management team (TMT) but also staff and managers acknowledge that many challenges were posted due to innovations implemented, that they undergone deep learning curves to accommodate numerous changes, that the firm will continue to go through transitions and that is positive to reach ambitious future goals.

During their several visits to China, product innovation ideas have surfaced and the firm decided to take on that path. As a strategic decision, in order to develop new products, several other decisions have been made such as to import machinery, to hire a foreign executive knowledgeable in the furniture market, to design and build new equipment and spend two to three years in learning and development. The long period of their learning curve in developing the new product required a considerable amount of resources, to travel to Italy to learn about technical issues, to import used machinery, to develop new equipment in Brazil and to research new raw materials and components. One of their product innovations, an edge band that already

comes with adhesives in it, opened opportunities to sell as private label, when the customer receives the product with their own brand. Private label sales represented over 30% of the Suget exports in 2019, approximately.

Hiring a foreign export manager living in a faraway country, not fluent in the firm's official language (Portuguese) and not being present during production was an innovative challenge faced by Suget, making it different from traditional standards. It required unique working dynamics between the manager, the director and employees but it brought more experienced knowledge in the world furniture business as well as new product ideas. It was also the wellspring for the firm's export sales growth.

Another innovative movement was the decision to sell to China. Suget's innovation was the shift on the vision of the Chinese market, going from the benchmark place to keep updated about innovations and technologies to a more bold vision of China as a marketplace for Brazilian products. It is an ambitious move considering that the Chinese business culture and mindset are directed to supply and send their own products abroad, so the idea of buying from a Brazilian manufacturer was not something they are very used to.

After realizing their competitiveness even in the Chinese market, Suget decided to set a commercial operation in the country, however, many difficulties appeared and forced an adaptation of the formal plan. Instead of a commercial operation abroad, Suget adopted a new approach and turned a competitor into a client, by outsourcing its production. This new business model has set standards to other strategic movements of the firm and it is planned to repeat itself in Europe with a Polish competitor. Therefore, instead of approaching the competitor's main clients in Europe, Suget will work closely to the competitor itself using its competitiveness in terms of production costs to outsource its production and gain market share. This innovative business model has altered the way Suget views opportunities in the foreign markets and, instead of looking for potential customers and competitors as it was made traditionally, their search includes firms that have potential to execute the last stages of manufacturing locally and have a good capillarity in the market.

Another innovation is E-bordas, an online sales channel created by Suget in order to reach the carpentry and woodwork clients directly in Brazil. It is a start-up, part of an innovative project proposed by the factory to reach new market niches. It is the only Brazilian factory of edge bands that offers a direct sales channel to end users, where they find the whole line of products at a unique price. The online platform was created with the focus on customer orientation.

Usually, the market for edge bands in the woodwork and carpentry niches follows the path from the factory, to the distributors, to the stores, then to the clients. Suget had already been manufacturing plastic edge bands for eight years but their brand was not strong in the carpentry and woodworking market niches.

One or two other manufacturers of edge bands have already taken a close approach to the stores and resellers that represent a very important point of contact with end users in this markets, therefore Suget had to create an innovative way to bypass all levels of the distribution chain and reach the customer directly. The e-commerce is an innovation that brings customers and the factory closer and more in contact, as the e-commerce sales team attempts to customize colors and patterns according to each clients' demands. It requires more efforts by the customer service team but also creates more opportunities to learn and gather knowledge about their clients, which is a valuable asset to the firm.

Developed within the firm as a startup, the e-commerce is not considered as a traditional department but rather a subculture, where the organizational chart has less hierarchical positions and more flexible management practices in order to create a fast customer oriented environment to target each carpenter's requests.

E-bordas' subculture is characterized by self-management and a strong orientation towards purpose and roles of each person, opposed to the job description and tasks. The flexibility and agility observed at E-bordas generated a unique environment that was reported to be spreading into other parts of the organization, creating their evolutive and ever changing culture. E-bordas staff feels unique inside the firm and within the market, showing motivation to make their culture spread to other parts of the firm.

5.1.5 Internationalization outlook

Between the years of 2005 and 2006, holding a comfortable position as the market leader in Brazil, the management team at the time realized that the Brazilian market would not present growth rates high enough for Suget to keep on growing. To reach higher growth rates, the firm focused on scale production gains and decided to travel abroad to explore growth strategies.

Upon perceiving its possible competitiveness abroad, the internationalization path of Suget started around 12 years ago. From 2007 to 2013, the firm faced shortage of specialized personnel to manage and run export operations, until one of the founder's daughter took over

as export manager and, working closely with director, began the first round of exports. During their internationalization process, the firm had to confront periods where exports as a growth strategy was not obvious nor advisable. When dollar exchange currency was below the level of R\$ 2 per dollar, and external sales were being made with little or no profit margin at all, it was their understanding that the internationalization process is slower than other growth strategies and determination was necessary to actually be present in different markets, before taking full advantage of the diversification of markets benefits. Even in those periods, the firm kept its strategic decision and pushed offers to client prospects, participated in international trade shows and carried on market entries. Another example of their determination was to keep exporting even when the costs of trial and error and product adaptation required to meet foreign customers' needs actually soaked up their margins.

After a slow beginning of sales abroad, only one or two full containers per year, the firm hired a Turkish export manager and, for five years, he managed the export operation from Istanbul, roughly speaking Spanish and not Portuguese at all. Then, the firm began a more exposed phase and participated in several trade shows as expositor not only as visitor, in China, in Germany, in Russia, a movement that has raised their client base and external sales. That period was a stepping stone in the internationalization process of Suget. The participation in international trade shows not only represents the firm's willingness to export but is also an important way of networking with different industry players such as competitors, agents and intermediaries, to gather market intelligence and maintain the visibility among worldwide channels.

After visiting China several times, the firm invested their efforts into entering the Chinese market, contrary to the traditional flow of import goods coming from Asian countries, Suget decided to supply them with Brazilian made products. Their competitiveness in terms of price was decisive to their decision to open an operation in the country and their Chinese office worked for two years with the staff composed of a Brazilian agent (who did not speak Mandarin) and a Chinese agent. Having a foreign office working is a challenge itself, let alone a physically and culturally distant country like China, and the obstacles were too demanding for a small to median company like Suget to bear.

Halfway through the implementation of their strategic decision of entering the Chinese market, another form of market exploration emerged. One of their competitors in China had edge bands in their portfolio of products but it represented less than 10% of their production line, their main scale production was focused on other products. They managed to persuade the

competitor to outsource the edge band manufacturing to Suget and now they supply semi-finished edge bands and the Chinese firm executes final stages of production on site.

After facing the financial and human resources challenges, the office was closed and, nowadays, the Chinese market operation is managed in Brazil and they sell approximately two full containers to this market monthly.

Along their internationalization process, as part of their decision-making process, it was made clear that there was always a close examination of their own competitiveness in terms of production costs compared to their national and international competitors. The internationalization decision was broadly based on their own capability to compete in foreign markets and not only the opportunities that were observed, therefore, always watching over the markets and also their own productivity and competitiveness.

Nowadays, Suget sells to more than 30 countries in four continents and export sales represent almost 50% of their revenue - considering current positions in 2019. They are part of Orchestra Brazil Project, which is an export promotion initiative fostered by the industry union (Sindimóveis) and the Brazilian Government Export Promotion Agency (APEX) to develop and present Brazilian manufacturers that supply parts to the furniture industry. In 2019, the firm continued to participate in international trade shows such as Interzum Cologne in Germany, that presents the most advanced technological and design trends to industry suppliers, and Fitecma in Argentina, which is an important buyer of furniture accessories and components and serves as a gateway to South American economies.

With this outlook, internationalization is regarded as a major strategic decision that was anticipated and planned, taken a long time ago and that demanded many different resources for a long period of time. With a broad look upon their market position in Brazil, the expectations for the country's future economic situation and growth, their strengths and weaknesses, the company anticipated their need to go abroad. First, they explored foreign markets to understand the business dynamics, major players and most important markets to approach. With structured information gathered, they have planned their market entry, so the process of making this decision to open new foreign markets was planned and deliberate. The smaller, more operational decisions that followed, however, were less proactive and took a problem-solving approach to deal with unforeseen situations to implement their plan.

5.2 Company B – Birra

Research filters applied:

- Fewer than 250 employees or R\$ 500 mi (income) ✓
- Growth (2018/2017) ✓
- Independent firm ✓
- Exports or innovations (last 5 years) ✓

5.2.1 Brief Description

Birra is an independent Brazilian brewery. It is also the first microbrewery founded in the country, described as the brand name and life of one person (founder) built by many others' dreams and hard work. The firm has three main businesses, the production of beer, the restaurants (two units located at high end shopping malls in Porto Alegre) and the brand (royalties received from two licensed pubs located at trendy neighborhoods in Porto Alegre). Those three businesses, as seen by the details in Table 5, were conceived as points of experience of their customers with the brand.

Table 5 – Birra's businesses size in 2018 (in R\$ million)

Businesses	Size (assets)	Revenue	Revenue growth (2018/2017)	Nr. employees
Beer Production	74%	R\$ 53 mi	106%	26
Restaurants	20%	R\$ 18 mi	0,5%	84
Brand	6%	R\$ 2 mi	0%	21
Total	100%	R\$ 73 mi		131

Source: The author (2020).

The craft beer production is their original product line, is still being produced and serves as inspiration for their strategies, however, the firm is also present in the regular high turnover beer sector. Nowadays, craft beers represent 3% of their business and lager and light lager beers represent 97% by the end of September, 2019.

Although their core function is the production and sale of different types of beer (see Table 6 for product line description), the customer experience of connecting the product and its harmonization with food, the environment and the brand are very important to the description of the business. Birra's vision towards the future is to be the best brewery in Brazil keeping its own independence and originality, regardless of their size.

Table 6 – Birra’s Product line description

Products	Main Characteristics	Color	Presentations	Alcohol level
Lager Puro Malte	Classic American lager	Light gold	Can Long neck Liter, Draft	5%
Lager Leve	Light lager, less bitter, less alcoholic and cheaper	Light gold	Can	4,5%
Original	Pilsen extra inspired by the first beer produced in 1995	Gold	Glass bottle	5%
Weiss	German Heffe Weiss, creamy with banana and clove flavors	Clear	Can Long neck	5%
Red Ale	Irish red ale, velvety, honey and caramel flavors	Red	Glass bottle	5,3%
IRA	Intense and powerful flavors, orange, pine and caramel	Red	Glass bottle	9,5%
American Amber Ale	Hop and caramel notes, winner of the 5 th state contest	Amber	Glass bottle	5%
IPA	Mildly strong, citrus and passion fruit flavors	Gold	Glass bottle	6,2%
Belgian Ale	Strong sophisticated body	Copper	Glass bottle	8,5%
Session IPA	Fresh and drinkable, full of balanced and flavors	Gold	Can	6%
Royal Black	Roasted coffee flavors, silver medal at South Beer Cup	Dark	Glass bottle	5,5%
Ilex	First beer ever produced with mate herb	Green	Glass bottle	5,3%
Duons	Witbier inspired by culinary	Clear	Glass bottle	5,3%
Black IPA	Black as a stout, hopped as an IPA	Black	Glass bottle	7,5%
Robust Porter	Intense British style beer	Dark	Glass bottle	6%
Hop Soda	Natural soda made with black tea, passion fruit and red berries, low sugar		Can	0%

Source: Information gathered on company’s website.

5.2.2 History

The brewery was born in 1995 from the entrepreneurial motivation of a nephew and his uncle, one of the most influential businessman in the country, to create a unique beer business in Brazil. After having investigated established markets like Germany, in 1993, the young entrepreneur studied the brewery segment with experts, Birra was founded as the first microbrewery in Brazil and is considered the first initiative originating the special high value craft beer market niche in Brazil. Nowadays, the brand name, the firm and the personality of the founder are all connected and complete each other.

Besides Porto Alegre, the firm had opened microbreweries in São Paulo and Rio de Janeiro and the sales became consolidated through the years. In 2000, the three breweries were

dismantled and the beer production was outsourced mainly to a factory in Santa Maria (RS). This change in the production location has allowed them to keep producing craft beer using industrial structure in large scale, at competitive costs (LIMBERGER; TULLA, 2017). Their current production is around 1 million liters per month. At the moment, Birra is planning an investment to build their own factory, verticalizing the processes and having more control over the whole organization.

5.2.3 Market Situation

According to the Brazilian Association of Beer Industries (CERVBRASIL), the Brazilian beer sector employs around 2.7 million people throughout its business chain, from the agribusiness to machinery, packing and logistics to small retailers, and it is responsible for 1.6% of the country's GDP (ABRACERVA, 2019; CERVBRASIL, 2016). Worldwide, Brazil manufactures 7% of the total world production and 24.5% of the production of the American continent (LIMBERGER; TULLA, 2017). These data refers to the general sector of beers in Brazil.

Regarding a more specialized niche, according to a study conducted by CERVBRASIL and the Brazilian Association of Craft Beer (ABRACERVA), the craft beer market in Brazil is relatively new, as more than 70% of the 486 independent breweries interviewed were founded one to four years ago (ABRACERVA, 2019). Most of the independent breweries have their own manufacturing (67%), followed by gipsy companies (that outsource their production, 25%) and brewpubs (8%). In regards to location, 20% of them are located in Rio Grande do Sul, 18% in São Paulo and 14% in Minas Gerais (ABRACERVA, 2019).

Brazil has experienced a recent increase in the consumer demand for artisanal craft beers, which is demonstrated by the growing number of breweries opened in last six years. In 2014, the Agricultural Ministry has registered 7 new brew business while in 2018 it registered 298 new businesses (CIGANA, 2019). Porto Alegre has been the designated capital of most of these openings with 206 new breweries registered in 2019, surpassed only by São Paulo, that registered 226 new units in the same period (CIGANA, 2019). The capital of Rio Grande do Sul is considered the nation's cradle for entrepreneurs and Birra's founder is often cited as a successful case of entrepreneurship.

Amongst the independent microbreweries, there are two groups of companies based on firm profile. The first group relates to the microbreweries that produce a elaborated product for a specific client segment, prioritizing the control of the whole production process even distribution and do not focus on national or international market expansion. The second group relates to firms that invest in technologies for production expansion to become competitive nationally and abroad, they were born very small and have grown over the years in business (LIMBERGER; TULLA, 2017).

From the view above, it is possible to observe that Birra has evolved from the first group to the second, starting the business as microbrewery and brewpub and, after the market conditions changed, they outsourced their production as a gipsy firm to gain scale and competitiveness focusing on market expansion. These reorganization over the years have not taken their essence, which is the experience of the customer blending beer with food in a great environment, as they have kept their restaurants and licensed pubs.

The firm's strategies for growth and strategic planning are focused on the domestic market of their core business which is the traditional beer sector. Their export sales represent a little more than 2.2% of their gross income, however, the two foreign partnerships have started not long ago, the US in 2018 and Paraguay in 2019. In their path to conquer more sales volume over the next eight years, Birra faces some unique challenges compared to other small to medium firms from other sectors.

Brewery development suffers an important impact of tax burden applied to this type of industries. Firms producing up to 2 million liters per year are entitled to certain benefits regarding taxes and credit, however, these benefits cease to exist or are reduced when the production surpasses that amount per year, and that occurs to taxes imposed by State as well as Federal regulations, with different percentages. The more a brewery grows, the smaller are the tax benefits the firm is granted forcing an cost/benefit evaluation of the firm's increased production. In short, breweries loose competitiveness according to their size and need to find innovative and creative ways to replace the tax benefits lost to remain competitive producing higher volumes. Therefore, the growth of brewery businesses brings critical decisions regarding competitiveness and therefore, survival in the long term.

The scenario described above is one of the reasons that microbreweries in Brazil start their business as independent companies but after increasing production and distribution in the country, most times they are incorporated by bigger corporations. The case of Eisebahn and Devassa, two breweries that started independently and were acquired by Schincariol, that turned into Brasil Kirin, who later was acquired by Heineken, to mention only two of many

examples. These movements of mergers and acquisitions in the beverage sector can make smaller brands lose their own identity and connection to the end consumer, as they become another brand amidst an array of beer brands in a wider portfolio of products owned by a corporation.

Within business people from the brewery sector, there is this saying: “beer does not travel”, meaning that the further the product has to be transported from the factory, the more costs are added and the lower are the profit margins in this highly competitive market. Birra’s strategic market plan is to grow in a consistent and persistent way reaching the southern states of the country at first.

For the next eight years, the firm hopes to remain as independent brewery and aims to establish its position in the states of Santa Catarina, Paraná and São Paulo, reaching 1% of market share by 2026 in terms of volume in the country. Their growth expectations of market share are as follows (Table 7):

Table 7 – Birra’s growth forecast (% of market share - volume)

Markets	2018	2019	2020	2021	2022	2023	2024	2025	2026
Rio Grande do Sul	1.0%	1.4%	2.1%	2.8%	3.3%	4.6%	5.7%	6.7%	7.8%
Santa Catarina		0.8%	1.0%	1.2%	1.6%	2.0%	2.4%	2.8%	3.7%
Paraná		0.4%	0.8%	1.6%	1.8%	2.4%	3.9%	4.7%	5.9%
São Paulo			0.4%	0.6%	0.8%	1.6%	3.9%	5.1%	7.1%
Brazil	0.1%	0.1%	0.2%	0.3%	0.3%	0.5%	0.7%	0.8%	1.0%

Source: Company’s strategic plan presentation.

5.2.4 Internationalization outlook

Internationalization activities are not the main priorities of the business plan for the next eight years as their focus is on markets of the south and southeastern States of the country. They believe there are still many opportunities to grow inside the Brazilian market, where the brand is much more recognized by the end consumer. There were some sporadic spot sales to other countries with products that the firm already had, only adding the labels required for exports, these sales had no continuity over the years. The firm believed that it was lacking sales capability, deeper foreign market knowledge and internal organization such as a foreign trade department to prospect overseas customers or partners. From the moment that the firm was

contacted by strong knowledgeable firms willing to establish partnerships to serve other countries, Birra started to organize an internal export department to be able to negotiate with foreign representatives.

One of the innovative and creative ways Birra has found to replace the loss of tax incentives from growing from small to medium firm, as mentioned above, is exports. The tax and tariff benefits related to the export of their production act as a replacement or restitution for the higher manufacturing and commercialization taxes applied to medium breweries in the State of Rio Grande do Sul and Brazil in general. Therefore, exports became a financial strategic gateway to overcome higher taxes in the domestic market.

Therefore, as a reaction to the business environment turbulence of higher tax burden, the firm considered the exportation of its products as a way to reduce the impact of higher tax burden applied to breweries that produce over 2 million liters per year. Exports also bring financial advantages apart from tax exemptions, such as the possibility of negotiating sales with advanced payments when foreign buyers pay for exports prior to the cargo shipment, improving financial cycle indicators. On top of that, the beer production requires most of the raw materials to be imported from different countries and these import negotiations are tied to the dollar/real currency. From the moment of the negotiation with the foreign suppliers to the actual day of the payment for raw materials, the volatile dollar currency is more likely to change, impacting the whole cost of production and making Birra very vulnerable to market turbulences. Therefore, sales in dollars to other countries can act as natural hedge as it helps to partially compensate for the dollar/real currency fluctuations.

Birra has two export markets: the United States and Paraguay, at early stages of development. Both export activities were developed after the firm was contacted by a foreign partner interested in the products, therefore, Birra did not act proactively to find export markets but rather, it reacted to approaches from outside the firm.

After experimenting the relationship with these two partners, gaining some experience in the external markets and having enough historic records to evaluate the export relationships, Birra was able to organize internally and devote more resources into attending foreign markets increasing, therefore, its commitment to internationalization. The firm hired a sales person to negotiate international sales and to manage outsourced services related to international trade such as documentation, bureaucracy, freights, among others. The marketing strategies are designed by the foreign partners for their specific markets, then these strategies are presented to Birra's marketing area to be debated and approved.

Nowadays, the firm has established goals in Paraguay and the State of Colorado (US) incorporating external sales to the business forecast and strategic plan. The tax burden neutralization, the currency fluctuation risk mitigation and the better financial flow are the main reasons to invest more efforts and resources to increase international sales in the future. Their attitude towards new market entries is cautious but consistent, as the founder already declared that he is willing to consider international trade as an strategic choice rather than taking advantage of sporadic opportunities. Their behavior towards new business in foreign markets is more passive rather than proactive.

In 2015, Birra was contacted by Ralph Alvarez, from Blue Ocean, a group of investors from Colorado (USA) to evaluate the possibility of a partnership to bring the Brazilian beer to the US market. At first, Birra's founder was skeptical about the project, however, after having evaluated their plan for the US market, the firm decided to take on the project. The US investors were seeking a partnership with an original and independent Brazilian brewery that had a true history behind beer making and an honest construction of their brand, without interference from the big corporations that are dominant of the beer market worldwide. These investors spotted potential for Birra's products to enter the US market and decided to develop market studies and initiate the negotiations with the founder to understand how the business started and his relationship with the brand.

US consumers like to consider the origin and history of new brands of beers, therefore, the American partner studied the company's history and characteristics as well as technical features of the products such as labels and flavor. For this partnership, a new label was created to highlight the Brazilian origin of the product, adding the image of Cristo Redentor, and differentiate it from other imported beers in the US shelves. Their plan was to start with four shipments of 45 thousand glass bottles each and increase the volume, according to the US market acceptance.

To the Paraguayan market, they export through a local beverage distributor, the firm Prisma Trading Cressam that contacted Birra and initiated the negotiations. Prisma created a local team to serve their sales channels and execute business strategies that were already evaluated and accepted by Birra in Brazil. The partner in Paraguay was specially attractive to Birra because of its strong history and consolidated position in Paraguay in this sector and is willing to compete in the market with high quality and not necessarily the lowest price. Around 65% of the beer consumed in Paraguay comes from Brazil.

This partnership started in early 2019, has demonstrated good results so far and by April 2019 Birra had already sent over one million beer cans (lager, IPA session and Weiss), around 365 thousand liters to Paraguay.

For both markets, Birra did not have to make major changes to adapt the product to local conditions. There were alterations as to the type of cap used, slight changes on the label to meet export requirements and to have the Brazilian image observed more easily by the consumer among many different beer bottles at sales points.

The decision to invest in partnerships with foreign companies has been proven to be positive considering the financial benefits mentioned above. The sales results are better for the experience in Paraguay and the reasons might be the physical proximity of the market to the factory but also specific market characteristics of the beer sector. The US market is much more competitive, has many more breweries and brands and use different price strategies, compared to the Brazilian or Paraguayan markets.

In Brazil, the price of a special craft beer is almost five times higher than a regular lager or pilsen beer, which makes marketing strategies completely different for each specific market niche: regular beer and craft beer. In the US, the population average income is about five times bigger than the Brazilian average and the craft beer price is not much different than a regular beer.

Other benefits related to the customer experience and acceptance of the product are harder to measure because the relationship of the firm with foreign markets is intermediated by these partners, which makes it more difficult observe directly. In Brazil, Birra benefits from the customer experience with the brand and its products that occur inside their restaurants and pubs as well as the strategic points of sales in Rio Grande do Sul. These contacts with the customers are important to deliver sense of harmonization of the beer with food and the environment, which is a big part of the firm's values and beliefs. These product experiences and brand image are harder to achieve when there is a third party involved like a distributor or an agent.

5.2.5 Innovation outlook

Birra has been founded twenty-five years ago and grew as the first Brazilian microbrewery with total focus on craft beer. At the time, other countries already had places that offered consumers a different beer tasting experience, where they could savor the beer that was brewed right there, with well harmonized dishes and music to complete the atmosphere. Birra

was the first initiative of this kind in Brazil and its image before its local consumers remains like that.

Around 2017, the Brazilian economic crisis imposed the re-evaluation of the firm's focus on a specific market niche. Because of this turbulence, the end consumer was having difficulties including special craft beers into its share of wallet. The market of craft beers was much more competitive now with almost 8 thousand different beer labels present in the country, compared to eight labels in 1995. Facing this market condition, in order to survive, the firm had to think of innovative ways to increase their product offerings that were adjusted to the new market conditions of the time. These circumstances created a personal restlessness in the entrepreneurial mind of the founder and his answer was to extend their product line with canned beers. The firm used glass bottles in their previous 17 products.

Their idea was to keep supplying the market with high quality beer and have them compete with regular, high turnover beer brands. The move to enter the regular beer niche represented a market innovation to the firm, that was traditionally recognized as a special craft beer brand. The regular beer market has big corporations competing with tighter profit margins, which requires more negotiation skills to obtain better deals with suppliers and strategic partners.

They launched three new products that are lighter in flavor compared to craft beers and competitive in price compared to other high turnover regular beers. They are: a light pilsen, the session IPA (usually IPA beer is bitter) and the Weiss beer, all of them presented in a slimmer can (slick) commercialized at competitive prices, distributed over their strategic partnerships that agreed to sell the products at the price suggested by the manufacturer. This was their product offering to stand up to the turbulent conditions of the Brazilian market.

Along with their line of alcoholic beverages, in 2019 they have launched a new product that has beer components but is nonalcoholic, it was created as a collaboration of Birra's founder and two other executives of the beer industry. Their investment in the new nonalcoholic beverage was not substantial, around R\$ 360 thousand, but it represents the beginning of the transformation of the firm, from a brewery to a beverage industry. It is a natural soda blend of black teas and fruit juices (passion fruit or red fruits blend) and hop, with no alcohol and low sugar, manufactured in one of their outsourced factories with little to none industrial adaptations required. The product is an evolution of the traditional soft drink because it has healthier ingredients resembling tonic waters.

At first, the new lighter beers were distributed through a specific strategic partner (a major supermarket retailer) and then expanded to other players. Birra's evaluation is that

they have been able to be noted by the main players and have been successful beyond their expectations, to a point that production was not enough for market demands and they plan to invest R\$ 5 million in this initiative and double the sales volume by the end of 2019. This movement of craft breweries to offer more accessible light beers has also been observed in other parts of the world; in Australia the firm Stone Wood also launched similar products, maybe signaling a new trend.

In order to attend market demands at high volume production, the firm outsourced the production of their regular beers to other firms and after successfully entering the regular beer market with their new products, selling high turnover beers and increasing the production volume, the firm intends to build its own factory.

Other beer firms usually build their own factories and then work to build their brand and conquer market share. Having entered the regular beer market at a later stage, Birra inverted the order by first being recognized as a craft beer brand and microbrewery firm, then worked to gain market share and build their own factory. This strategy is designed to reduce production costs, transportation costs and adopt innovative production processes, increasing control with the verticalization of the business. Instead of spreading the profit margins among the several companies that take part in the production and distribution of beer, Birra wants to take over the process to make quality beer at competitive prices.

In the first semester of 2019, the firm had registered more than 90 brand names at the Agricultural Ministry. But those names were not registered to brand new products, but they are part of an innovative marketing campaign destined for the states of Rio Grande do Sul and Santa Catarina, where the cans display common nicknames of consumers as brand name, such as “NandaBier” or “ZecaBier”. This initiative follows the soft drink trend launched in 2015, when Coca-Cola added Brazilian common names to its cans and bottles. Another idea executed by the firm is the Kombier, a beer truck, not a truck but a kombi that is able to travel around and attends events serving beer and draft.

In terms of innovation, there is a more formalized process to implement new ideas. In the case of entering the regular beer market, it was a reaction to the economic crisis and involved the study of the Brazilian high turnover beer market and ponderation of several options. In the case of the factory, it is a strategic move intended to increase their competitiveness in the future and it also required strong analysis and ponderation to find optimal decisions.

The process of implementing innovations wasn't always formalized and the firm endured some financial losses in the past due to the lack of market studies and ponderations.

Having a highly entrepreneur profile, the founder is usually the one to come up with innovation ideas, constantly thinking strategically about product mix, customer experience and the market. Nowadays, innovation thoughts are presented and briefed to the executive team, who is responsible for developing these ideas in detail to evaluate costs, market acceptance and viability, in a back and forth exercise to lower the risks and maximize their success rate.

5.3 Company C – Softseg

Research filters applied:

- Fewer than 250 employees or R\$ 500 mi (income) ✓
- Growth (2018/2017) ✓
- Independent firm ✓
- Exports or innovations (last 5 years) ✓

5.3.1 Brief Description

Softseg is a Brazilian software development firm, active in the electronic security sector since 2001. Located in Florianópolis, SC, employs 70 people and has an office in Miami/USA. Today, it is the market leader of its segment detaining 70% of market share in Brazil. It is ranked as the 28th fastest growing SME in Brazil with an average of 43% growth in net income, between 2015 to 2017. Their net income in 2017 was almost R\$ 14 million and around 8.9% of their income comes from their exports.

The most of electronic security firms in Brazil use Softseg's platform, like Rudder, Brinx and Prosegur, to name a few. It is a small to medium firm with a flexible and agile organization, able to implement decisions and changes in a relatively fast pace due to its size.

The Commercial Manager joined the firm about two years ago to lead the commercial area and eight months ago, he took over the Latin American (LATAM) international commerce.

5.3.2 History

Softseg's name is derived from the combination of the words *segurança* and software. It started as a spin-off company inside of a security services provider because of the lack of software or systems available for the security sector at the time. Softseg not only

supplied the software for its parent company but to many other security firms in Brazil. Having started its activities within a security services firm that was already present in the Brazilian market for more than 45 years, has given Softseg unique knowledge about the peculiarities of the sector and their specific needs, as well as the know-how of producing cost-effective solutions, in contrast with other software development firms.

It was founded as a family company and remained like that for 16 years, following the traditional cultural behavior of family companies, like centralized decisions, management and leadership. In 2017, the firm welcomed investment fund DDN as their partner. The fund founded by David Neeleman, also founder of Azul Linhas Aéreas, has brought innovations in management and practices.

The firm’s organizational behavior is currently undergoing deep changes due to the presence of their new partner. The main decisions that used to be centralized in the hands of the director are now submitted to a board of directors for evaluation and approval, and responsibilities are shared. Director and workers are in the process of adapting to new guidelines and management practices like corporate governance.

5.3.3 Market Situation

Softseg is present in the B2B sector, their clients are electronic security and monitoring firms. Their main offer is Sigma, an online security management system to security and monitoring firms not only to manage their business but also as a source of growth by offering different solutions and applications to the end user. Sigma comes with several features that are offered in three different packages; Sigma Express, Sigma Professional and Sigma Enterprise (see Table 8).

Table 8 – Sigma platform features

Sigma Features	Description
My Security	Smartphone or notebook app offered to the end user to access cameras, alarms, maintenance, its account and etc.
EAD	Distance learning portal for training, certification and education of security firm’s personnel.
IM	Integration of events and images in real time, recordings, virtual tours.
OSmobile	Management system to reduce bureaucracy and improve efficiency of security firms.
VTRmobile	Productivity, operations and team management app.

Source: Firm’s website.

Softseg’s system needs to function nonstop and requires technical customer support to respond 24 hours per day, every day. Their clients are attended throughout their entire process inside Softseg, since commercial phase, administrative, kick off, implementation, post-sales, technical support and development (checking for possible bugs in their software platform), as observed in Table 9.

Table 9 – Softseg’s workflow

Sequence	Area / Department	Steps / Activities
1.	Commercial	Negotiate the business deal and terms with the client.
2.	Administrative	Sign the contract.
3.	Kick off team (Commercial area + client + Onboard team)	Introduce the key personnel that will be directly responsible for the project and align expectations regarding deliveries.
4.	Onboard team	Software implementation.
5.	Onboard team	Period of 30 days called maturation – clients get used to using the software.
6.	Customer support team	Sporadic doubts and problem solving.

Source: Data gathered in the interview and internal documents.

Softseg’s Sigma is the main software system for electronic security firms and has two main platforms. “Onprice” is a desktop platform developed 18 years ago that evolved in terms of technology, language, etc. As this platform have been commercialized since it was created, it is a product with a long life cycle within the firm and, in terms of costs and financial aspects, it has already been paid for, requiring low cost for its maintenance. Apart from this product, the firm developed a new platform around a year and a half ago called “oncloud”, and this new product has been expanding its presence in Brazil, with new clients as well as already existing clients that are now migrating to the newer platform. It is the first security monitoring platform to offer cloud based services in Brazil.

The firm currently holds market leadership in Brazil (70% of market share) and it is present in Mexico, Peru, Colombia, Panama, Costa Rica, Nicaragua, Chile, Uruguay, Honduras, Ecuador, Argentina, Cabo Verde and Portugal. Using a proactive and organized growth strategy to steadily approach Latin American countries, they are striving to increase its participation and presence in foreign countries. Their primary focus for strategic growth is the Brazilian market, followed by Mexico, Colombia and the US.

5.3.4 Innovation outlook

The firm has a specific team which is responsible for all the decision-making regarding innovations and strategic planning or the “new paths” activities, as they call it. This team is composed by people from different parts of the organization including commercial, development, product research and the board of directors. This team is constantly renewing their new paths and, every end of year from October on, they start to develop and re-evaluate their strategic actions for the next year.

The activities of the “new paths” team include the evaluation of the previously set goals and a SWOT matrix for the analysis of each team and the firm as a whole, to assess strengths and weaknesses to match each opportunity and threat. With that, strategic decisions are taken in a smarter, less riskier way, in an attempt to avoid surprises.

The members of this committee are also responsible for bringing ideas for product innovations and they usually visit European countries and US attending trade shows to keep updated about new trends. These trade shows are often related to electronic security but also related to other sectors, which gives them out-of-the-box ideas for their software that become competitive differential features. Their software contains resources that were developed from insights from different sectors such as electronics, technology, internet of things and others.

These innovative ideas coming from a variety of sectors have already changed how the firm views its own offers to the public. Around two years ago, Softseg used to define its product as a platform designed to monitor alarm events, mainly alarm incidents. Nowadays, their product definition is broader and includes a multitude of events. For example, the platform is able to supervise several types of events regardless of the equipment that the platform is monitoring. It could be a residential alarm, a GPS positioning device, a vehicle device, a smartphone, fire equipment, cameras, among others.

The new definition of the product has also changed their market positioning and open the path for Softseg’s clients to offer new features to the end user. For example, for a residential end user, Rudder (one of their clients in Brazil) can offer My Security app, where the end user can analyze domestic alarms, check cameras and interact with Rudder (for example), requesting customer service, maintenance and also instant help through the Help Me feature. Help Me is a panic button offered in the form of a physical button or through the My Security app, used to inform the security firm that the end user is in a dangerous situation and needs assistance. The Help Me feature is an innovation insight that came from a request of one of their clients in Mexico, that wanted to offer Uber and Didi (a Chinese app) drivers a safety

escape from dangerous situations. In the Colombian market, this button is called Red Call and allows the user to ask different types of assistance, from a flat tire to the request of safeguard, sending messages to the monitoring firm and previously designated emergency contacts.

The integration of the panic button into their app and also the physical button has given the firm insights about other market niches that could be attended by this feature. It is possible to set up the app and button to identify different types of emergencies so, when pressed one time, the system recognizes a police emergency and when pressed twice, a medical emergency. For example, the Help Me button could be used in medical assistance and elderly care. This system has no competition in Brazil because it gathers many features in one application.

Regarded as an strategic decision for growth, one of the decisions of this committee, by the end of 2018, concerned the preparation for future market entry in the US market. The process of studying the market was taken as an innovation decision as well, that led the way for the smaller flow of decisions to be taken over more structured information.

In terms of marketing innovation, Softseg traditionally used its own team to develop marketing campaigns and activities, then it evolved to a hybrid form using the internal team and also a third party agency. This marketing organization serves the Brazilian sector well but not the Latin countries, with the dissemination and presence that the company needed in those countries. Therefore, they hired a Colombian marketing agency experienced in LATAM countries to help them with this task in Mexico and Colombia, their current target export markets.

One of their process innovations was to create an internal committee to follow up on clients that required technical support to solve critical issues and the resolution has taken more than 24 hours to be completely solved. These specific clients are monitored by this committee composed of personnel from commercial department, post-sales, technical development and support, providing an integrated process monitoring and reassuring the client in critical moments.

The firm has an active YouTube channel with institutional videos and tutorials and, recently, they have started a new series of videos focused on entrepreneurship and management lessons to inspire and share knowledge through their network of clients.

5.3.5 Internationalization outlook

The Brazilian market is considered by Softseg as a difficult country to operate. It is a sizable country with different regional characteristics, a language that is different from all other Latin American countries, complex legislation and certification system not to mention the tax burden applied to goods and services. This situation combined with a turbulent economic environment have acted as a protective shield for Softseg against newcomers and foreign competitors. It has also given Softseg more experience and capabilities to face new challenges, increasing its likelihood of success in different markets. This characteristic and their past experience in foreign market entries have highlighted their need for prior market study and preparation to enter new countries.

Softseg's internationalization activities started in 2014, when customers that already knew the software and used it in Brazil, considered acquiring the license for use in other countries in Latin America. And so, at the beginning, Softseg's international activities were a reaction from opportunities generated by their clients. After this initial kick off the firm prospected sales in LATAM markets and customers were approached in Uruguay, Argentina, Colombia, Mexico and others, without much concern for focus or prioritizing markets.

As a result, internationalization endeavors at first were considered timid and inexperienced. Softseg was not involved with exports in the past and did not study the market, so they came across technical barriers. In Brazil, their business model is to commercialize the access to the platform to be used by the clients, by monthly tuition payments, without the need of download anything, which is the "software as a service" (SAAS) model. In LATAM countries, Softseg's competitors use a different business model, where they commercialize the software license to the customers for an indefinite period of time. This was an important entry obstacle to the firm as it involved an attempt to change a established routine by entering markets where clients are not familiarized with their business dynamics. Lately, this scenario is developing to the SAAS model in virtue of the presence of big players such as Amazon, Microsoft and others that promote the sales of software as a service in those markets. This evolution means an opportunity for Softseg to make more assertive moves in LATAM countries.

Two years ago, when a new partner joined the firm, they started to invest in more prepared and aggressive actions towards specific countries. They observed different factors such as the country's economic outlook, GDP, market turbulence and cultural distance and

elected Colombia and Mexico as their primary targets. Their cultural resemblance to the Brazilian way is a highly appreciated factor that facilitates their negotiations.

Aware of the difference in market conditions and competitiveness between Brazil and their target markets Colombia and Mexico, Softseg's strategy to conquer new clients in foreign countries is to offer their desktop "onprice" platform. A product that the firm developed 18 years ago and has already been paid for, enables flexible negotiations with new clients lowering their prices or creating advantageous conditions for first time users. After using Softseg's platform for the first time and getting to know all that it can provide, it is harder for clients to leave the platform. Therefore, lowering the cost of client acquisition can get customers to know and try the system and increases customer loyalty. In Brazil, the average lifetime of a contract is 8 to 12 years. Their primary goal for Colombia and Mexico is to escalate their customer base, without much concern about income at this point. In 2015, Softseg already had more than 8 thousand points of monitoring in Colombia accounting for approximately 40% of the firm's exports at the time, and 15 thousand in Ecuador. Ever since their internationalization started, they have been participating in several trade shows not only to showcase their offers and be visible to their clients but also as networking and a source of innovation insights.

The internationalization of Softseg's activities in a more consistent form provoked changes in other departments of the firm, as a preparation to support foreign customers. The onboard and customer support teams have employees that are fluent in Spanish, both native and fluent speakers, and they are scheduled at different times to adapt to different time zones. One of the disadvantages of Softseg facing its competition in LATAM markets is the lack of a physical presence in these markets (an office) and the language barrier as all of their competition in Mexico and Colombia are local or from Spanish speaking countries. In order to overcome this obstacle, they are trying to hire as many Spanish fluent personnel as possible, so they already have teams with people from Argentina, Chile and Peru. They want to provide a sense of security to their client by having a native speaker online whenever they need support. Apart from those measures, the firm has also produced several institutional and instructional videos on their Youtube channel for the LATAM market specifically.

The decision to enter the US market as an strategic decision involves far more than the actual market entry and sales to the US market. In fact, for the year of 2019, this decision means to make a screening of the US local market, getting to know which competitors are already present in the market, which systems are used, what features are offered to the security firms and in which aspects is Softseg different than the others. Their strategic decision by the

end of 2018 was to spend 2019 studying the market and define a roadmap of actions to be taken in 2020.

As part of this new form of internationalization, the firm has been seeking support of associations and institutions that are representative of the security sector, such as the Latin American Association of Security Firms (ALAS), which grants them visibility and support at events and promotion activities within their sector and in other countries as well. Another organization that is supporting their export activities is the Brazilian Agency for Export Promotion (APEX), which is an important source of knowledge and support specially for the firms that are beginning their international endeavors.

Their primary focus is the Brazilian market and their export promotions are now strategically focused on a few selected countries, following a deliberate and planned behavior. Nonetheless, other opportunities are reacted upon and evaluated as they come up. For instance, a Polish firm that manufactures electronic security equipment has approached Softseg proposing an alliance between their firms. The Polish firm has a growing and steady presence in LATAM markets and is willing to support Softseg promoting its platform in their primary markets as well as other markets in Europe and Africa. On the other hand, Softseg helps them in approaching the Brazilian market. Other opportunities came up in Portugal and Cabo Verde.

5.4 Company D – Plugin

Research filters applied:

- Fewer than 250 employees or R\$ 500 mi (income) ✓
- Growth (2018/2017) ✓
- Independent firm ✓
- Exports or innovations (last 5 years) ✓

5.4.1 Brief Description

Plugin manufactures equipment for lightning and electrical surges protection, called Surge Protection Devices (SPD). It is 100% Brazilian and was the first company in the country to produce such equipment and still the only one in the country. Currently they employ approximately 390 people and offer more than 900 different models of SPD. Throughout their history, they have already sold over 35 million products to 21 countries.

Leader in the Brazilian market, their net income in 2017 was R\$ 57,4 million and they have been growing an average of 42% from 2015 to 2017 (DELOITTE; EXAME, 2018) and reached R\$ 121 million in 2018, where exports represented about 9% of that income. It was ranked as the 30th fastest growing SME in the country and 4th in the Southeast region in 2018 (DELOITTE; EXAME, 2018). In 2018 6.5 million of equipment were produced, their plan for the future is to produce 9 million pieces per year and grow about 35% per year reaching R\$ 800 million by 2025, the top of the world ranking of SPD manufacturing.

Founded in 1991, it started by developing customized projects for the biggest companies in Brazil such as power and telecommunication firms, railways, mining, oil and gas companies and later, used its know-how on surge protection to offer smaller devices to the end user and domestic protection of electro and electronic equipment used daily. In Brazil, Plugin products are present in almost one thousand retail stores of electrical equipment and many e-commerce in the country. Some of their partners and clients include Phillips, Vale, Correios, Petrobras, CEMIG, NET, Banco do Brasil, among others. They also have their own e-commerce and mobile app for all clients.

Their brand is well recognized and mentioned by electrical equipment experts and technology enthusiasts, has received many awards due to the product's quality and credibility and it is certified by the most important quality institutes. The firm has its own lab to simulate lightnings and test products.

5.4.2 History

The company was founded in Belo Horizonte (MG) in 1991 focused on consultancy projects of surge protection for major companies such as Petrobras, Vale and CEMIG. In order to implement such projects, they needed to acquire devices and Plugin started a craft production of these equipment. Since their inception with 14 employees and a 100 sq mt office, there was a will to reach the end user by selling their own equipment, mostly by observing the Brazilian market being flooded by imported products. Many of these handcrafted equipment developed by demand in their early years were improved and escalated to serial production.

The early years of the firm were marked by the evolution from a consultancy firm to a manufacturing company. At first, they used to import components and devices to assemble their systems and implement projects. Then, they started the production of SPDs at low volume initially. The production represented a big jump for Plugin because it reduced costs considerably allowing plans for their own manufacturing facilities and bigger investments

towards the retail sector, with greater attention being paid to promotional marketing, sales department and packing development.

After several different products were launched in the Brazilian market, the firm started to export in 2002 to Paraguay, considered a promising and relatively easy market to enter, due to its close geographical and cultural distance.

Their industrial facility was inaugurated in 2003 outside the capital, in the city of Lagoa Santa, with 1500 sq meters allowing for the increase in the production capacity and taking Plugin to the industrial profile definitely.

5.4.3 Market Situation

Power surges are a daily threat to all kinds of electrical equipment and, in Brazil, this is a specially grave problem because the country has the highest incidence of lightning in the world, with an average of 50 million lightning strikes per year, that represent large losses for industries, commerce and residences in general. This scenario allied with the ever growing use of technology and electrical devices has contributed to the increase in the importance of surge protection devices in Brazil and other countries.

Plugin is the only manufacturer to produce such equipment in Brazil and there are only about ten other industries of their size in the whole world, mostly European companies.

SPDs have been used in industries of all sizes and lately these equipment are also very much requested by smaller companies, offices and domestic use. Nowadays, the firm is able to attend from big companies with specialized and customized projects to sales to retail stores serving end users for domestic use, therefore, reaching several different customer segments. Their main applications or market niches are:

- Power distribution boards;
- Telecommunication systems;
- Photovoltaic systems;
- LED lighting systems;
- Coaxial data connections;
- LAN/ETHERNET/POE data connections;
- Closed circuit television (CCTV);
- Railways;
- Power companies.

Plugin's products are divided into two main lines of products: Plug and Use Line (Family pocket, Cable protection, Phone protection, Electric protection, Ethernet, Line filter and SPD) and Professional Line (VCL family, SCL, GCL, Solar, DCL, 900 series, 800 series, 700 series, Light, LED, LED lamps, telecom modules). All products come with a three-year warranty period.

Their main distribution is made through distributors, divided by State coverage, that connect them to electric equipment and computer equipment retail stores. Plugin also sells to the most important electronic stores besides their own e-commerce, through construction material, electronic equipment and general retailers e-stores. They plan to improve their platform of e-commerce and make more partnerships with leading online retailers and market places. In terms of infrastructure, the plant that started in Lagoa Santa (MG) with 1500 sq mt is already 4000 sq mt and by 2025, it is possible that it may double in size. Their investments also include greater automation of their productive process and expansion of the testing lab, and the implementation of 30 projects that are currently being developed, they are either new or improved products.

To achieve their goal of brand recognition in terms of SPD in Brazil, Plugin is active in almost all social media, like Facebook, Twitter, YouTube and LinkedIn, where they post institutional videos, training sessions, videos about the use of their products and about power surges. Apart from that, their experts travel throughout Brazil giving lectures and training sessions about the concepts, norms and applications of surge protection devices.

5.4.4 Innovation outlook

In 2004, anticipating the need of product adaptation to keep up with the norms recommended in Brazil, Plugin started to encourage the new power facilities to follow European standards and launched a new revised version of its products. The insight for the improvement of their line of products was to create a versatile SPD that could accommodate the requirements of the current norms in Brazil (American style) and future trends (European standards). This innovation has brought the chance to open new unexplored foreign markets.

With the evolution of the energy meters from mechanical to electronic, many losses were registered due to power surges in the electrical current in Brazil that burned several electronic energy meters. To face this adversity, electronic meter manufacturers have requested

Plugin to come up with a versatile and low cost solution to this problem. Therefore, reacting to this call, Plugin launched a new cost-efficient product.

From 2003 to 2011 was the period given to all electric and electronic device manufacturers to adapt their products to the new electrical outlet standard valid in Brazil and this provoked a reformulation on all items of the Plug and Use product line. In 2012, the firm released its improved version of SPD that simultaneously protected phone lines and data cables and this is one of the most sought after products to this day, by technology enthusiasts.

Later on in 2013, the increase of massive use of electronic mobile devices such as smartphones, tablets and notebooks have also offered a growth opportunity for Plugin. They created a solution not only for corporate and domestic use but also in places where there are no information on the quality of the power supply, like airports, hotel and public spaces. The new portable SPD was released in several different versions to cover national, international, 10 A and 20 A outlet sockets standards, and turned out to be a success not only to the mobile devices use but also for printers, refrigerators, microwave ovens, washers and other domestic appliances.

The gaming industry has motivated Plugin to implement a marketing innovation. They already had products to supply the demand for this niche however, their marketing campaigns were not directed at any specific market niche. Realizing the potential of this growing market in Brazil and also other Latin American countries, they developed a marketing strategy focused on the gaming public, with different communication, campaigns and targets. This marketing move will also be replied in their Latin American markets.

One of their values is centered on innovation, research and development of products with latest technology and that has been observed throughout their history. Their innovation drive is usually a reaction to stimulus from outside, like changes in electrical standards and norms, a different standard used in other countries, an improvement made by the competition that has threaten their market position. For instance, a Brazilian competitor was already taking some of their market in the LCD lamps SPDs then, Plugin not only implemented a new product but also a better, smaller product that could also reach the public lighting segment. So, after taking notice of the competition, the firm reacted and raised the level of their offering to the market.

Another positive aspect of innovation for Plugin is the relatively small need for resources to launch a new or improved product. There is a constant work on research and development of new products, however, the investment necessary to implement an innovation is not high considering the benefits related to it. An improved SPD can have the same basic

principle as the existing ones, but add an USB port, which opens a whole new slice of the market niche. Other important changes that bring market benefits are alterations regarding the size and portability of the products for the end user. The launching of new products will ultimately cannibalize their product line killing older versions of the device but the benefits surpass the loss because of the higher price attributed to innovations.

5.4.5 Internationalization outlook

The first export market opened by Plugin was Paraguay in 2002, due to its close proximity and low entry barriers. In 2005, the company was already frequent in the major trade shows and events of the electrical sector and, in one of these occasions, a company was interested in selling Plugin's products in the US market. The partnership between the firms was fruitful and the products received the necessary certification to enter the US market.

By that time, Latin American countries had to import SPD from European or American manufacturers paying high import taxes increasing costs so, Plugin realized its competitiveness because it could provide a high quality product at lower prices. These facts opened opportunities to sell to several other countries in Latin America, North America, Africa and Asia. In the following years, the company worked to obtain the quality certifications that testify their ability to supply products with international standards of quality and reliability.

In the beginning of their export track, as Plugin was focused on the development of surge protection projects and the sale of those equipment to big clients, they realized that other countries might also have demand for similar projects and this business model could be replicated through their strategic clients that were active in other countries, such as Vale and Petrobras.

As soon as they obtained ISO 9001, the firm started to actively pursue international sales in the Latin American market. Their strategy was to intensify their participation in trade shows in Argentina, Paraguay, Uruguay, Colombia, Peru and Chile using the incentives and support of APEX. As a result of this coordinated strategy, since their exports began in 2004 until 2006, Plugin was able to be present in 12 countries, with B2B negotiations but also with domestic products sold to retailers through distributors.

After having started strong negotiations with big companies in Mexico, the firm assessed the market and realized its great future potential, therefore, in 2010 they opened an office in that country focused on the following markets: North American countries, Central

America and the Caribbean. This office and their entry in the Mexican market is also considered the gateway to the US market, specially.

The formalization of their internationalization strategy has led to changes in their internal commercial structure and, nowadays, is divided into retail sector department, national corporate clients and internationalization area. The internationalization department is responsible for maintaining and assisting their foreign distributors and prospecting new ones. Plugin's products are sold mainly through distributors that serve the local retail stores. As part of their strategy to actively push for other markets in Latin America, a native Spanish speaking engineer was hired to show proximity and a sense of security to the clients.

The focus of their international area is the Latin American countries, where they actively prospect new distributors and partnerships. Other countries, such as African, European and Asian markets, are served by demand or through projects requested by a partner firm such as Vale.

In Latin America Plugin has distributors in Paraguay, Uruguay, Argentina, Colombia, Ecuador, Peru, Panama, Costa Rica, Honduras and their own distribution office in Mexico and their exports represented 9% of their income in 2018. Their strategic long term plan is to make exports sales as representative as domestic sales for the company or even bigger. It is estimated that in five years, exports could account for about 70% of their income. In order to achieve their goals, Plugin plans to open other distribution offices in different countries, because, in some stances, one distributor per country is not sufficient to acquire more clients and increase sales.

The internationalization is considered an important growth strategy with many advantages, one of them being diversification. When the Brazilian turbulent economy shows signs of recession, they have other markets to rely upon and balance their finances. Thinking of that, their plan is to have many different clients in several countries to increase their advantage. Diversification of countries is an advantage, however, as their main target markets are economies that are closely related and sometimes dependent on the Brazilian market, these countries also reflect signs of recession whenever Brazil is shaken. At the moment, their production capacity sometimes is not able to produce as much as the markets demand and export orders are not entirely met for that reason.

Since their more formal internationalization started, the company has been able to keep growing its exports sales besides economic crises and unstable moments because of the cost benefit advantages of their products. In the future, besides their strategy of increasing participation in local retailers through distributors, they also plan to access big companies such

as Vale and Petrobras in Latin American countries directly and develop large scale projects, having the local distributor as a support system.

5.5 Company E – Agri

Research filters applied:

- Fewer than 250 employees or R\$ 500 mi (income) ✓
- Growth (2018/2017)
- Independent firm ✓
- Exports or innovations (last 5 years) ✓

5.5.1 Brief Description

Agri is a Brazilian company founded in 1974 in the central region of the State of Rio Grande do Sul, manufacturing agricultural machinery for rice crops in a 67 thousand sq mt facility with two crop fields for testing. Is one of the largest manufacturer of agricultural machinery specialized in rice crops in Latin America and employs 265 employees.

Agri is part of a group of companies, composed by a parts reseller store, a metal mechanic parts manufacturer and a solar panels and water cooling equipment manufacturer. The group is 100% Brazilian and Agri is the biggest firm of the group in terms of revenue. For the purpose of this thesis, all information gathered, case description and analysis refer to Agri, the agricultural machinery manufacturer only, not the whole group.

Since the beginning of the economic crisis in 2017 the firm has not being able to grow its income and has being maintaining the same level or drop in revenue. In 2018 the income dropped 8% compared to 2017, while the group's revenue has improved as a whole. Export sales account for 20% to 25% of their revenue. The firm did not reveal actual figures, only percentages and confirmed that their revenue in 2018 was in the range of R\$ 20 million to 50 million.

Lately, the firm has been expanding its business to other cultures such as sugar cane, beans and soybeans, corn, wheat, coffee and manioc, which has open wider market opportunities for growth in other parts of the country like the Southeast area. It has exports to Latin American, Asian and African countries.

5.5.2 History

Agri's founder is an entrepreneur with a high level of curiosity and propensity for innovations and out-of-the-box solutions for problems of the agricultural work. In 1974 he started the company producing a single product, the mechanical weeding machine and in 1977 transferred its facility to a bigger space in the newly opened Industrial District of the city of Santa Maria (RS). In 1980, with multiple other products in their production line, Agri launched products compatible with flood irrigation in rice crops.

In 1982 is opened the first reseller of its machinery, and in 1984, the firm inaugurates their store for parts and replacements. The exports of Agri's machinery began in 1992 and by the year 2000, the firm begins to invest in the participation in agricultural trade shows like Agrishow, the most important trade show in the agricultural business in Brazil, Expointer, Fenasucro and others. Since its foundation, Agri has already manufactured and sold almost 22 thousand agricultural machines.

Agri's founder deep belief in the diversification of markets and products is reflected in the group's history as they have invested in other business areas as well as searched business opportunities. In 2008, the group invested in the manufacturing of solar panels for water heating and later on, technology for water cooling forming a new company. In 2009, the group acquired a 37 year old manufacturer of gears and belts in the metal mechanic segment.

5.5.3 Market Situation

Agri has 26 products and more than 100 different models in the latest catalogue. Every year the firm introduces approximately four to five product innovations to the market during trade events and they also produce customized products according to each client's specifications.

They provide one year warranty for their products, technical delivery and post sales services in their factory or in the field. Brazilian customers acquire agricultural machinery using four different lines of credit: AGCO Finance, New Holland, Mais Alimentos and BNDES.

Their products' applications are:

- Soil Preparation – planers and rollers;
- Preparation for irrigation – ditch closer and raster;
- Irrigation – centrifugal pump;
- Planting – caterer and winch;

- Planting and Harvest – carts;
- Sugarcane – weeding and transplant equipment;
- Landscaping – planters;
- Post-planting – weeding;
- Other applications: fish-farming.

In order to keep the balance in their income and financial statements, the firm reaches new markets. Having originally started production of machinery for rice crops, some of their machinery can be also used for cultivating other types of crops such as sugar cane, beans and soy. This use, however, involves educating farmers and land owners about different technologies and uses of the land. There are a lot of differences in how crops are developed according to the region and the product being produced and, moreover, changing the way produce and work in the agricultural field is no easy task, as farmers can be skeptical and doubt the success of new technologies and methods.

Direct plantation is a method most commonly used and traditionally associated with rice and soybeans production in Brazil, especially in the South and Southeast regions of the country. These regions are traditional markets of Agri's and are already used to the technology and machinery that makes direct plantation to produce good results in their crops. Sugar cane producers, in contrast, are still suspicious of using such method in their farms. Using direct plantation machinery made for rice production into sugar cane requires rethinking and adaptation of the device's design and demonstrate its effectiveness for local farmers and workers, several times. This process of adaptation and testing in the fields involves a great number of trial and error, which sometimes makes the manufacturer lose its credibility with potential buyers.

However, according to Agri's founder, this is not a huge problem for them. In this specific case, Agri is a company from the South and recognized for its rice crop expertise. Therefore, being in the Southwest part of the country attempting to work on a different market niche that is sugar cane gives them the advantage of being outsiders. It means that they can try and fail a lot more because they are newcomers to this business so, thinking outside the box and trying different approaches is easier and somewhat allowed. This advantage gives them freedom to offer new solutions.

With these efforts, Agri strives to offer mechanized solutions for the execution of several types of manual labor, from soil preparation to post-harvest and it has already started to become recognized outside of the rice cultivation niche.

5.5.4 Innovation outlook

Innovation is one of the main forces of the firm, mainly represented by its founder. An unsettling dose of curiosity and imagination has made the mechanic worker into taxi driver into business professor into an inventor and agricultural machinery designer and farmer. With a problem-solving drive to facilitate the life of the workforce on the rice crops, he is constantly thinking of new ways to reinvent the use of machinery in the fields, as well as the new uses for the machinery that were developed for rice cultivation.

Diversification of products and diversification of markets are a constant goal being developed by Agri's founder. Considering that trade shows are an important window and point of contact between end users, resellers and manufacturers in this business, the firm normally uses these events, like Expointer, a well-known agricultural trade show in Rio Grande do Sul, to announce its new products. In 2019, three new products were launched at Expointer. They have 11 product patents and many other inventions that were not patented and, therefore, copied by other manufacturers.

Product innovations are an important and constant effort of the firm towards the competitive advantage of diversification. It also requires the reorganization of their product line and, sometimes, the discontinuation of some of their products as they become obsolete in face of new more advanced versions. Product obsolescence might be provoked not only by their own innovations but also by the introduction of a new method or technology in the agricultural sector. This happened when direct plantation was introduced in the rice crops and one of the best-selling products of Agri (rolofaca) was discontinued.

Then again, an opportunity for this discontinued product surfaced in one of the founder's trip to the State of Goiás, where there are beans production. With little adaptations, the product proved itself much better than the current options available as it is more efficient in the period of harvest separating the beans from divots. As a result, the product that was once a best seller and now already in decline in its original market (rice crops) has gained new life and now is selling again in a different market niche.

Cultivating rice, sugar cane and other products can produce different results every season, according to economic as well as weather conditions faced in the period. Having machinery that serves several cultures gives Agri the possibility to rely on an arrangement of more profitable markets, every season. In an example, in 2019 rice production was not as good as other years making investments in machinery more unlike and expensive but the sugar cane

crops, on the other hand, yielded sales that could make up for the rice sector. Therefore, market diversification is a way of using innovation as a strategy of growth.

Overall, the release of a product innovation that has been under development in the plant, in the testing fields on to the market and the client’s properties for demonstration is not simple nor cheap. It requires expensive transportation, local assembly, adaptation and personnel to perform demonstrations. Therefore, Agri’s releases are well studied in terms of viability and future prospects.

This way, the cycle of a product innovation starts with the development in the manufacturing site, testing in their own fields and, after approval in these tests, it is launched in a trade show or event. Usually, they are offered to close markets first because of transportation issues and adaptations required for new equipment. After the product is mature in the domestic market, it becomes available for exports.

5.5.5 Internationalization outlook

Agri’s first experience with export sales was in 1992 to Uruguay. It started as a reaction to the requests of foreign importers and distributors that came in contact with their machinery or brand at trade shows or business events. In time, Brazilian agricultural machinery distributors started to resell Agri’s products to other countries.

Agri has been exploring the international rounds of meetings that take place during Agrishow to make new contacts with foreign buyers and start business relationships. In the event of 2017, the firm started negotiations with buyers from Thailand and US for machinery for use in sugar cane, rice and soybeans crops and, in 2019, with Nigerian companies (soybeans and rice crops). The firm is also negotiating the sale of machinery to China, to be used in their sugarcane crops.

Nowadays, the firm has all kinds of transactions with export markets in 24 countries and they consider their brand to be already well known in other countries as well as in Brazil. Their foreign markets are detailed in Table 10:

Table 10 - List of important markets for Agri

South America	Uruguay
	Argentina
	Paraguay
	Chile
	Bolivia
	Peru

	Colombia
	Ecuador
	Venezuela
Central America	Costa Rica
	Nicaragua
	Honduras
	Guatemala
	Cuba
	Mexico
	Panama
Africa	Ghana
	Angola
	Ethiopia
	Senegal
	Mozambique
Asia	Cambodia
	Thailand
	Vietnam

Source: information supplied by the firm and arranged by the author.

Every opportunity for export sales is evaluated considering three main factors that are relevant for their competitiveness abroad: the geographical distance and land; its financial situation and technical requirements. These points are part of the initial assessment of each opportunity along with the direct contact with buyers.

The sale of agricultural equipment requires warranty and post sales services, which is also a concern for Agri in other countries. Different levels of bureaucracy can also hinder the realization of business abroad, which is the case of Vietnam and Thailand that have important protective non-tariff barriers for agricultural machinery. Some of their export countries are unstable markets like Venezuela, that require payment methods such as the letters of credit that are safer but much more bureaucratic and expensive than other forms and involve guarantees from banks from another country.

In order to serve the Latin American countries, Agri has a partnership with an agent from Peru. It is a business major that used to study and work in Santa Maria and, upon finishing his studies in the city, decided to use his contacts in Latin American countries to represent Agri's products. He makes commercial visits to agricultural machinery distributors in those countries and serves as a liaison between the firm and its foreign clients.

Outside Latin America, Agri's foreign clients usually come in contact with the firm via trade shows and events or through their network of partner firms in Brazil and abroad. As Agri's brand and products are well known by professionals in the field, the firm is also contacted by Brazilian engineers and agronomists that take over jobs in different countries.

Which is the case of their partnership with a Brazilian engineer working in Cambodia that has been acquiring Agri’s products for six years.

In order to cope with the instability of the Brazilian economy as well as the seasonal everchanging conditions of the agricultural market in country, they rely on export sales as a form of diversification. Currently, 35% of Agri’s income is related to sales to rice crops and, since this season did not offer optimal conditions for this cultivation to produce good results, the firm’s income from rice equipment sales shrunk by 30%. Then again, orders of special projects for foreign countries were able to make up for the low season of rice. One of these cases is a 30 thousand liters truck cart made of 100% steel ordered for Cambodia which was delivered by the end 2019.

One of the main difficulties of exploring underserved markets in emergent countries is the lack of education and technology access in cultivating their lands. In a recent visit to Chad, Agri’s founder observed mechanized agriculture is mostly not present in that part of the world, as they are used to manual labor. This scenario makes market entry much more difficult, even in areas with enough financial resources and government programs to invest in agriculture.

The lack of education and access to mechanics and technology is an important non-tariff barrier. The population upon receiving agricultural implements does not have the knowledge to operate machinery nor to perform maintenance or small repairs, which leaves the equipment without use and rusting under weather. Simple maintenance tasks such as a change of filter and lubricants can be enough to have as much as 60 new tractors standing by the road, as observed in Chad. Technical documents and manuals are useless as the agricultural workforce is mostly illiterate.

5.6 Company F – Transfo

Research filters applied:

- Fewer than 250 employees or R\$ 500 mi (income) ✓
- Growth (2018/2017) -
- Independent firm ✓
- Exports or innovations (last 5 years) ✓

5.6.1 Brief Description

Transfo is a Brazilian manufacturer of power and distribution transformers founded in 1994 in the city of Cornélio Procópio, in the State of Paraná. It is part of a independent group

of companies, which is composed of 8 companies all dedicated to the manufacture, sale, transport and service of electrical equipment. All the information gathered, case and analysis consider Transfo Transformadores only and not the other industries of the group.

Transfo does not have a production line nor product stock, manufacturing only by demand. All products are tested in their own lab using most advanced techniques and applicable standards and have a minimum of 2 years warranty against any manufacturing defects. As part of their offerings to the market, the firm performs maintenance services and repair, repowering, tests, installation, commissioning and start-up. Their technical assistance is provided through a network of accredited specialized companies.

In 2017, a compliance program was implemented in order to prevent and combat corruption in the relationship with the national or foreign governments, preserving the integrity and transparency as well as the corporate purposes of Transfo.

In the last three years, their revenue has remained stable in the range of R\$ 100 to 150 million per year, mainly without growth or loss rates. The market for electrical transformers has been retracted due to the economic crisis in Brazil, however, in the last couple of semesters the investments have been coming back to normal levels and showing signs of recovery. Export sales account for 20% of their revenue in average.

The International Business Manager is one of the founder's daughter and has been working in the group for 12 years.

5.6.2 History

In 1987 two brothers founded an electrical equipment small store and industry to supply electrical materials to residences, commerce, industry and rural customers. In 1994 they realized that there was an opportunity to expand their production of electrical equipment to produce electrical transformers so they founded Transfo.

Transfo has six manufacturing facilities spread throughout the city of Cornelio Procopio and its surroundings. Having started as a small shop, the company outgrew its own facilities and they started to open new units to meet their demand. This process resulted in a group of six different locations inside the city that generates extra costs, bureaucracy and logistic resources to manage internal transportation of raw material, semi-finished products and finished products among the facilities.

To reunite all the processes of their manufacturing in one place, Transfo is building a new industrial complex located just outside the city in a more rural and industrial area, to

contemplate all of their departments. The existing locations will be either closed or remain as service shop or stock of materials. Along with the industrial complex, investments will be made in new machinery, equipment, integration, automation, expanding their manufacturing scope.

5.6.3 Market Situation

Transfo's products serve the following markets: electrical generation and concessionaire companies, industries (petrochemical, steel, metallurgy, food, textile, etc), mobile and fixed phone operators, shopping centers, construction companies, hospitals and others. Their vision is to be reference in terms of transformers and be among the top five companies of transformers in the world.

Their product scope covers equipment up to 145 kV (100 MbA) and when their industrial complex is finished, they will be able to assemble equipment up to 230 kV (100MbA). Their product line consists of:

- Mineral oil insulated transformers;
- Special fluid insulated transformers;
- Dry-type insulated transformers;
- Pad-mounted transformers;
- Special projects.

The process of prospection and sale of electrical transformers is very specific and requires skilled sales force and adaptation for each location. Technical requirements and applicable norms and legislation can be different in each region of the country and each market. Therefore, geographic expansion of sales to different regions and countries requires a volume of resources like specific sales force and service personnel as well as time investments of engineering to the project of adaptation.

The acquisition of electrical transformers is a sequential process from the beginning with the design and project through the approval and certification of the equipment and its engineering, through the installation, commissioning and start-up, including maintenance and support. Each phase has norms, legislation and technical requirements to be attended, which demands detailed study of the product adaptations. Having passed all phases and obtained the required certifications, Transfo becomes a certified homologated supplier of the industry. Another example of product adaptation, the US market uses different measurement standards

than the Brazilian market so Transfo needs to adapt the product's components to fit those standards, facilitating their set up and also parts replacement, whenever needed. This way, internationalization decisions can be considered an innovative act, as a great volume of product adaptation and innovation is required.

5.6.4 Innovation outlook

The process of implementing innovations in the electrical transformers sector need to consider the numerous technical requirements, certifications and issues concerning the engineering, design, manufacturing, installation and use of these equipment, as well as inspection, testing and approval of different technical institutions or governmental organizations. Transformers are an assembly made of several different components and become part of a bigger complex electrical system once they are installed, the design of innovative solutions in this field requires the participation of other partners and suppliers to attend a specific need. Therefore, innovations may be hindered due to cost-benefit and availability assessment in each case.

There were, however, innovations developed as a reaction to requirements requested by foreign clients. Transformers sold to the US market for use in solar energy generation required technical adaptations that resulted in technological improvement of their transformers, developed based in the American technology used in that market and Transfo's expertise in manufacturing.

This experience started over two years ago and is still giving fruitful results in terms of learning about production process and solar power technology. Transfo observes that the solar technology is expanding in Brazil and Latin America and the energy parks are becoming bigger and bigger, which requires their constant technology development and training of specific sales force.

In another situation, Transfo manufactured transformers for a Spanish client using a different combination of components and suppliers, which reduced the dimensions of the product as well as the overall cost of the equipment in 20% to 30%. This new improved transformer is complete and "plug&play" type, making it easier to install and start the equipment. This situation has never been seen in the market before.

The sale of an innovation in transformers like this requires substantial sales efforts as there is a natural resistance to use new equipment in this business due to a number of technical factors. Because the acquisition of transformers represents a big and high value added

part of a project, the clients might favor equipment that has already been proven effective and reliable after a number of hours in use, opposed to a new improved equipment. To sell this product, Transfo invests in marketing and technical information, clarifying technical questions and releasing information that corroborates the reliability of the product, that has been operating in high voltage for over three years without fail, in this case.

In terms of product innovations, the firm is reactive to market requirements that surface through projects developed with different customers and applications. Transfo is able to learn, adapt and implement product improvements after receiving an input from the outside environment. After the development, the innovation becomes an incorporated subject into their system and they make an effort to commercialize them in the domestic and foreign markets.

On the other hand, Transfo actively implements innovations in their operational activities and management practices to keep the pace of the other players in the market. Product innovations are not considered formally as part of their strategy for growth, rather, the strategic planning considers the need to innovate and adapt to market changes, therefore, organizational innovations are considered a form of keeping the firm updated in its activities and organizational behavior, gaining in flexibility and competitiveness.

5.6.5 Internationalization outlook

The company has as already exported to 21 countries, mostly from the Americas and some countries in Africa. Their exports started as partnerships with construction companies and integrators from Brazil that developed projects in foreign markets. These partnerships facilitate the export process because Transfo can be a part of the whole process from design to implementation and start-up and then, becomes a supply reference and homologated company for the whole project and for that type of engineering specifically. Therefore, if the project is expanded or replicated in some other country, Transfo is already a referenced supplier and service provider.

Therefore, the beginning of Transfo internationalization activities started as a reaction to opportunities that came up through their existing partnerships in Brazil. Those export demands started their initial impulse towards direct foreign sales of transformers. They realized that export sales would yield payments in foreign currency, counterbalancing their increasing costs with imports of parts and raw materials that are relevant for the whole cost of the equipment.

At the time exports began, around 2009, the Brazilian market was not able to supply all that was necessary for their equipment so the firm needed imports making them susceptible to currency variations. The import costs and the risks associated with currency fluctuations were conditions that made Transfo lose some of its competitiveness compared to other manufacturers. Exports sales were considered a form of neutralization of that problem.

As a reaction, the firm decided to develop a structured import department to have a better control of their import cost and integrate these processes with the revenue from exports, opening the possibility for this coordination to become a competitive advantage for them.

Nowadays, the firm has agents in foreign strategic locations where they have more of their own equipment in operation (as homologated supplier) and where they can see future market opportunities. Transfo has agents in Chile, Peru, Mexico, USA, Bolivia, Guatemala and El Salvador. The decision to have agents in these locations was made considering the following guidelines:

1. Market prospection studies;
2. Strategic geographic position;
3. Transportation conditions;
4. Technical adaptation required;
5. Local technical service availability (installation, commissioning and customer service).

From their start in the internationalization activities reacting to opportunities for sale through their partnership to the use of detailed guidelines and market studies to decide upon agent's locations, the evolution of their decision-making process is clear. After the initial impulse of supplying other countries as part of a bigger project, and having become certified suppliers for several companies abroad, Transfo has taken a more pro-active and deliberate approach to internationalization. Strategically making decisions directed at their growth in a specific targeted region, which is the Americas.

Around 20% of their revenue is originated by exports and their actions are paying off as their brand has become more and more recognized in the international markets in this specific niche. Their market share in the Latin American countries is increasing as well as the number of clients that have Transfo as a certified supplier.

Their growing up in terms of internationalization is identified through some of the challenges faced by Transfo. One of the biggest difficulties faced by the firm was the lack of a global mindset. The evolution of the internationalization as a strategic asset for the firm is complex, especially for a firm that does not have this culture. The long-term thinking and

integration of an international business unit requires the establishment of a new structure and adaptation of several factors, let alone the product's technical features and services connected to it.

From the previously mentioned steps of finding local specialized technical assistance, the firm also needed to face differences in local cultures, different languages, communication processes, political, legislative and religious factors that may influence their path. In order for their designed strategy of having bigger participation in the American markets to work, Transfo had to understand and adapt to all of these challenges, building their global mindset, finding their own balance of all these factors and clearly establishing their intentions to the foreign personnel involved.

Having found their balance, their participation in international projects and serving customers in different locations brought them substantial growth in terms of technical know-how and project expertise, which could not be acquired if their experience was only in the domestic market. Other advantages observed were the flexibility, problem-solving skills with contact with different people.

Another important positive aspect of their experience with internationalization is the financial safety factor. Being involved with international contracts brings some financial slack and stability, when turbulences occur in the domestic market. It also gives access to other types of resources and conditions like interest rates, that are only available for firms with international activities.

Their internationalization strategy for the next couple of years is to grow export sales up to 35%-40% of their revenue, working towards markets that are geographically close, manufacturing in their plant in Brazil and transporting the equipment to the location, like Chile, Peru, Mexico and USA. The logistic costs is an important factor that has an impact on their competitiveness abroad. Therefore, their strategy is to work towards these markets and establish their brand name as a reliable supplier, manufacturing in Brazil and offering complete technical support through local alliances.

In order to access more distant markets and gain competitiveness, the next logical step is to think about external manufacturing units. Although Transfo has the intention to consider the option of opening factories in other countries, right now, they feel that the company has not reached that level of resource commitment and investment in foreign markets yet, therefore it would be a bigger step although foreseeable in their future.

6 RESULTS

In order to answer this thesis' main research question (what is the nature of the interaction between innovation and internationalization decisions as growth strategies for medium firms?) and its specific objectives, six case studies were developed to explore the interaction between these two growth strategies in Brazilian growing SMEs. The analysis revealed how these firms perceive their internationalization and innovation decisions, how they interact with one another or not and how their decision-making has evolved since the beginning of their strategies of innovation and internationalization (see Table 11 for a summary).

Table 11 – Summary of results

Firm	Exports / Total sales (%)	Age	Nr. Employees	INN x INT Dynamics	INT SDMP	INN SDMP
Suget	50%	40	200	Related	Proactive	Proactive
Agri	20-25%	45	265	Not Related	Reactive	Proactive
Transfo	20%	25	380	Related	Proactive	Reactive
Plugin	9%	28	390	Related	Proactive	Reactive
Softseg	9%	18	70	Related	Proactive	Proactive
Birra	2%	24	131	Not Related	Reactive	Proactive

Source: Prepared by the author. Subheading: INN = innovation, INT = internationalization, SDMP = strategic decision-making process.

The initial open coding revealed 245 categories extracted from the interview transcriptions, secondary data collected, emails exchanged, researcher's notes and case descriptions. The first procedure was to check for duplicities, filter, realign data extracts and search for the relationship between them, organizing the categories in structures of meaning. This process called axial coding reduced the number of categories to 202 (Appendix D contains a list of axial coding categories), organized in 30 core categories. After that, these structures were arranged in 9 dimensions (detailed below) to facilitate the sensemaking and its relationship with each other. These dimensions and categories were used as part of the inference and interpretation phase and are not necessarily detailed one by one within the text. Examples of representative categories and quotations are demonstrated at the end of each sub-chapter in Tables 13 to 17.

1. Innovation – Internationalization Dynamics;
2. Innovation – Internationalization Relationships;
3. Internationalization;
4. Proactive Internationalization;
5. Reactive Internationalization;
6. Innovation;
7. Innovation SDMP;
8. Reactive Innovation;
9. Proactive Innovation.

The first subchapter of Results brings analysis the dynamics between innovation and internationalization as growth strategies when they are related (Sub-section 6.1.1) and when they are not related (Sub-section 6.1.2). In the second subchapter, the analysis of the strategic decision-making process regarding internationalization strategies specifically is detailed and explored, being divided into Reactive Internationalization SDMP (Sub-section 6.2.1) and Proactive Internationalization SDMP (Sub-section 6.2.2). Lastly, the third subchapter is split in Reactive Innovation SDMP (Sub-section 6.3.1) and Proactive Innovation SDMP (Sub-section 6.3.3).

6.1 Dynamics of Internationalization and Innovation SDMP

From the data analysis of the six cases described in this thesis, the dynamics between innovation and internationalization decisions as growth strategies are shown in Table 12.

Four companies reported relationships between innovation and internationalization when contemplating their strategies for growth. They are strategic decision-making processes that connects internationalization and innovation activities, whether it is by adaptations necessary for foreign customers or by strategic thinking of expanding business opportunities using innovations. And, in two cases, these strategies were not considered as related, for Birra and Agri (see Table 12).

In subsection 6.1.1. the reader shall find the analysis and interpretation developed for the four cases where the growth strategies are related and subsection 6.1.2 brings the analysis of the two cases where no dynamic relationship was found for innovation and internationalization.

Table 12 – Dynamics by firm

INN and INT are related	INN and INT are not related
Suget	Birra
Softseg	Agri
Plugin	
Transfo	

Source: The author (2020).

6.1.1 Innovation and internationalization dynamics: RELATED

a) SUGET

Innovation and internationalization decisions are related at Suget. As part of their innovative culture, the firm looked for other countries as a growth strategy and in getting to know different markets' characteristics and technical features, the firm had to pursue innovation in their product line, business models, market entry strategies and operations. Therefore, their decision to go international was an antecedent of their need to innovate. This relationship is highlighted in this quote:

Eu diria assim que um processo de internacionalização verdadeiro que a organização se projete, tome a decisão, ele vai levar a um processo de inovação. Eu diria... o apetite para inovação, ele é um pré-requisito. E a inovação é um subproduto. Acaba gerando outras inovações. É um subproduto, eu acho, mas também é um pré-requisito. Você tem que tá aberto pra inovação senão não adianta pensar em internacionalizar, tem uma correlação bem forte, eu diria. (Suget).

Having an innovation appetite was a pre-requisite for the firm's ability to internationalize. Before making the decision to sell abroad, Suget was open to understand the challenges that this decision would naturally bring, such as substantial changes in the product line, changes in processes, learning to do business with other cultures, among others. This open-mindedness state was a necessary feature to start exporting, in their view.

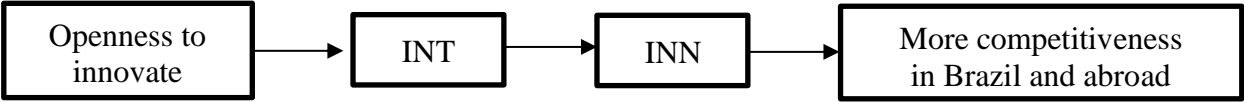
Operating in a relatively closed market like Brazil, Suget did not have a "world class" product to offer and the firm realized that other countries had higher expectations regarding product technical characteristics and quality. Their exposure to different markets' culture, business models, technical requirements changed their vision of business. Therefore, even before doing business with other countries, in their learning phase, the firm's mindset was already different due to their interchanges with international markets, as seen in Figure 6 and observed in these quotes:

O produto funcionava no mercado brasileiro mas ele não atingia alguns requisitos importantes para a gente poder exportar. E aí a gente teve que mudar, comprar máquina, mudar todo o processo produtivo para conseguir ter um produto que alcançasse os requisitos para gente poder ...(exportar). (Suget) Quando a organização ela se expõe a esse intercâmbio cultural, ela não vai mais ser a mesma né? Se vai ver novos modelos, novas culturas, novos ... (Suget)

Having decided to pursue international sales, Suget decided to change and upgrade product standards as a whole, not only for export markets, and that has elevated the quality and

functionality of the products offered domestically as well. This step made their distance to other competitors in Brazil even larger, and their leadership stronger. In this view, their internationalization move brought innovation, that lead to increased competitiveness.

Figure 6 – Illustration of Suget’s flow of antecedents and consequents of its strategic decisions

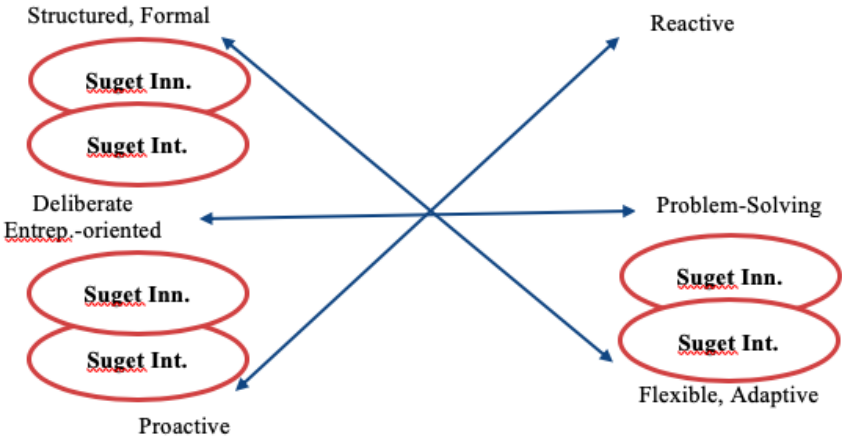


Source: The author (2020).

Internationalization as a growth strategy is related to innovation decisions, however, innovation as a growth strategy is not necessarily dependent of their international path. The example mentioned by the firm is their plastic edge band innovative market positioning with the e-commerce. This move to reach the woodworking and carpentry market niches more directly is independent from their internationalization. Therefore, their strategic decisions regarding innovation sometimes can be associated to different countries (in the case of product innovations for international markets, i.e.) and sometimes are independent (E-bordas, i.e.), which has motivated the following proposition:

Proposition 1: Internationalization decisions are necessarily connected to innovation decisions (proactive or reactive mode), however, innovation can be completely independent from internationalization decisions.

Figure 7– Illustration of Suget’s SDMP



Source: developed by the author using logics presented in Cavusgil and Godiwalla (1982).
 Note: Blue arrows – Cavusgil and Godiwalla (1982), Red indications - content analysis.

In regards to their strategic-decision-making, the firm presented a process that was more identified with a structured and formalized practice, where they systematically searched for market information, assessed their competitiveness, pondered over options in attempts to make optimal and less risky decisions. As seen in Figure 7 above, they have a proactive posture regarding their strategic decisions of innovation and internationalization, trying to anticipate market needs and opportunities. After their main strategic decisions have been made, the implementation stages bring a more flexible and adaptive process of decision-making during the phases of experimentation and trial and error.

b) SOFTSEG

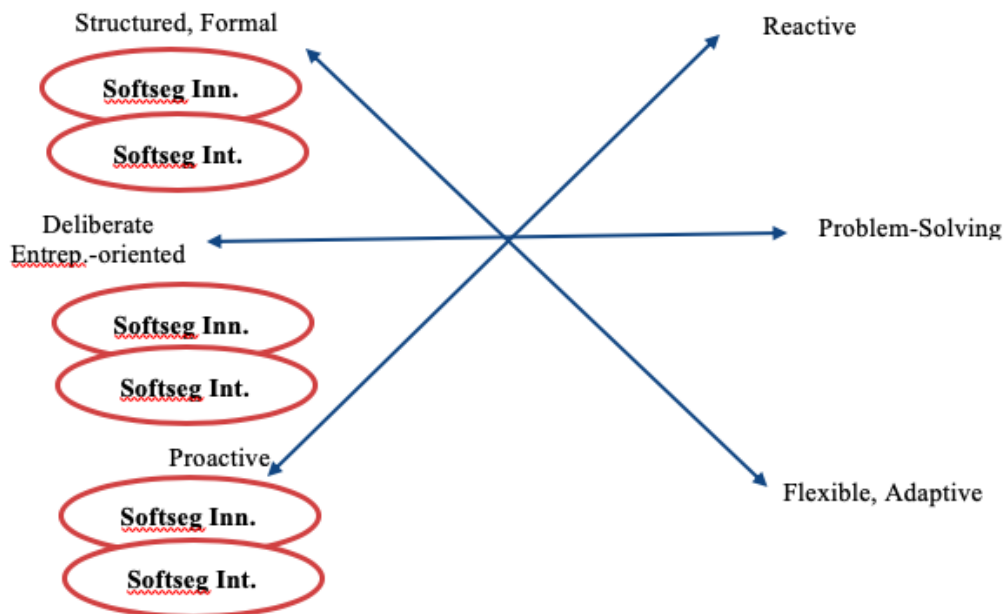
The strategic decisions and the process related are representative of the evolution of the firm's attitude toward internationalization. From their beginning as a reaction to customer's requests to a hustle to prospect several different markets at once, now the firm's decision-making is the result of a much deeper and agile process grounded in market studies, strategy design and ponderations. Their new attitude towards exports are connected to organizational innovations implemented after the new partner arrived. Their internationalization process also triggered changes in their working environment and personnel.

Innovation and internationalization decisions as growth strategies at this firm are related and influence one another. As seen by examples detailed in their case description, being in contact and mingling with clients from different countries have exposed Softseg to different requests which have turned into innovations such as the Help Me button, creating the vision of new market opportunities and insights for different paths for growth at unusual segments, as per this quote:

A Cidade do México pediu isso [...] porque eles têm muito caso de violência contra mulheres lá, maridos e tal. Aí eles querem levar esse projeto, dessa solução do aplicativo e do botão bluetooth para ser fornecido pela Secretaria de Segurança Pública, fornecer para mulheres que têm questão de violência familiar e tal. Olha que bacana. A gente criou para uma coisa, aí foi pra outra, e já tá sendo usado para outro cenário. (Softseg).

Their international participation in trade shows and events also brings innovation insights and creates an active network of contacts that serve both their growth strategies, internationalization and innovation. In regards to their process for decision-making, their posture is to be proactive and deliberately take action to have sufficient information to ponder over options, as seen in Figure 8.

Figure 8 – Illustration of Softseg’s SDMP



Source: developed by the author using logics presented in Cavusgil and Godiwalla (1982).
 Note: Blue arrows – Cavusgil and Godiwalla (1982), Red indications - content analysis.

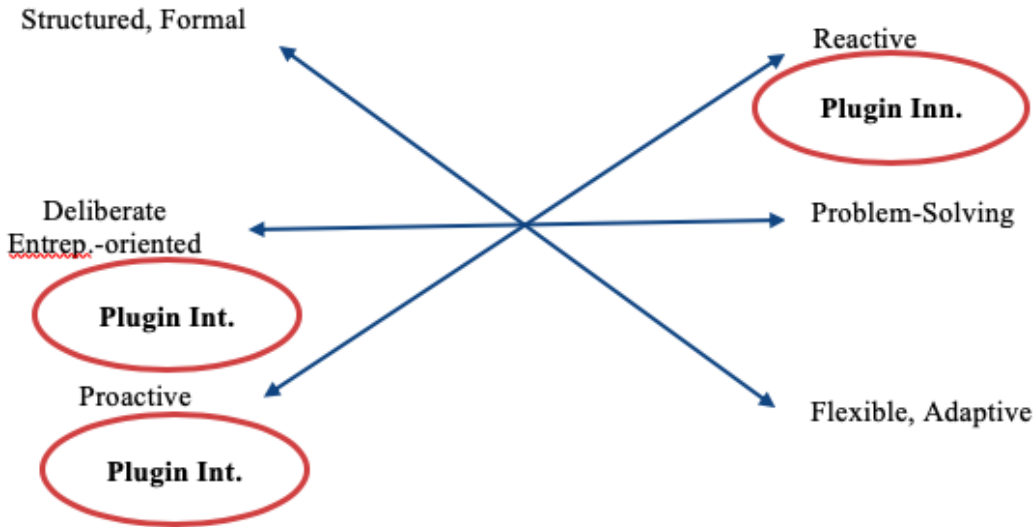
c) PLUGIN

Innovations and internationalization decisions are related at Plugin. Although decisions regarding innovations and internationalization go through a different SDMP process, they are related. Innovations are reactions to changes in the electric standards in Brazil or in other countries that the company exports to; or they are sometimes reactions to market trends and preferences like the specific niche of gaming. Innovation SDMP is reactive, as seen in Figure 9, following a very promising market in Brazil and Latin American countries considering the ever growing use of electronic devices and technology, the constant power shortages and the high cost of import goods. The influence of the Brazilian market in other close countries brings benefits and also difficulties, as perceived by this quote: "A outra desvantagem é a parte da crise mundial, aqui no Brasil tanto México, como Argentina, Uruguai, Paraguai foram afetados pela crise." (Plugin).

In terms of exports, after a reactive slow start, the firm paid attention to other countries as potential markets and worked deliberately to obtain the necessary certifications and product adaptations required to access these countries. Nowadays, their target markets are Latin American countries that have Brazilian companies as their main standard reference in the

energy devices market, surpassed maybe only by European and North American companies that are not competitive in terms of price in those markets, as per this quote: "os produtos que a Plugin fabrica, não tem no mercado e o que tiver é americano ou europeu. Ou seja, três a quatro vezes mais caro que o normal" (Plugin). This has given Plugin an open window to rollout their high-value added new products from Brazil to these markets. These conditions have upgraded the importance of export markets within the firm's strategic planning for the long term.

Figure 9 – Illustration of Plugin's SDMP



Source: developed by the author using logics presented in Cavusgil and Godiwalla (1982).
 Note: Blue arrows – Cavusgil and Godiwalla (1982), Red indications - content analysis.

New products launches are conceived considering the Brazilian as well as their export markets. This is possible in view of the fact that their products need little adaptations to serve other markets (only change in plug standards) and that results in greater competitive advantages in international sales. Most Latin American countries consider the Brazilian industry as an important source of products and services if not the major one, consequently, Brazilian innovations and trends influence these markets.

d) **TRANSEFO**

Internationalization decisions at Transfo started as a reaction to business opportunities presented by existing partners in their domestic market. Then, after having realized the benefits obtained of their relationship with foreign markets, internationalization became a deliberate and strategic plan (see Figure 10), grounded in studied analysis and

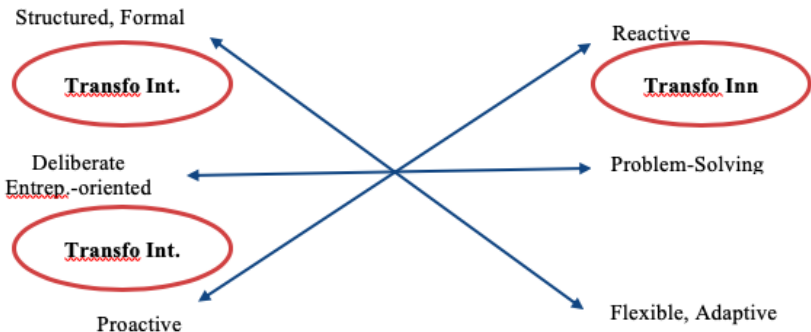
ponderations over their competitiveness abroad. Therefore, there was an evolution from a reactive activity to a strategic plan focused on specific targeted markets.

Organizational and process innovations are taken as part of their evolution as a company in a changing and challenging environment, to maintain their market position as a global player. Product innovations are reacted upon mainly because of the sizable technical issues related to the electrical equipment they manufacture, which makes the market reluctant to adopt innovative solutions and conditioned to technical issues. So, technical innovations are developed based on requests of clients and the changes observed in the energy sector, such as the increase of use of renewable power, as noted in this quote:

Inovações tecnológicas interessantes, que vieram realmente disso, da necessidade, por exemplo, da tecnologia americana e do que eles tinham lá de conceito e se juntou aqui com o que nós tínhamos de conceito e experiência de fábrica, e foram feitas adaptações e melhorias técnicas na engenharia e que proveram menores custos e produtos mais interessantes. (Transfo)

Innovation and internationalization decisions are related at Transfo. Internationalization decisions requires innovation decisions and ponderations over cost, risks and benefit analysis. Innovations are reacted upon mainly due to clients requests and, foreign clients bring different technical issues. See quote: "o que acontece é que existe uma necessidade muito grande de homologação de produtos [...] tudo que eu tenho de base de engenharia pronta, ela não serve, eu preciso fazer uma engenharia nova para atender aquele país, dentro da especificação técnica deles" (Transfo).

Figure 10 – Illustration of Transfo’s SDMP

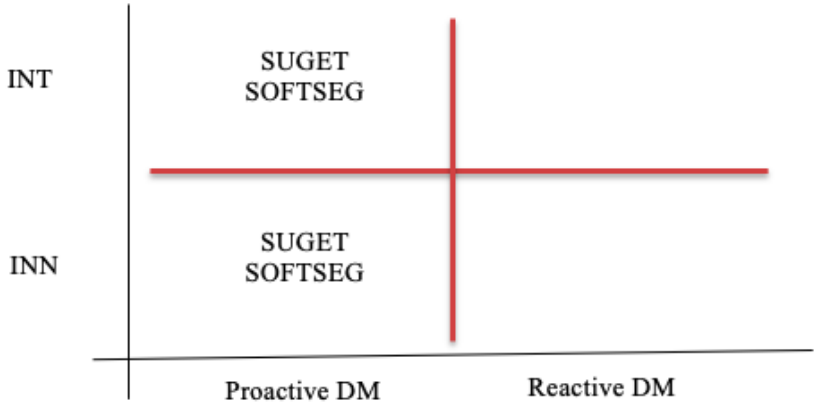


Source: developed by the author using logics presented in Cavusgil and Godiwalla (1982).
 Note: Blue arrows – Cavusgil and Godiwalla (1982), Red indications - content analysis.

Overall, innovations are reactions implemented with the thought of exporting to other countries (Plugin), as requirements necessary for their products' commercialization in other countries (Transfo), as a consequence of exposure to foreign markets (Suget) and one interfere with the other (Softseg). Both Softseg and Suget are proactive (see Figure 11) in their positions regarding innovations and internationalization as strategic decisions. Their international activity contribute to their innovation activities, usually because customers have different expectations, needs and technical requirements; and their involvement with international activities like trade shows and networking create insights for innovations.

They have gone through considerable learning periods that have given them positive resources like experience and know-how allowing them to evolve in their stance about these strategies. From unexperienced (Suget and Softseg) and sometimes reactive start (Softseg) as exporters, these firms realized the importance of market intelligence for both strategies.

Figure 11 – INN and INT as related strategies – Suget and Softseg



Source: The author (2020).

Market intelligence in the form of being aware of their own position in the domestic market, its players and their competitiveness, challenges and prospects of future growth that Brazil offers (or not). Suget realized that the Brazilian market would become stagnated some point in the future and this would affect their own chances of survival and growth. For Softseg, although the firm is already the market leader for their segment, the Brazilian market presents opportunities for growth when they expand the view of their own offer, entering other market niches like hospitality, elderly care and transportation safety applications, as market innovations.

In international markets, Softseg was able to learn from their initial experiences in external markets, reacting to opportunities and prospecting sales in most South American countries and evolved to a mature understanding that they needed to make more informed decisions to design their own export strategy. With market information and a formal process to make decisions (using an interdisciplinary committee), the firm was able to focus their resources in prospecting not to all but to a few selected target markets, improving their chances of success.

In Suget's case, having restlessness and openness as part of their culture and understanding the limitations and risks of being overly dependent on the Brazilian market, the firm used specific resources available like the support of export promotion agencies to gain knowledge about the global market, their competitors, clients and assess their own competitiveness to formally decide upon a strategy for each target market, with specific goals.

In terms of innovation strategies, Suget decided to rethink about the operation of their own market niche and create a shortcut to reach end users directly, innovating their business model. This innovation process involved their market information and formal decision-making structure and it resulted in the creation of a different sector, with resources to make more flexible and adaptable decisions, increasing their efficiency and response to end users. Then again, in order to make strategic decisions with long term goals, a formal SDMP was used and, a flexible and adaptable SDMP was integrated when they needed to decide upon secondary decisions derived from the main strategy and work around unseen situations.

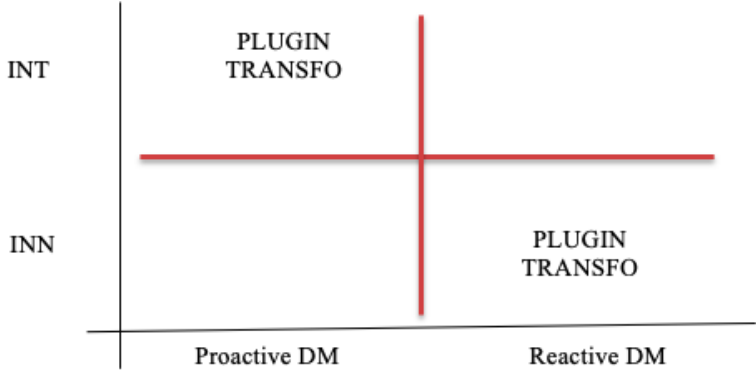
Accordingly, at the moment of establishing their strategic goals and future plans, using formal procedures facilitate the decision-making process because it helps manage market information and evaluation of their possibilities, setting better and more informed strategic objectives. During the implementation phase, however, a more flexible and adaptable SDMP allows the firm to work around unpredictable situations while maintaining focus on their strategic goals. Therefore, firms can navigate through different styles of SDMP according to their situation. Grounded on the above analysis, the following propositions have been defined:

Proposition 2: When setting strategic goals and future plans, a formal and deliberate decision-making style is more efficient.

Proposition 3: During the implementation phase, a flexible and adaptable decision-making style is more efficient.

The two firms active in the electrical equipment sector, Transfo and Plugin, consider innovation and internationalization as related strategies. However, they take a different approach when it comes to their decision-making process (see Figure 12).

Figure 12 – INN and INT as related strategies – Plugin and Transfo



Source: The author (2020).

Plugin’s reactive responses to innovations are based on the fact that their products have abundant unserved demand both in Brazil and abroad and they are the only national manufacturer of such products competing with imported goods, leaving the firm in a comfortable position to grow by prospection of other Latin American markets. Besides, the configuration of their products require little adaptations and improvements to launch a different or new version of a product, which can be explored in all markets. Brazil is a reference country to LATAM markets, therefore, it is easy to rollout products from here to other countries, as referenced in this quote:

Porque o Brasil é visto no mundo como um país de referência, na parte de (energia), ela conseguiu se posicionar muito bem. Então, tudo que foi feito no Brasil, que o Brasil utiliza, tá na moda, precisa, é o mesmo que o internacional vai precisar. Pegamos o mesmo estudo e replicamos no internacional. Por exemplo, quando sair esse mercado dos gamers, com certeza, nós vamos lá no México, na Colômbia, tudo isso e fazemos a mesma campanha, em espanhol, logicamente, para esse tipo de mercado. (Plugin quote).

On the other hand, Transfo’s products have many technical features dependent on norms, regulations and certifications that hinder their innovation process and innovations are also subject of customers’ suspicions as new equipment. Therefore, in Transfo’s case, innovations are conditioned to their client’s projects demands and is implemented under scrutiny. Besides these conditions, after the successful implementation of innovations for

different external clients, these firm actively makes commercial and marketing efforts to commercialize these products in other markets as well.

The exploration of Plugin and Transfo cases put forward the possibility to have related growth strategies and different styles of decision-making for each of them. Based on this assumption, the following proposition was defined:

Proposition 4: Firms can have internationalization and innovation as related growth strategies and use different strategy decision-making process for each of them (one of them is proactive and the other reactive, and vice-versa).

Even when there is no innovation culture strongly attached to the firm's most important characteristics, firms realize that their focus on internationalization as a proactive strategy to grow brings implications that lead to the need to consider innovations, and these novel solutions bring positive results to their domestic markets as well. For this reason, even when innovation is not actively sought after by these firms, internationalization is a strategy they definitely strive to put forth. Therefore, the following proposition was outlined:

Proposition 5: In the context of related growth strategies, when innovation SDMP is reactive, internationalization strategy is deliberate.

A common trait for these four firms (Suget, Softseg, Plugin and Transfo) is their global mindset, in this case characterized by their ability to see themselves as global players and realistically figure out their possibilities, either considering becoming substantial world market leaders (Suget) or considering regional leadership like Softseg, Plugin and Transfo.

Proposition 6: Global mindset can be built through internationalization experience, market intelligence about foreign markets, domestic markets and self-competitiveness assessment.

6.1.2 Innovation and internationalization dynamics: NOT RELATED

a) BIRRA

Innovation and internationalization as growth strategies are not related at Birra. As per the quote below, their perception is separate when it comes to insights for innovations and exports:

Eu acho que o produto cerveja, a gente pouco avalia no mercado externo ou vai pro mercado externo enxergar como é que está sendo feito lá para implantar aqui. Fora alguma questão de inovação do fornecedor tipo algum tipo de tampa, uma tampinha rosca ao invés de... são questões bem pontuais de embalagem mas tu vai pro produto, não vai...(Birra)

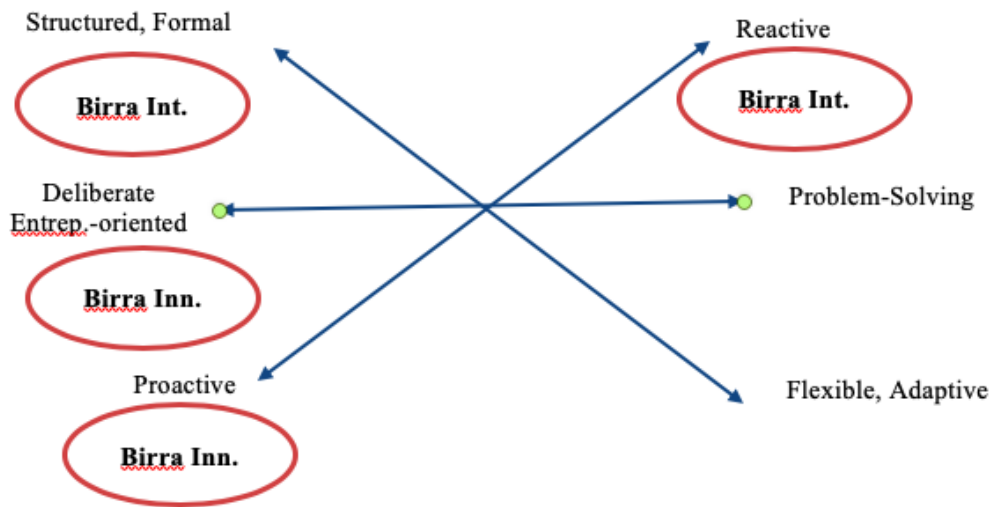
Innovations are present since the firm's inception and are represented by the entrepreneurial personality and thinking of its founder, who keeps renovating his business ideas to face market challenges and conquer other states in Brazil. Innovation decisions are considered as growth strategies for long term survival and their reasoning goes through a structured process of decision-making.

1. Identification of insight for innovation or future market situation that affects the business;
2. Founder's own strategic thinking and ideation;
3. Presentation of the innovation ideas to executive team;
4. Expansion of these ideas and market studies;
5. Innovation ideas take form of viable new offers or new market niches;
6. Implementation.

On the other hand, internationalization decisions have been characterized as reactions to negotiations started by foreign firms and are gradually being incorporated to the firm's strategic growth strategies, however, the main reason for its execution is to compensate high Brazilian tax burden and currency volatility, leveraging their competitiveness in the Brazilian market. The beer market in Brazil is big and singular in terms of conditions of competition, which makes it difficult to keep a global mindset and compete in other countries. Therefore, their standpoint in regards to exports is: not actively prospect other markets, but to be open and carefully evaluate business proposals that appear from other countries, considering long term relationships and presence in other market and avoid spot sales.

As seen in Figure 13, the strategic decision-making of Birra regarding its innovation decisions is proactive, deliberate and has evolved to a structured and formal procedure. In regards to internationalization decisions, the firm reacts to market opportunities in a careful, structured manner.

Figure 13 – Illustration of Birra’s SDMP

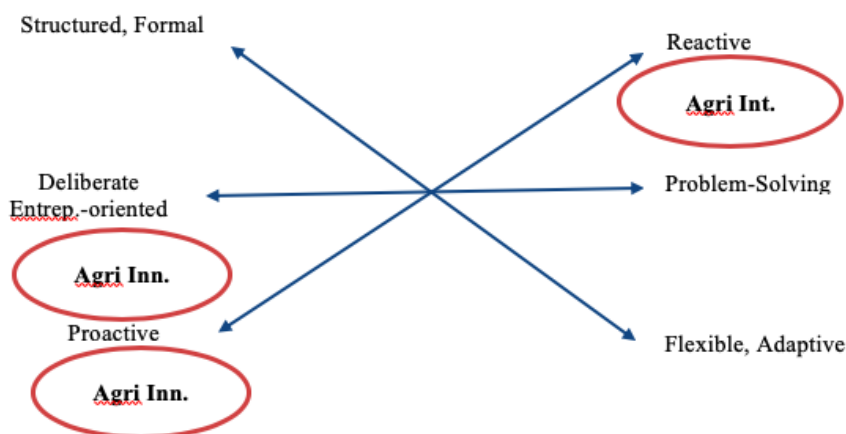


Source: developed by the author using logics presented in Cavusgil and Godiwalla (1982).
 Note: Blue arrows – Cavusgil and Godiwalla (1982), Red indications - content analysis.

b) AGRI

Innovation and internationalization decisions are not related at Agri. Innovations are part of the essence of the personality of Agri’s founder and, therefore, a strategy constantly used for diversification of products, revitalization of the product life cycle, balancing income sources and reaching different markets. They are part of the firm’s daily activities, considered for the long-term survival of the firm, managed by the director and engineers, therefore, a commonly used strategy for growth. As seen in Figure 14, the process related to innovation decisions is proactive and entrepreneurial-oriented.

Figure 14 – Illustration of Agri’s SDMP



Source: developed by the author using logics presented in Cavusgil and Godiwalla (1982).
Note: Blue arrows – Cavusgil and Godiwalla (1982), Red indications - content analysis.

Internationalization decisions, however, follow a different path. As there are a number of difficulties presented at the launch of a new product, such as the need for demonstrations to build up trust in customers, transportation and product adaptation costs; usually, innovations are not promptly directed to the external market. Export sales are usually opportunities that the firm reacts upon. They are open to new countries and keep contact with the external markets through agents and their network but do not consider new market entries as deliberate planned strategy for growth. Rather, exports sales are a source of diversification counterbalancing turbulences in the Brazilian market.

For two of the six firms studied, these strategies are not related. This is also the opinion of the expert that quoted: "Até poderiam estar relacionadas mas eu acho que eles não enxergam elas conectadas. Não é tão claro para o empresariado que a internacionalização pode caminhar... sabe.. é um mecanismo de... inovação. Acho que não." (Expert). In these two cases, Birra and Agri, they have different approaches to internationalization and innovation as growth strategies. Both have innovation in their organizational culture and the figure of an entrepreneur / founder is representative of these firms' originality and driving force in terms of innovation.

Both operate in industry sectors that present obstacles for the natural roll-out of innovations to the external market. Difficulties like logistic costs, transportation and cultural distance are some of the reasons for these two strategies not to be related. Both firms envision their strategies for growth considering the diversification of markets in terms of different market niches in the same country. Like entering the high turnover regular beer market and prospecting sales to other states in the case of Birra or, in the case of Agri, introducing its products in other cultivations such as sugar cane and beans production. The dimensions and categories related to the dynamics of innovation and internationalization are presented in Table 13. Agri and Birra take a passive position, reacting to opportunities in foreign countries using a formalized evaluation system for decision-making, but they are able to observe the benefits related to export sales such as diversification of markets, higher financial security and better conditions to leverage the domestic operation. Hence, the following proposition is presented:

Proposition 7: Even when a reactive decision-making style regarding internationalization is adopted, the firm benefits from its external sales as a leverage to increase domestic competitiveness.

Table 13 – Dimensions and categories representative of Innovation and Internationalization Dynamics

Core Categories	Original code	Code description	Quotes
Dimension: Innovation - Internationalization Dynamics			
Related			
	INN - INT Related	Transfo - innovations and internationalization might be related as there are several product innovations necessary for their products' commercialization in other countries	<i>Transfo - "inovações tecnológicas interessantes, que vieram realmente disso, da necessidade, por exemplo, da tecnologia americana e do que eles tinham lá de conceito e se juntou aqui com o que nós tínhamos de conceito e experiência de fábrica, e foram feitas adaptações e melhorias técnicas na engenharia e que proveram menores custos e produtos mais interessantes."</i>
	INN - INT Related	Suget - internationalization strategies lead to innovations	<i>Suget - Eu diria assim que um processo de internacionalização verdadeiro que a organização se projete, tome a decisão, ele vai levar a um processo de inovação. Eu diria... o apetite para inovação, ele é um pré-requisito. E a inovação é um subproduto.</i> <i>Suget - "Acaba gerando outras inovações. É um subproduto, eu acho, mas também é um pré-requisito. Você tem que tá aberto pra inovação senão não adianta pensar em internacionalizar, tem uma correlação bem forte, eu diria."</i>
Not related			
	INN - INT Not related	Agri - innovations are part of the organization's culture and the firm actively pursues innovations. Exports are considered as part of the market diversification strategy and are reactions to customer requests	<i>Agri - "Não, não. São duas coisas bem diferentes. Dois pilares, a diversificação do mercado e do produto."</i>
	INN - INT Not related	Birra- innovation insights might come from external environment but not because of the firm's internationalization	<i>Birra- "Eu acho que o produto cerveja, a gente pouco avalia no mercado externo ou vai pro mercado externo enxergar como é que está sendo feito lá para implantar aqui."</i>
Dimension: Innovation – Internationalization Relationships			
Roll-out Innovations			

	INN - INT Dynamics	Plugin - market studies developed for the domestic market are usefull to other foreign markets as well.	<i>Plugin - "A outra vantagem é o mesmo estudo de mercado pro internacional, também é um produto que são inovadores aqui, a gente faz para o internacional também."</i>
	INN - INT Dynamics	Plugin - products launched in the domestic market need little adaptation to other markets.	<i>Plugin - "Trocar o tipo da tomada, internacional é tipo NEMA que são os três pinos, que é diferente do Brasil"</i>
Internationalization lead to Innovations			
	INN - INT Dynamics	Transfo - internationalization for firms producing this type of products (highly engineered equipment) requires innovation, because many of the technical configurations changes from one country to another	<i>Transfo - "o que acontece é que existe uma necessidade muito grande de homologação de produtos [...] tudo que eu tenho de base de engenharia pronta, ela não serve, eu preciso fazer uma engenharia nova para atender aquele país, dentro da especificação técnica deles"</i>
	INN - INT Dynamics	Suget - in order to be present in other markets and play a significant role, the firm needed to upgrade their product line. So, internationalization activities influenced their innovation decision-making	<i>Suget - "O produto funcionava no mercado brasileiro mas ele não atingia alguns requisitos importantes para a gente poder exportar. E aí a gente teve que mudar, comprar máquina, mudar todo o processo produtivo para conseguir ter um produto que alcançasse os requisitos para gente poder ...(exportar)."</i>
	INN - INT Dynamics	Suget - the move to go to China represented a search for innovation insights as well as an analysis of a potential market for the firm's exports	<i>Suget - "Outra inovação, por exemplo, a gente foi pra China, [...] nós temos que vender na China."</i>
	INN - INT Dynamics	Softseg - innovation ideas came from their relationship with customers from other countries	<i>Softseg - "O Help Me é um botão de pânico [...] Aí olha como é bacana, a ideia de vir com esse recurso surgiu de uma demanda de cliente nosso do México."</i>
Innovations lead to Internationalization			
	INN - INT Dynamics	Suget - strategic plan comprises a new product (INN) to new markets (INT)	<i>Suget - "A gente lançou um produto novo agora esse ano que é um produto pro segmento dos fabricantes de portas, que é um produto meio único. Só tem um cara que faz isso na Alemanha e nós, agora. E que a gente espera vender esse produto em escala mundial, estamos agora começando um trabalho na Europa e tal. É uma inovação de produto que vai abrir novas possibilidades de abertura de mercados."</i>
Internationalization as an Innovative move			

	INN - INT Dynamics	Softseg - internationalization as an innovative move. The decisions regarding external market strategies are taken by the same team that evaluates and considers upon innovations ideas	<i>Softseg - "quando se decidiu ir para o mercado externo, foi uma decisão dessa equipe, que é formado por pessoas, membros de alguns departamentos dentre eles o comercial, área de desenvolvimento, pesquisa de produtos e a diretoria."</i>
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Source: The author (2020).

6.2 Internationalization SDMP

6.2.1 Reactive Internationalization SDMP

These categories are related to firm's behavior towards internationalization decisions that are taken in a reactive way. Export sales opportunities are evaluated as they emerge and firms demonstrate a passive approach towards internationalization as a growth strategy.

Traditionally, Brazilian SMEs are considered passive towards internationalization, only reacting after foreign customers' requests are made. The expert used this expression: "firms are bought", to identify firms that have a reactive behavior towards international sales and wait for customer orders, explicit in this quote:

O 'ser comprada' é tu estar sentado, chegar um comprador e tirar um pedido. Simplesmente fica parada esperando, tem um produto atrativo, um preço bom e tal e não se mexe muito. Na minha experiência com N perfis de empresa, dificilmente a internacionalização vem de uma leitura estratégica, dissociada de necessidade (Expert).

Agri and Birra are both examples of reactive approach to internationalization decisions and, in both cases, the domestic market is the focus of their attention but foreign sales opportunities are not disregarded. In Agri's case, exports started as a reaction to a request by foreign contacts with no formal process to conduct evaluation of these processes to make decisions:

Eu estava voltando da fronteira, me encontrei com ele e daí começou o diálogo e começou a exportação. As vendas para o exterior, no começo eram vendas esporádicas feitas a importadores individuais que vinham para feiras e entravam nas rodadas de negócio. Então, hoje nós temos de tudo. Todos os tipos de transação. Nós não perdemos, se tiver alguém interessado, nós vamos fazer negócio. (Agri).

This position is in line with the expert's opinion that Brazilian SMEs present opportunistic behavior and focus on the short term feedbacks and she quoted:

Olham com oportunismo, a visão é de curto prazo. Não é que não olham... olham dessa forma, mas olham de maneira desesperada.... sem o timing necessário do avanço. Isso que é o fator complicado. Também não é de um investimento de grandes cifras né? A gente tá falando de um investimento de ações imediatas que vão buscar fechar um pedido, né? Olha só, não tô olhando um ciclo de longo prazo nem a consolidação de uma posição (Expert).

In Birra's case, their attitude towards new market entries is cautious but consistent, as they are willing to consider international trade as a strategic choice rather than taking advantage of sporadic opportunities. Their behavior towards new business in foreign markets is more passive than proactive but less opportunistic. Birra's executive quoted: "foi uma coisa mais de oportunidade. Porque assim, nosso foco é mercado interno, RS e SC, para os próximos 4 anos."

The decision-making process regarding internationalization decisions of Softseg, Plugin and Transfo is considered proactive and deliberate in this research, given the evidences presented before. But it does not mean that it was always like that. Softseg casually began exporting because their clients requested their software license to be used in other countries and, as their internationalization process evolved, the firm established a more planned and deliberate form of relationship with foreign market entries evolving from a modest involvement to a more aggressive form of planning, as per these quotes:

A Softseg começou com a internacionalização indo para o mercado latino. Isso foi há aproximadamente cinco anos, de forma tímida e, nos últimos dois anos, mais agressiva. Outra coisa que a gente mudou, [...] que a gente determinou no mercado latino, focar em dois países, a gente elegeu Colômbia e México como países-alvo, por conta da economia, PIB, situação econômica do momento favorável e ambos esses países tem uma cultura muito parecida com a nossa, nos facilita o relacionamento. (Softseg)

At first, Plugin realized that projects designed for the Brazilian market were easy to roll-out to South American countries, that are influenced by the Brazilian market's technologies. After this reactive start, the firm was able to re-organize and make deliberate plans for the future exports. And Transfo mentioned that alliances and partnerships with strategic Brazilian clients were the point of departure for their international activities and that export opportunities came as part of the projects developed for these Brazilian strategic partners. Later on, as the import operations of the firm grew and the export opportunities were developed, the firm started to comprehend the need to have a structured external trade department, that could strategically manage their import and export operations, as per the following quote:

Então, realmente se viu que existiria essa necessidade de trabalhar de uma maneira ... de ter um setor que trabalhasse de maneira estruturada e a empresa assumir isso (importações e exportações) como parte integrante sua, mas não foi nada pró-ativo no início, foi tudo responsivo à demanda do mercado. Agora, depois disso, depois desse pontapé inicial aí foi-se verificando que existiria a possibilidade de investimentos maiores, existiria a possibilidade de explorar mais mercados e aí foi surgindo iniciativas planejadas. (Transfo)

The representative quotes for these analysis can be observed in Table 14. Based on the above, the following proposition is presented:

Proposition 8: SMEs can evolve from a reactive to a proactive and deliberate decision-making mode, if they realize its benefits or if possibility of future benefits.

Table 14 – Reactive INT - Dimensions, categories and representative quotes

Core categories	Original code	Code description	Quotes
Dimension: Internationalization			
Reactive Internationalization			
	INT Reactive	Agri - exports started as a reaction to a request by a foreign contact	<i>Agri - "Eu estava voltando da fronteira, me encontrei com ele e daí começou o diálogo e começou a exportação." Agri - "as vendas para o exterior, no começo eram vendas esporádicas feitas a importadores individuais que vinham para feiras e entravam nas rodadas de negócio."</i>
	INT Reactive SDMP formal	Birra- little adaptations were made to the product to sell to other countries	<i>Birra- "Então, com essa necessidade a gente colocou alguns elementos do Brasil para que tivesse mais impacto pro americano e para o pessoal do Paraguai também. Mas foi mais em relação a rotulo mesmo porque em relação a produto, foi um produto lager, ele é um pouco diferenciado em questão de lúpulo, mas ele é um produto que a gente já costuma fabricar."</i>
	INT Reactive SDMP formal	Birra- their SDMP as a reaction to market opportunities involve evaluating the foreign partner proposals for marketing and sales	<i>Birra- "Então, ele (cliente estrangeiro) pensa estratégias de marketing do mercado deles porque, a gente entende que é o maior conhecedor do mercado deles. Eles montam propostas de publicidade, de marketing, apresentam pra nossa área de marketing. A gente aprova e eles dao continuidade"</i>
	INT Reactive SDMP not planned	Plugin - exports as a reaction. The firm realized the projects designed for the Brazilian market were also suitable for other countries	<i>Plugin - "Então, quando a Plugin fazia projetos aqui no Brasil, a gente conseguia replicar, ou consegue replicar em outros países"</i>
	INT reactive SDMP not planned	Transfo - first the alliances and partnerships were formed then, the export opportunities came	<i>Transfo - "Houveram essas alianças e elas acabaram por iniciar o impulso de exportação direta" Transfo - "Na verdade, acredito eu que todos rodaram de maneira mais responsiva no início."</i>

	<p>INT Reactive SDMP not planned</p>	<p>Softseg - at the beginning, the form of internationalization was not planned or formal, and was a reaction to market opportunities</p>	<p><i>Softseg - "Elas (atividades de exportação) começaram há cinco anos, de forma, quando eu digo tímida, é porque foi algo meio que casual, de clientes que conheceram o software aqui no Brasil, e que nos contataram para usar, adquirir a licença para utilizar na América Latina."</i> <i>Softseg - "Primeiro, no início, nós não focamos em países prioritários."</i></p>
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Source: The author (2020).

6.2.2 Proactive Internationalization SDMP

This category (see Table 15) displays the behavior of firms that proactively make decisions regarding internationalization strategies. Exports are part of their strategic plan, with actions being taken to achieve their export goals, like arranging necessary requirements to enter or grow in different markets. Suget is one of this companies and their actions demonstrate an organization of stages, evolving from the desire to diversify and sell abroad in a systematic learning scheme, as demonstrated in this quote:

Há mais ou menos 10, 12 anos atrás a gente começou a olhar para fora, para o mercado externo. Viajar, EUA, Europa, China, para vários lugares, e sistematicamente aprendendo. Aí teve um primeiro período grande de aprendizado. Entender quem são os concorrentes lá fora. Primeiro entender que não são tantos, são poucos. Depois entender as forças, conseguir fazer ali um mapeamento de forças do mercado. Quem é forte, quem não é. Quem é grande, quem é pequeno. Quais são as forças desse, daquele. Aí a partir disso sim, a gente definiu, ó: nós queremos estar aqui nos EUA, nós queremos estar aqui, aqui e aqui. E a gente definiu o mapa e o que nós queremos fazer. (Suget).

Suget's internationalization path demonstrates a deliberate plan to implement exports as a growth strategy, although not formal, but organized and evolutive, while broadly based on their own ability to compete in foreign markets. This firm's observations reveal that the assessment of their markets and their own productivity and competitiveness is constant. Based on the observations made it was possible to outline a potential reasoning for their decision-making process:

- What prospects does the Brazilian market offer for us?
(Turbulent market, small growth rates and diminishing profit margins)
- How are we in the Brazilian market?
(We are already market leaders)
- How is the world market for our products?
(We need market intelligence)
- Can we compete abroad?
(Yes, we can be competitive in terms of costs) – definition of strategy decision
- How are we going to do it?
(Strategy definition and then experimentation, trial and error, adaptation) – operational and tactical decisions.

Their deliberate plan involves the establishment of ambitious goals for the long term and the understanding that internationalization processes are different than other business cycles and demands more time to yield results, as observed in the quotes:

E a primeira vez que a gente ousou falar isso aqui dentro foi até motivo de chacota. A gente vendeu na Argentina, e aí você falou que vai ser um player global?? Então, assim, a gente sempre foi meio mascarado assim, no sentido de acreditar que a gente podia ser mais do que a gente já era. Isso foi um driver muito forte. (Suget).

A Missão Europa é assim: de que jeito que nós vamos ter 25% de participação na Europa? Porque hoje nós temos 5% e o nosso concorrente tem 95%. (Suget).

Da nossa visão estratégica atual, até 2020 a gente quer ser a número 1. Então, tamo indo né? Eu acho que dentro de um tempo né, porque o ciclo de negócios da internacionalização ele é muito mais longo. Então três anos não é nada. (Suget).

In regards to Softseg, the firm demonstrates willingness to grow their international presence and market share, avoiding spot sales. They set their expectations for performance in export markets according to their strategic decisions, focusing on long term presence and their own internal competitive advantages to implement international market strategies. The resources and preparation necessary to successfully implement a competitive presence in markets such as the US, have many implications and one of them is the use of necessary resources to gather market intelligence. Their reasoning for decision-making, considering their reactive start and evolution towards a more deliberate decision-making is observed below:

- How is our international participation so far (before 2017)?
(Timid and inexperienced)
- How can we improve our exports?
(we need focus and strategy) – strategic decision
- How can we achieve that?
(We need market intelligence, specific marketing strategies, internal changes to serve foreign customers, industry level support) – operation and tactical decisions.

Transfo has long term goals to international strategies and contemplates target markets after careful consideration of their characteristics. The ponderation over market entry possibilities and future growth strategies is part of their planned SDMP towards internationalization. In order to face challenges like increasing import costs that were damaging their competitiveness in the Brazilian market, they started to strategically manage their import and export operations, which brought financial security and access to different financing options available to internationalized firm only, as per this quote:

Existe o fator de segurança financeira, uma vez que você consegue ter um contrato internacional que te dá algum tipo de lastro, você fica um pouco acima de alguns problemas locais que podem acontecer, fatores externos a sua empresa. Então, isso dá uma certa segurança financeira e até uma capacidade de entrada de alguns tipos de financiamentos, alguns tipos de recursos que estão disponíveis no mercado, mas somente para empresas que tem esse tipo de trabalho (Transfo).

There was an evolution of Transfo's decision-making process towards internationalization strategies, from a reactive start to a more planned and deliberate activity, observed in this quote: "Houve uma evolução sim, na maneira que se viu a importância do mercado externo e de se trabalhar como uma empresa mais proativa, mais estruturada, olhando para os N fatores locais específicos para que se pudesse aumentar a presença" (Transfo). And their possible rationale for decision-making is this:

- How can we face increasing import costs and currency fluctuation?
(through exports)
- How can we improve our competitiveness?
(balancing our import costs and export sales in a coordinated manner) – strategic decision
- How can we increase export sales participation in our revenue?
(we need market intelligence to focus on specific markets).

As they implement their internationalization strategies, the external markets impose tests and unfamiliar situations that require flexible and adaptable SDMP to overcome challenges and keep focus on their main strategic goal.

Table 15 – Proactive INT - Dimensions, categories and representative quotes

Core categories	Original code	Code description	Quotes
Dimension: Internationalization			
Proactive Internationalization - Planned			
	INT planned SDMP formal	Transfo - the firm has long term goals to international strategies and contemplates target markets after careful consideration of their characteristics	<i>Transfo - "A nossa perspectiva aí de 35 a 40% do faturamento em exportação, seria o nosso foco para os próximos anos. E nós temos planos de atacar mercados diferentes, mas agora os nossos planos estão focados, nosso planejamento tá focado dos EUA para baixo por causa do custo logístico"</i>
	INT SDMP Proactive formal	Plugin - the firm shows evidences of strategic thinking to decision-making, by having long term plans for exports	<i>Plugin - "a longo prazo, nós pretendemos também abrir escritórios em outros países para atender a maior quantidade de clientes. Às vezes, um distribuidor não é suficiente. "</i> <i>Plugin - "Nós pretendemos dobrar o faturamento só com a exportação"</i>
	INT proactive formal SDMP	Softseg - international strategies for entering different markets is a planned movement with gradual steps to gather market intelligence and make informed decisions	<i>Softseg - "esse ano a gente definiu de começar o mercado americano [...] Eu to fazendo o mapeamento do mercado, conhecendo o mercado americano para ver quais são os concorrentes, quais os sistemas que existem no mercado atual, o que eles proporcionam para empresas de segurança, o que que a gente consegue entrar como diferencial. Então agora é todo um estudo que a gente tá fazendo, comercialmente a gente não fechou nenhum contrato nos EUA e não é nossa intenção para esse ano. Esse ano é o ano de mapear as ações que nós vamos fazer para o próximo."</i>
	INT proactive SDMP planned	Suget - internationalization was deliberate and planned as a growth strategy. There was a sales effort to export in order to obtain benefits of market diversification	<i>Suget - "o esforço partiu daqui. Porque tinha uma visão assim, a nossa vaca leiteira não vai durar pra sempre. Vamos ver o que tá fora."</i>
Proactive Internationalization - Formal			

	INT planned SDMP formal	Transfo - after reacting to opportunities brought by their partners and clients, the firm deliberately started to implement internationalization strategies by studying the markets and placing representatives	<i>Transfo - "a decisão veio de colocar (representantes) nesses países por causa da prospecção de mercado, do posicionamento estratégico geográfico, facilidade de transporte. Também da possibilidade de adequação técnica, serviço local"</i>
	INT proactive formal SDMP	Softseg - their international strategy has specific targets and the reaction to opportunities in other countries is evaluated but not considered crucial	<i>Softseg - "A gente tem hoje, dois leads, um em Portugal, um em Cabo Verde, mas não foi estratégico."</i>
	INT proactive SDMP not formal	Suget - although proactively searching other markets and learning about internationalization of their activities for a long time, the firm did not have a formalized strategic planning until 2009. Therefore, they were actively and deliberately making internationalization efforts without having their strategy formalized in the form of a plan	<i>Suget - "A primeira vez que a gente fez um planejamento estratégico acho que foi em dois mil e... onde a gente citou isso (exportação, mercado externo) né.. foi perto de 2010 a gente fez um planejamento estratégico onde a visão estratégica tinha 4 componentes, quatro vertentes de uma visão estratégica. Uma das vertentes era a gente se tornar um player global."</i>
Proactive Internationalization - Flexibility			
	INT proactive SDMP experimentation phase	Suget - after the learning phase and planning, the phase of experimentation begins	<i>Suget - "Aí tem outro ciclo de... Aí começamos a expor em feira, participar de feira na China, feira na Alemanha, feira na Rússia e aí começamos... aí subimos outro degrau. As vendas foram crescendo, aumentando a base de clientes aí foi ficando mais interessante."</i>
	INT SDMP experimentation phase	Softseg - as they implement their internationalization strategy, the firm goes through a adapting and experimenting phase	<i>Softseg - "definimos que o nosso marketing para o Brasil, ele atendia mas o mercado latino, era um mercado a parte, conceitos diferentes e a gente viu que tanto a equipe interna quanto a agencia não conseguiu suprir o que a gente esperava de divulgação e de presença, divulgação no mercado latino. Então a gente contratou uma agência externa"</i>

Source: The author (2020).

6.3 Innovation SDMP

6.3.1 Reactive Innovation SDMP

Of the six firms studied, two of them demonstrated a reactive SDMP in regards to innovation strategies (see Table 16). For Plugin and Transfo, innovations are reactions to market changes or as a reaction to the competition movements. According to the expert consulted, most Brazilian SMEs have a passive behavior and put innovations on hold until their future growth or survival is threatened. Traditional SMEs have more difficulties in rethinking their whole business model and organization because of their conservative mindset. It is easier to invest in product innovations or machinery instead of reevaluating their whole firm and market. In the expert's view, the implementation of innovation as a growth strategy is easier for younger firms because the conservative mindset of traditional SMEs' businesspeople hinders their innovation process. These are some of the expert's quotes regarding this issue:

Mas é resposta a uma necessidade imposta pelo mercado. Só que daí não é resposta imediata porque normalmente requer, aí vai ter que parar, aquela questão de investimento que tu perguntou. Aí vai ter que parar, vou ter que pensar, quanto que eu vou investir, quanto é que eu vou ganhar. Aí eu tenho um processo mais planejado. (Expert)

Então, a dificuldade é o próprio conservadorismo que limita esse processo de inovação. Isso eu tô acompanhando muito na indústria, assim. (Expert)

Parece que a inovação tá vindo nas novas gerações, nas pequenas... nas startups, tanto que tem tanta dificuldade de inovar que as empresas grandes estão buscando estimular e constituir startups dentro delas mesmas, né (Expert)

Operating in different fronts in the electric / electronic equipment, Plugin and Transfo have separate visions of innovations. New product solutions for Transfo require cooperation and team effort with their suppliers and partners because transformers are composed of many different parts: "Então, se exige, muitas vezes, a participação de vários outros players, outros parceiros, fornecedores, para se desenvolver outra coisa, um acessório, um produto que possa atender uma necessidade em específico." (Transfo).

These equipment, once installed, become components of bigger complex electrical systems and are dependent on their compliance to existing norms, standards and certifications. Project engineering is determinant for innovations to take place but the market might still be resistant and suspicious of new solutions. Product innovations are difficult to introduce into the market because customers require function reliability, dependent on how long the equipment

has been operating without major defects or mishaps. In order to commercialize the innovation, more resources need to be invested in marketing:

Existe aí um problema quando a gente vai vender essa solução porque tem uma relutância muito grande por N fatores técnicos né, por ser um produto novo. Só que existe a necessidade de um trabalho de marketing forte nesse mercado, que tá sendo feito com uma série de dúvidas técnicas, de exigências em N fatores. (Transfo).

Diversely, Plugin has little drivers to invest in more substantial innovations because their products require little investment in R&D as protection devices can have the same base product with additional features, like an USB port or a different socket, and this will be enough for them to upgrade their prices and generate demand for their products. Sometimes their incentive comes from the competition: "Porque tínhamos um concorrente que já vendia isso, e estávamos perdendo mercado. Então, nós mesmos fizemos essa inovação e criamos um produto melhor" (Plugin). Based on the above analysis, the following two propositions are presented:

Proposition 9: If the firm depends on a number of partners to implement product innovations, it is less likely to have a proactive strategic decision-making style towards innovation.

Proposition 10: If the firm operates in markets with latent demand for its products, it is less likely to have a proactive strategic decision-making style towards innovation.

Table 16 – Reactive INN - Dimensions, categories and representative quotes

Core categories	Original code	Code description	Quotes
Dimension: Reactive Innovation			
Reactive Innovation			
	INN SDMP reactive not formal	Transfo - innovations are not formally part of their strategic plan for growth, there is, however, the awareness of incoming necessary changes and adaptations to market conditions	<i>Transfo - "Não existe, no planejamento estratégico, algo dedicado às inovações. Existe sim, no geral, da necessidade de inovação e de adaptação às mudanças"</i>
	INN SDMP Reactive	Transfo - the implementation of innovations depends on the ponderation of factors such as the possibility of market acceptance, their own capability to implement and it is a reaction to a market imposition or their own need	<i>Transfo - "Isso vai depender do que o mercado apresenta versus o que se consegue enxergar." Transfo - "diz que nada melhor do que você precisar, para você aprender né... então muitas vezes é realmente, acontecer uma inovação ou até uma ideia muito inovadora ou o jeito de trabalhar inovador, vir de uma necessidade imposta pelo mercado"</i>
	INN reactive	Plugin - the firm implements innovations as a reaction to market changes or as a reaction to the competition and an initial impulse	<i>Plugin - "Sempre tem coisas que a gente tem que acompanhar o mercado, tanto internacional como nacional." Plugin - "Porque tínhamos um concorrente que já vendia isso, e estávamos perdendo mercado. Então, nós mesmos fizemos essa inovação e criamos um produto melhor"</i>
	INN SDMP Formal Reactive	Plugin - implementation requires little investment in R&D because they are improved products with added features at higher prices	<i>Plugin - "Porque o produto vai ser o mesmo que o antigo fez só que com melhor modelo, melhor efeito... Entendeu? E com algumas outras características que melhoram o produto. O produto interno seria o mesmo, faz o mesmo, só que com efeito"</i>
Dimension: Innovation SDMP			
Reactive Innovation – Formal			
	INN SDMP Formal Reactive	Expert - innovations are reactions to market demands, implemented through planned and formal SDMP	<i>Expert - "A questão de inovação dentro das empresas que eu tenho visto, aí é muito resposta a uma leitura de mercado. Aí é planejado"</i> <i>Expert - "mas é resposta a uma necessidade imposta pelo mercado. Só que daí não é resposta imediata porque normalmente requer, aí vai ter que parar, aquela questão de investimento que tu perguntou. Aí vai ter que parar, vou ter que pensar, quanto que eu vou investir, quanto é que eu vou ganhar. Aí eu tenho um processo mais planejado."</i>

Source: The author (2020).

6.3.2 Proactive Innovation SDMP

Firms that are identified with a proactive SDMP regarding innovation decisions show evidence of anticipation of future trends and market changing conditions that could affect their future growth, with an openness to capture insights from different sources (see Table 17). They keep an open mind about insights for innovation from different sectors and ideation is motivated, demonstrated in this quote by Softseg:

Isso tudo por conta desse time, que a gente fala, de inovação e produtos novos, porque a gente viaja, muito Europa e EUA, participando de feiras, e feiras que não são do nosso segmento. Então se tu olhar, nosso software tem muitos recursos, funcionalidades que a gente não trouxe do segmento, a gente trouxe de uma feira de eletrônico, de tecnologia de uma outra área e que a gente trouxe para dentro do segmento de segurança eletrônica. Então isso nos dá um diferencial. (Softseg).

Proactive innovation SDMP is applied to different types of innovation. These firm's strategic thinking is not directly conditioned to their current market operation system, but also to defy the traditional business models and status quo in order to find alternatives for growth. Anticipating turbulences, Birra was able to reinvent its organization to face economic crisis altering its signature product to reach a bigger domestic market niche:

Então a gente resolveu inovar na lager leve, que foi uma cerveja que a gente lançou no mercado, de alto giro. A gente inovou nessa questão, a gente sempre foi uma cervejaria focada em cervejas especiais, que não pode perder o brew... Então, naquele momento, a gente tomou uma decisão estratégica de passar a ter uma cerveja leve mas de giro e mais competitiva (Birra).

The questions that guided their SDMP could be similar to these ones:

- How is the upcoming crisis going to affect our business?
(It will lower our sales as the consumer will be less inclined to buy craft beer)
- How can we overcome / survive this crisis?
(Enter a different market niche – regular beer) – strategic decision
- How can we do it?

(Adapt our products, outsource production, find strategic alliances, expand to geographically close markets) – operational and tactical decisions

Business models are also subject to innovation for Brazilian SMEs as they adapt and make flexible decisions maintaining their strategic focus. In order to achieve the goal of exporting to China, Suget decided to re-evaluate their initial plan and make adaptations,

innovating their business model in the country. They were able to sell their product to one of their competitors in the country:

E o interessante é que o cara que compra da gente é nosso concorrente que a gente convenceu ele a parar de produzir e só fazer o acabamento do produto lá e a gente fornecer pra ele. Então ele compra da gente. Então a gente fez uma, um outsourcing de um concorrente chinês para a China. (Suget).

In another example of proactive innovation, Suget decided to by-pass traditional intermediaries and created a new organizational function to sell directly to end users. They created a start-up firm inside their own organization, to bring innovation culture, flexibility and agility to enter a new market niche and this new organizational format also brought innovation to their management system:

Começou nessa área e agora a gente tá fazendo ... assim, boa parte das áreas da empresa já tem uma pitada do conceito de auto-gestão, onde a questão hierárquica fica mais fluida e tem uma ideia de maior integralidade, da pessoa se trazer integralmente para a empresa e não só para o trabalho. É uma orientação mais forte para propósito, e uma divisão do trabalho que tá mais organizada por papéis do que por cargos. (Suget).

Suget's main strategic decisions were planned and anticipated and they had clear strategic goals. How to achieve them, however, was less clear or certain to firm decision-makers so operational and tactical decisions were less anticipated and detailed, which required a progression from a formal SDMP to a flexible process to work around specific decisions regarding their strategy, as they quoted:

Eu diria assim, como visão estratégica e como diretriz, isso foi definido bem lá atrás. Eu diria, desde 2007 mais ou menos, que a gente já tinha uma visão que a gente queria fazer tudo o que a gente tá fazendo. Então os "o quê's" foram planejados, de alguma maneira, algumas alternativas foram avaliadas e tal. O "como" é que eu diria que não foi planejado detalhadamente. (Suget).

Agri shows evidence of proactiveness in developing innovations for improving the productivity of other market niches, using its own solutions and adaptations or creating new products, so if one specific niche is declining, the firm can invest on other niches to stay afloat:

Então eu tô sempre diversificando linha de produtos e mercado. Dá uma segurança média, porque quando A não estará comprando, B estará comprando, C, D e E, você acaba tendo um faturamento médio mais seguro. Tá menos sujeito a picos e menos sujeito a crise. Esse produto é um produto que estava totalmente em queda, de repente um novo nicho de mercado, largou ele lá em cima. Isso de ciclo de vida do produto, isso aqui tava no fim. No arroz, tava no fim. Ninguém mais usa. No feijão, e tá em alta a produção do feijão, não produz sem passar o rolo. (Agri).

Suget, Birra, Agri and Softseg have showed signs of the presence of a culture of innovation since their inception, mostly due to the personality of their founder. Suget's founder decided to create the firm from an insight obtained during one of his visits to other countries and, since then, innovation is strongly attached to the firm's identity. Similarly, Birra's founder is recognized from his entrepreneurship characteristics and created the firm to innovate the traditional beer market in Brazil: "O pioneirismo é de ser a primeira micro cervejaria do Brasil. De ter um local onde o público pode chegar e beber a cerveja dele. [...] Que ninguém pensava nisso. Então, isso foi um momento disruptivo, que foi pioneiro e inovador." (Birra).

Analyzing some of the drivers that motivated these firms to have a proactive SDMP regarding innovations it is possible to observe that, for most of them, the reasons were strongly related to their judgement of current and future prospects for their firm which is conducive to the firm's survival chances. Their concern over future turbulences and market trends that might impact their business sustainability and longevity was a major push towards organizational, process, product and market innovations. This way, the propositions below were drafted:

Proposition 11: Proactive and deliberate strategic decision-making process is strongly related to the firm's perception of their own future survival.

Proposition 12: Firms' survival is related to proactive SDMP to implement market diversification strategies.

Table 17 - Proactive INN - Dimensions, categories and representative quotes

Core categories	Original code	Code description	Quotes
Dimension: Innovation			
Proactive Innovation			
	INN proactive SDMP	Softseg - innovations have widened their vision about their own market. Instead of focusing on their direct clients, the electronic security firms, they are now concerned with implementing innovations considering the end user, improving the overall competitiveness of the industry	<i>Softseg - "Claro, o nosso foco é sim, software para monitoramento de eventos mas eu também tenho que criar ferramentas para ajudar o meu cliente. [...] Como cada empresa tem a sua maneira, criou uma reputação muito ruim para o mercado de segurança. Então, é isso que a gente tá tentando fazer [...] criar mecanismos dentro do Sigma que melhore a qualidade do serviço que a empresa de monitoramento presta pro cliente final."</i>
	INN SDMP proactive	Suget - innovation as their growth strategy has set new standards for the firm and has influenced how they evaluate possibilities in other countries	<i>Suget – "Então foi outro modelo bem inovador (vender para os concorrentes). Modelo esse que a gente tá tentando replicar agora, por exemplo, na Europa com uma empresa na Polônia. Então, ao invés da gente ir, ter que montar toda uma estrutura, a gente identifica alguém que tenha potencial para fazer só a etapa final e a gente faz as etapas iniciais todas aqui. Então esse é um modelo que acabou.. funcionou lá e a gente tá... é uma outra inovação, que acabou envolvendo algumas decisões."</i>
Proactive Innovation - Markets			
	INN market innovation SDMP proactive	Suget - the firm decided to go against de trade flow and viewed China as an customer rather than only a supplier	<i>Suget - "Outra inovação, por exemplo, a gente foi pra China, [...] nós temos que vender na China."</i>
	INN market innovation SDMP proactive	Suget - in order to grow in a specific market niche, the firm decided to by-pass traditional intermediaries and created a new organizational function to sell directly to end users	<i>Suget - "A gente criou uma start-up. Porque normalmente é assim, a gente vende para uma loja, que vende para o marceneiro. E a gente tava tendo uma barreira muito grande para conseguir entrar no mercado. Porque as lojas já estavam todas casadas com alguém e tal. Então a gente criou um conceito novo, que a gente criou uma área dentro da empresa para vender direto para o marceneiro. A gente criou todo um modelo logístico né, um e-commerce, um modelo de atendimento..."</i>

	INN Marketing innovation	Softseg - innovations implemented in their platform has opened more possibilities for their product's applications, opening opportunities in other market segments and changing how the firm views its own product offer	<i>Softseg - "o nosso software, a gente dizia que era uma plataforma para monitoramento de eventos de alarme. Alarme. Há dois anos, [...] a gente já viu que não é só alarme. O [...] nosso carro chefe [...] ele é uma plataforma de gestão de eventos, independente de que tipo de equipamento que eu tô monitorando".</i>
	INN market innovation	Agri - when entering a different market niche, the firm takes advantage of its position of "outsider" to propose creative solutions	<i>Agri - "Tu vê então, os canavieiros estão lá fazendo a mesma coisa de sempre e eles nem pensam em plantio direto. Então, espera um pouquinho... eu vou criar a máquina pra eles pra fazer o plantio direto [...] Fui lá já com a ideia de como fazer. Aí o cara falou: de onde tu tirou essa ideia? Fui lá longe, não conheço cana, tenho liberdade de pensar diferente, ou seja, e seu errar não é feio."</i>
	INN Marketing innovation	Plugin - a new marketing strategy of using an existing product for a new market segment	<i>Plugin - "Esse é mais marketing. O produto nós já tínhamos, só que agora vai ser voltado para os gamers."</i>
Proactive Innovation - Culture			
	INN Proactive SDMP culture of innovation	Suget - the culture of innovation is strongly attached to the firm's identity since inception	<i>Suget - "Esse (inovação) é um dos valores, e não é uma coisa que é só um quadrinho bonito para estar na parede. É uma coisa que realmente, é assim, tá no nosso DNA muito forte, a coisa da inovação, de desbravar novos territórios." "jovem aos 40 anos se reinventando todo dia. A gente se define mesmo assim." "esse jeito funcionou até hoje, vamos continuar fazendo assim... Aqui a gente fala, ah não, vamos fazer de outro jeito."</i>
	INN Product innovation	Agri - product innovation is part of the company's culture	<i>Agri - "A Agri é uma empresa inovadora por completo. São 11 patentes de criações minhas e muitas coisas eu "patetiei" " "É estratégia da Agri é exatamente isso aqui: criar produtos novos para ter uma diversificação."</i>
Proactive Innovation - Organizational			
	INN proactive operations innovation	Suget - the firm created a start-up firm inside their organization, to bring innovation culture, flexibility and agility to enter a new market niche	<i>Suget - "Faz uns 8 anos que a gente começou a produzir e a nossa marca não tem força no Brasil. Tem duas marcas fortes e a gente teve muita dificuldade de conseguir penetrar. Então, o que a gente fez? A gente criou uma start-up. " Suget - "Ao invés de criar um departamento, a gente pegou um monte de gente... parece o google aqui dentro, é uma sala separada, é uma subcultura aqui dentro. E o que é interessante... isso já tem dois anos, começou bem isolado mas hoje, essa cultura que tá sendo criada lá tá se expandindo para o resto da empresa."</i>

	INN proactive operations innovation	Suget - to compensate for the lack of specialized personnel, the firm decided to innovate and work with a foreign professional living in a another country	<i>Suget - "Uma outra inovação nossa foi, a gente tá num nicho muito específico, a gente tentou gerente de exportação aqui no Brasil um tempo e tal, não conseguiu. E aí por fim, eu contratei um gerente de exportação turco e que continua morando na Turquia, continua morando em Istambul."</i>
	INN structure, process innovation	Softseg - focusing on their end user, the firm implemented changes to its process	<i>Softseg - "então a gente fez uma mudança também para monitorar clientes que estão com problemas críticos e que a resolução desses problemas ultrapassa 24 horas. Então a gente tem um comitê que se reúne diariamente sempre para validar como tá o andamento de clientes [...] que estão abertos há mais de 24 horas."</i>
Proactive Innovation - Product			
	INN product innovation	Birra - flexibility of their product line created the possibility to implement new products to serve other markets	<i>Birra - "A Weiss que é um produto que a gente considera especial, só que numa lata; a IPA mais leve que tu consegue ter um custo menor, numa lata também com um preço muito mais atrativo para o consumidor final. Então ele consegue ainda ter uma cerveja especial com um preço atrativo né. E daí esse ano a gente começou a lançar produtos não alcoólicos."</i>
	INN Product innovation	Softseg - technology innovations have opened unforeseen possibilities in segments as well as other countries	<i>Softseg - "A Cidade do México pediu isso [...] porque eles têm muito caso de violência contra mulheres lá, maridos e tal. Aí eles querem levar esse projeto, dessa solução do aplicativo e do botão bluetooth para ser fornecido pela Secretaria de Segurança Pública, fornecer para mulheres que têm questão de violência familiar e tal. Olha que bacana. A gente criou para uma coisa, aí foi pra outra, e já tá sendo usado para outro cenário."</i>
	INN product adaptation	Suget - The export proactive activities brought the necessity to upgrade their products in order to meet international standards. Therefore, the firm decided to adapt and update their products due to export demands	<i>Suget - "Depois a gente teve inovação de produto, adequação de produto. Quando a gente começou a ideia de exportar, a gente não tinha um produto que era world class. O produto funcionava no mercado brasileiro mas ele não atingia alguns requisitos importantes para a gente poder exportar. E aí a gente teve que mudar, comprar máquina, mudar todo o processo produtivo para conseguir ter um produto que alcançasse os requisitos para gente poder ...(exportar)."</i>
Dimension: Innovation SDMP			
Planned / Formal Innovation SDMP			

	INN Pro-active SDMP Planned	Suget - planned new moves for market innovation and marketing innovation with an established strategic goal	<i>Suget - "Então, nós estamos fazendo um trabalho forte de modelo de vendas, de posicionamento de mercado inovador e de como a gente faz o marketing no canal do marceneiro. Então a gente tem um trabalho de inovação aí que vai possibilitar um crescimento grande, pra gente sair de 5% de share até 20%. "</i>
	INN SDMP proactive	Suget - some of the evidences of their strategic thinking when decided to innovate was their research and knowledge about international competitors	<i>Suget - "E aí gente chegou num patamar hoje que a gente tem, nosso principal concorrente hoje é um concorrente alemão, e a gente tem hoje uma linha completa igual à dele. Então consegue... (competir)"</i>
	INN proactive SDMP	Birra - evidences of formal process to evaluate and implement innovations	<i>Birra - "Ele (fundador) faz a ideação. Ele chega põe na mesa e daí a gente vai para o excel, vai para o custo e tenta ver se dá para colocar em prática, volta"</i>
	INN Pro-active formal	Softseg - the firm has established formal procedures to evaluate the implementation of their innovations, consider their learning from these experiences and redefine their future actions	<i>Softseg - "a gente pára para fazer uma avaliação, diminui o ritmo da gestão, para fazer uma avaliação do ano [...] como ensinamento. Encima disso a gente define estratégias para não ter surpresas e tal."</i>
Flexible Innovation SDMP			
	INN SMDP flexible adaptive	Suget - to achieve the main goals, the firm decided to adapt its initial plan and make flexible decisions throughout the process	<i>Suget - "a gente abriu mão de uma parte do valor agregado, tirou uma camada do valor agregado do produto pro cara adicionar valor lá, mas ficou bom pra gente. "</i>

Source: The author (2020).

7 CONCLUSIONS

After the analysis of the six case studies presented herein, the main and specific objectives were properly addressed. The general objective requested the exploration of the interaction between innovation and internationalization as growth strategies for Brazilian SMEs, while the specific objectives requested the exploration of the different approaches of SDMP regarding innovation and internationalization. The firms analyzed demonstrated enough evidence that their innovation and internationalization dynamics and SDMP can be related and not related. They can adopt active or reactive style to their SDMP regarding growth strategies, and this approach can vary according to the implementation phase.

Confirming the literature, the internationalization of SMEs different from larger firms, especially in terms of structure dedicated to export activities and planning. Smaller firms display a more organic flow than MNEs (NASSIMBENI, 2001; RUZZIER; HISRICH; ANTONCIC, 2006).

Considering that firms growth is a combination of market and product options (KYLÄHEIKO et al., 2011), this research showed that internationalization is usually related to a form of innovation for the small and medium firms in Brazil. Selling to different markets requires product innovations (Suget, Transfo, Softseg, for example), organizational innovations (Suget, Softseg, for example), marketing innovations (Softseg) and process innovations (Suget).

When these two strategies are related, firms use a formal SDMP to make strategic decisions regarding their major goals and a more flexible and adaptable style of decision-making is applied to manage the flow of smaller decisions derived from the main one, at the implementation phase. Innovation is considered a consequence of internationalization activities as most of the negotiations with different countries entail new technical features or characteristics, improving, altering products or even creating the need for new solutions, that after implemented, improve the quality and competitiveness of the firm's offers for the domestic market as well. These findings are in accordance with theory revealed by this thesis' systematic literature review, showing studies that present positive relationships between innovation and exports in SMEs (GOLOVKO; VALENTINI, 2011; LOVE; ROPER, 2015; SOFKA, 2008) and that these decisions might not be taken at the same time (PINO et al., 2016), but one influence the other (ALARCÓN; SÁNCHEZ, 2016; CASSIMAN; GOLOVKO, 2011b; MARTÍNEZ-ROMÁN; TAMAYO; GAMERO, 2017).

In regards to the SDMP, these related strategies experience different paths of evolution. While some of these firms presented an innovative culture since their inception adopting a proactive SDMP related to innovations, internationalization, on the other hand, grew up on these businessmen. In the beginning, passive SDMP towards export sales corroborated the expert's opinion that most Brazilian SMEs wait for export opportunities and expect results on the short term, characterizing an opportunistic behavior. However, after their initial experiences provided positive results, firms started to analyze how export sales revenues could benefit the firm's operation as whole. And so, these firms have taken a more deliberate and formal position to define target markets and strategic goals for internationalization. Different from the literature on this point, these firms were not necessarily internationally oriented from the start of their exports (CASSIMAN; GOLOVKO, 2011b; KNIGHT; CAVUSGIL, 2004) nor dedicated more resources to international activities to gain radical knowledge to boost their innovations (ZAHRA; UCBASARAN; NEWAY, 2009). They became international oriented after realizing its immediate and long term benefits. So, even if firms have general gains related to innovation and are internationally oriented, at the time of their strategic plans, these aspects were not the main factors influencing the proactivity of their decision-making, rather it was the possibility of future gains of having different sales markets, foreign currency as part of their revenues, more domestic competitiveness.

At a more advanced level, demonstrated by Suget and Softseg, its possible to shape a bi-directional relationship between innovation and internationalization (CASSIMAN; GOLOVKO, 2011b; GOLDBERGER, 2000; MARTÍNEZ-ROMÁN; TAMAYO; GAMERO, 2017). Several academic works present innovation or innovativeness as an important requirement or antecedent of international activities (CHANDRA; STYLES; WILKINSON, 2009; CZINKOTA; SAMLI, 2007; KNIGHT; CAVUSGIL, 2004; KNIGHT; KIM, 2009).

The reasons behind their change of perspective from a reactive internationalization start to a proactive is twofold. First, because they realized that the benefits of having sales in foreign countries could mitigate the effects of the Brazilian market turbulences that jeopardize their competitiveness in the domestic market. This way, exports serve as a leverage to the Brazilian operation, not necessarily a long term proactive strategy. Second, because internationalization activities have widened their views about their own position in the domestic and external markets and opened new avenues for growth. They realized that, internationalization not only brought them specific advantages such as technical know-how, problem-solving ability, organizational improvements and financial stability, but increased their chances of survival through diversification of markets.

The cases' analysis demonstrated that when innovation and internationalization are related, the SDMP related to exports is not reactive rather, it is proactive and deliberate. This conclusion is in line with the works of Day (2014) that states that firms should start their strategic thinking in the market and look upon ways to get to know the customers, the markets and their dynamics in general and, only after that, the firm uses its own adaptive capabilities to transform or create products or services based on the knowledge or market intelligence gathered in the outside environment.

In Suget's case, where innovation and internationalization are related and proactive it was possible to observe this theoretical suggestion in practice. Suget decided to gather information and make business contacts through several international visits to trade shows and business trips to decide upon export strategies in their future growth plans. Looking at their markets in advance, made them realize the changes necessary to be a global player. Therefore, in accordance RBT theoretical framework in international business literature, they used their adaptive capabilities to integrate external knowledge and their internal strengths to produce competitive offers to foreign markets, in a concept related to absorptive capacity as well (COHEN; LEVINTHAL, 1990; DAY, 1994, 2014).

Other studies also related resources to international strategies and international competitiveness, like using strategic resources and market capabilities to reach target markets (KAUFMANN; ROESCH, 2012), the use of international network of contacts as a resource combined with the dynamic capability of continuous learning form an important combination of assets (LOANE; BELL, 2006).

Softseg is able to include information gathering and networking in their strategic planning considering a foreign market entry, like US. Their plan is to spend a period of time gathering enough information about the dynamics of that market and later, make a decision about how to approach the potential customers and the necessary organizational implications that might come with this decision. This movement is presented by academic literature that stated the company's external networks and the use of its absorptive capacity can affect the internationalization process (HE; WEI, 2013), and referred to capabilities as mediators between resources and international performance in emerging economies (LU et al., 2010).

When innovation and internationalization SDMP were considered not related, firms keep international sales active as a competitiveness booster but their main strategic focus is the Brazilian market. The reason for this disconnection between growth strategies could be related to these firms industry sectors, beer and agricultural machinery. Both have transport and logistic issues that discourage long distance sales. In the case of beers, the costs of transportation eat up

the negotiations profit margins and in the case of agricultural machinery, besides the costs, having equipment in distant locations means bearing with travel costs of maintenance workers and engineers as well as difficulties in regular product alterations necessary during the equipment's use.

Considering the decision-making process, the cases demonstrated that SMEs tend to make decisions using simple analytical tools and relying on their past experiences and intuition rather than professional tools and experts advices (JOCUMSEN, 2004). Although formal and proactive decision-making has demonstrated that firms search for information, gather interdisciplinary personnel to evaluate options and have formal steps until the formulation of a strategy, it is less complicated than the MNEs process (DEAN JR.; SHARFMAN, 1996; JOCUMSEN, 2004).

One of the most important features of Uppsala's model of internationalization is the gradual increase in export commitment and risk tolerance based on the accumulation of knowledge, specially experiences that builds tacit knowledge (know-how) (COLLINSON; HOULDEN, 2005; JOHANSON; VAHLNE, 1977, 1990). Therefore, the evolution from a reactive SDMP towards internationalization to a proactive and deliberate SDMP is based on the accumulation of knowledge and experience. This research showed, however, that this evolution is also dependent on the perception of the possibility of short term and long term practical benefits for the exporting firm as well as the development of a global mindset, characterized by the firm's local and global competitiveness self-assessment and the ability to place themselves as global players, using realistic possibilities. Global mindset is necessary to push exports but also to draw realistic strategic objectives, placing the firm in their domestic as well as world market, considering regional leadership without over confidence.

More than a matter of format and process, from a more improvisational to a planned export strategy (NEMKOVA; SOUCHON; HUGHES, 2012), this shift of mindset from reactive to proactive SDMP represents the evolution of their strategic thinking and global mindset development. Strategic thinking regarding internationalization sometimes does not mean that exports became a top priority market for the organization but, it became an important strategic pivot to increase competitiveness and face domestic turbulent markets, therefore, a pivot in their domestic strategy.

As described in Cavusgil and Godiwalla (1982), proactive and reactive SDMP do not necessarily exclude one another, however, they condition the evolution according to the internationalization stages, from early involvement reacting to opportunities to a more advanced venture search overseas (CAVUSGIL; GODIWALLA, 1982). Whereas, in this thesis,

new circumstances are pointed as the reason for this SDMP evolution, which are the perception of practical benefits like better financial cycle, less exposure to currency volatility, more access to financing resources and more chances of survival; and the development of a global mindset, translated as the ability of the firm to position itself in their own global market overview. Therefore, it takes more than just being experienced in foreign markets and gathering knowledge to adopt a proactive SDMP towards internationalization.

The SDMP literature considering decisions of SMEs pointed to sometimes opposite styles like export improvisation and export planning (NEMKOVA; SOUCHON; HUGHES, 2012), improvisational and adaptive process and structured and formalized process (CAVUSGIL; GODIWALLA, 1982), export planning, export creativity and export spontaneity (HUGHES et al., 2018) and they suggest these styles might overlap, coexist or complement each other inside the organizations indicating that firms should find a balanced combination (NEMKOVA et al., 2015) or strategic fit (HUGHES et al., 2018) among them. Nonetheless, little is known about these decisions in international scenarios (NEMKOVA et al., 2015; SOUCHON et al., 2016) and process research has received less attention than content decisions research (ELBANNA, 2006), so it is not clear the logic behind these evolution in SDMP styles or which criteria firms intuitively use to change their process.

This thesis' results showed that firms can adopt a proactive SDMP for internationalization decisions and reactive SDMP for innovation decisions, although firms understand that these two growth strategies are related to each other and impact one another (Proposition 4). Like the case of Plugin and Transfo, where their export decisions are considered more proactive, formal, deliberate and innovations are reactions to specific needs. In this case, the basis for the difference in SDMP style is the content of the decision itself, even though decisions are related.

Another defining criteria for SDMP styles that emerged in this analysis is the implementation phase. Firms with a proactive posture towards exports, when setting their strategic goals and future plans use a formal and deliberate SDMP, by carefully analyzing market information, using their network of business contacts to understand international markets and develop their global mindset. When the strategic goals are already set and strategy is implemented, a number of unforeseen variables and situations emerge making a more flexible, adaptable and problem-solving style of SDMP more efficient. Hence, implementation stage is proposed as an unexplored variable in the strategic fit combination of styles proposed by the literature (HUGHES et al., 2018; NEMKOVA et al., 2015).

The body of work of researchers on international business has been successfully connecting innovation and internationalization decisions to SMEs long term competitive advantage (ALARCÓN; SÁNCHEZ, 2016; MARTÍNEZ-ROMÁN; TAMAYO; GAMERO, 2017) and, ultimately, its survival (MARTÍNEZ-ROMÁN; TAMAYO; GAMERO, 2017). It has also considered exports as vital strategies for business exploitation and determinant of its survival (COEURDEROY et al., 2010; REN; EISINGERICH; TSAI, 2015a) and innovation as a survival factor for SMEs (GOLOVKO; VALENTINI, 2011; KIM et al., 2011). In general, decision-making processes are related to SMEs critical assets, that are valuable for its survival (ELBANNA, 2006) and growth (JOCUMSEN, 2004).

In this thesis, the evaluation of results expands the literature on innovation and internationalization in SMEs as well as the academic works on SDMP because it connects the firm's perception of their own survival to a specific SDMP style, a proactive and deliberate decision-making process. When decision-makers are aware of their stances to face all market threats and environmental turbulences, in domestic or foreign markets, they turn to a more deliberate and informed process regarding strategic decisions, specifically for market diversification decisions.

The exposure to foreign knowledge, either proactively obtained or derived from the firm's experiences that appeared in their sight, brings different sources of information that creates different set of resources, compared to those firms operating in one country (BORTOLUZZI et al., 2014b; LOVE; GANOTAKIS, 2013; PITTIGLIO; SICA; VILLA, 2009; REN; EISINGERICH; TSAI, 2015a). This literature is relevant for proposition 7 suggesting that, not only the firms are able to gather different knowledge and resources, they deliberately consider these gains in order to increase their domestic competitiveness. Even when the firm's strategic goals for the long term do not reveal critical participation of foreign markets, the relevance of the export benefits observed by the firms like financial stability, market diversification, technical know-how, among others is not ignored.

In fact, academic literature stated that firms might miss opportunities overseas because of their inward orientation (ZAHRA; UCBASARAN; NEWAY, 2009), however, in the cases of Birra and Agri, although their focus is the domestic market, they purposely keep a controlled level of export sales to a stablished level, where they can enjoy the benefits of external operations without too much commitment of resources, only the necessary to increase domestic competitiveness. Even when the approach to internationalization is reactive and external markets are not considered strategic to the firm's growth, there is a sense of awareness of the multiple advantages that external sales can bring to the firm. These benefits can turn

internationalization activities as leverage to boost competitiveness in their domestic markets. In this sense, exports are used to make up for the Brazilian market turbulences and high levels of competition, bringing better chances of survival and consistency to growing SMEs. External sales can be used as a competitiveness booster sustaining the growth of medium firms in their domestic markets, and not only as their main strategic focus.

In the literature connecting innovation and internationalization, there are a number of studies that link exports activities to increased knowledge output (PITTIGLIO; SICA; VILLA, 2009), to stronger marketing and innovation capabilities (BORTOLUZZI et al., 2014b; WU et al., 2016), to innovation insights (SOFKA, 2008), innovation outputs (BERRY, 2006; CASSIMAN; GOLOVKO, 2011b; LI; CHEN; SHAPIRO, 2010; VALENTIM; LISBOA; FRANCO, 2015), as perceived by this literature review. However, the results showed that even when innovation and internationalization are considered related strategies, if the firm's innovations depends on multiple partners and suppliers to be implemented, a reactive SDMP is adopted by the firm. Also, when the market niche served by the firm demonstrates latent demand absorbing numerous products as well as its improvements and minor alterations, this firm is less likely to deliberately pursue innovations. They will, rather, have a proactive posture to the market changes and customer's requests.

Considering the above, the present research has deepened the current understanding of innovation and internationalization as strategic decisions considering small and medium enterprises that are in a decisive point of their growing curve. It has analyzed this dynamics considering how strategic decisions are made in these firms, that are illustrative of emerging market firms and their struggle for survival and growth. In the following sub-sections, the reader shall find academic and managerial implications of these findings as well as limitations and suggestions for future developments in the international marketing and international business literature.

7.1 Academic and Managerial Implications

Considering that there are not enough exploration of the relationship between innovation and internationalization strategies (REN; EISINGERICH; TSAI, 2014), that internationalization of small firms are substantially different than larger ones (MCDOUGALL; SHANE; OVIATT, 1994; NASSIMBENI, 2001; RUZZIER; HISRICH; ANTONCIC, 2006), that internationalized firms are different than the ones operating in domestic markets only (PITTIGLIO; SICA; VILLA, 2009; REN; EISINGERICH; TSAI, 2014), that very few

academic studies within international business literature used Latin-American contexts (CUERVO-CAZURRA; LIBERMAN, 2010), this research has brought a qualitative exploration of these two strategies and the dynamics between them.

Innovation and internationalization are often studied as antecedents of firm performance (COEURDEROY et al., 2011; NEMKOVA et al., 2015), and the investigation of their dynamics including the analysis of their strategic decision-making process is relevant to the current body of literature.

The investigation of the dynamics between innovation and internationalization of Brazilian SMEs and their SDMP has not been subject of academic analysis before and brings clarity and deeper understanding of how these firms behave in a critical period of their path, magnifying the relevance of research in specific emerging countries as a relevant context of study (SHETH, 2011).

The combination between market and product options are considered important growth strategies for SMEs (KYLÄHEIKO et al., 2011) and decision-making process applied to those strategies influences the effectiveness of these decisions (DEAN JR.; SHARFMAN, 1996). There are many differences in the decision-making process of large and small firms (JOCUMSEN, 2004) and academic studies have paid considerable less attention to process research (ELBANNA, 2006) and even less in the international scenario (NEMKOVA et al., 2015; SOUCHON et al., 2016). Therefore, the study of these two growth strategies dynamics combined with the analysis of their decision-making style addresses an uncovered literature gap.

For the business community, this work expands the understanding of SMEs reasoning for decision-making regarding innovation and internationalization as growth strategies and highlighted important aspects of this process.

Whilst the Brazilian market presents numerous difficulties for firms to do business (WORLD BANK GROUP, 2019) and local firms have difficulties obtaining results from innovation efforts (OECD, 2018; SCHWAB, 2018), the exploration of this theme has brought a number of variables that contribute to the understanding of how these decisions are taken and how they relate to each other in practice. The debate over the new propositions presented above can elucidate many doubts and help decision-makers to make more informed and assertive decisions in the future.

These propositions have implications for the firm's ability to enhance their competitiveness both in Brazil and abroad. One of them is using export activities as a leverage to gain competitiveness in the domestic market. This discovery might change how decision-

makers view their export activities even if the firm does not plan to have internationalization in their strategic planning. Still, exports might be a handful strategic tool composing their domestic market competitiveness strategy.

This opens up the possibility of considering two different approaches to decision-making according to their growth options, either a more reactive posture or a deliberate search for new markets and innovations. The deeper understanding about how firms make decisions contributes to the firm survival, as businessmen have better chances of making optimal choices. It also has an impact for the role of support agencies, like APEX and SEBRAE and their development of internationalization and innovation policies for growing SMEs.

With their evolution from opportunity seeking (taking orders) to a more long term strategic thinking, the firm is able to realize that exports and their presence in international markets has a different tempo than other growth strategies and they need to invest their efforts considering the long turn. Therefore, firms need to build a global mindset, by the understanding of the firm's position and prospects in foreign markets as well as the strategies necessary to achieve that goal.

7.2 Limitations and suggestions for future developments

This research focused on the exploration of the dynamics between innovation and internationalization decisions in Brazilian SMEs, therefore it used multiple case studies to explore the subject. The conduction of one interview per firm limited the breath of understanding of the situations and more interviews could have contributed to this aspect of the research. However, several studies stated that the decision-making process related to strategies in SMEs is mostly concentrated in the hands of the firm's owner or founder (FILATOTCHEV et al., 2009; FREEMAN et al., 2010b; LOVE; ROPER, 2015) and participants of this research not only participated as interviewees but also provided access to institutional documents, presentations and information before and after the interviews.

As future developments, this research provided bases for the quantitative testing of the propositions presented. A longitudinal research could provide the assessment of which SDMP style or combination of styles are most successful in the long run, considering that the export life cycle is longer and requires more persistence that the domestic markets. Many important outcomes might surface from the longitudinal research including the evaluation of

the firm's performance in international markets and the effectiveness of its innovation investments.

Different emerging market contexts, other than Brazilian one, might offer new perspectives and new variables that influence SMEs strategic decision-making process and dynamics between growth strategies. The information gathered from other countries contributes to the academic literature as well as managers from different markets in the process of negotiating and expanding their business overseas.

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APPENDIX A – FIRST CONTACT TEXT

Prezado Sr./Sra.,

Conforme conversamos anteriormente, estou entrando em contato para agendar uma data para a entrevista que integrará minha tese sobre internacionalização e inovação.

Resumidamente, meu objetivo é entender como as decisões de internacionalização e inovação se relacionam umas com as outras em pequenas e médias empresas (PMEs) que estão em crescimento. O intuito é explorar como as PMEs decidem sobre essas atividades que exigem ações deliberadas e comprometimento de recursos visando melhorar o desempenho.

Esta investigação é orientada pelo Prof. Dr. Marcelo Gattermann Perin, do Programa de Pós-Graduação em Negócios da PUCRS que pesquisa temas de marketing há mais de dez anos, e aconselhada pelo Prof. Tamer S. Cavusgil do CIBER – Center for International Business Education and Research da Georgia State University (Atlanta, GA).

A ideia é conduzir entrevistas com pessoas que estão envolvidas com as decisões de exportação e de inovação, e analisar informações disponíveis que possam complementar a coleta de dados. Para proteger as informações da sua empresa, nenhuma das entrevistas ou dados coletados serão identificados a qualquer momento nas análises e na tese. Meu interesse é exclusivamente acadêmico, para construção de conhecimento e contribuir para a prática do marketing no Brasil.

Como recompensa pela sua participação, ofereço os resultados do meu trabalho em um relatório gerencial que poderá ser enviado ou apresentado, se você achar conveniente. Para gerentes de PMEs, este trabalho traz importantes implicações como a compreensão da dinâmica entre decisões de inovação e internacionalização em PMEs.

Desde já agradeço sua atenção e cooperação e fico no aguardo do seu retorno com a disponibilidade de data.

Atenciosamente,
Paloma Antonio

APPENDIX B – RESEARCH PROTOCOL

Place:	Date:	Time:
Name:		
Job description:		
How long have you been working in this firm?		
Topics to be covered in the initial contact: <ul style="list-style-type: none"> • presentation • research objectives • research relevance and justification • importance of interviewee collaboration • confidentiality of information • request to record interview for later transcription 		

To probe for the dynamics of innovation and internationalization decisions as growth strategies of the selected firms, the field study will attempt to extract the origins of the first moves into international markets and innovation activities.

The research questioning will start from internationalization strategic decision-making (questions 1 to 6) to innovation strategic decision-making (questions 7 to 12) and this order will be changed from one firm to another, avoiding interview order bias considering the last two questions about the dynamics of innovation and internationalization.

Please consider the following concepts during our conversation:

Strategic decisions	Require commitment of resources ; establish precedents within the firm; generate a flow of smaller decisions ; impact long-term survival ; are taken by top managers ; are difficult to reverse .
Internationalization	Internationalization decisions mean export decisions.

Identify terms that define the SDMP (strategic decision-making process) as: formal, planned (collect information, analysis, evaluate options, select, implement) or informal, improvised (creative, spontaneous, adaptive, problem-solving, reactive, flexible).

1. Can you tell me about the origins of your firm’s exports?
2. When did you start to export?
3. How did the export process start?
4. Was the decision to enter export markets a planned move (done after research, analysis and ponderation of options) or did it evolve out of opportunities presented?
5. What was the result of this decision-making process? Was it successful?
6. What about the future of the firm’s internationalization? Is there a plan to develop exports? Or a more flexible, creative process will be carried on?

Strategic decisions	Require commitment of resources ; establish precedents within the firm; generate a flow of smaller decisions ; impact long-term survival ; are taken by top managers ; are difficult to reverse .
Innovation	new offerings or new operational modes that require deliberate actions to put into practice; require commitment of resources ; are aimed at enhancing performance .

Identify terms that define the SDMP (strategic decision-making process) as: formal, planned (collect information, analysis, evaluate options, select, implement) or informal, improvised (creative, spontaneous, adaptive, problem-solving, reactive, flexible).

7. Can you tell me about examples of innovations implemented by the firm?
8. When was it? How did it start?
9. Were these decisions taken as growth strategies for your firm (to launch new products/offers, reach new segments, enhance performance by new operational modes, i.e.)?
10. Was the decision to implement these innovations a planned move (done after research, analysis and ponderation of options) or did it evolve out of opportunities/needs presented?
11. What was the result of this decision-making process? Was it successful?
12. What about the future of the firm's innovations? Is there a plan to develop/implement innovations? Or are improvised decisions foreseen? (planned process or improvisational)
13. How do you consider INTERNATIONALIZATION and INNOVATION decisions in your firm? Are these decisions related to one another? Are they independent?
14. Can you recall an episode that illustrate how these decisions were taken together / independently?

PROTOCOLO DE PESQUISA

Lugar:	Data:	Duração:
Nome:		
Cargo / Função:		
Há quanto tempo trabalha na empresa?		
Tópicos a serem abordados no início da entrevista: <ul style="list-style-type: none"> • Apresentação • Objetivos da pesquisa • Relevância e justificativa da pesquisa • Importância da colaboração do entrevistado • Confidencialidade da informação • Solicitação para gravação da entrevista para posterior transcrição 		

Para sondar a dinâmica das decisões de inovação e internacionalização, como estratégias de crescimento das empresas selecionadas, o estudo de campo tentará extrair as origens dos primeiros movimentos em mercados internacionais e atividades de inovação.

O questionamento da pesquisa partirá da tomada de decisão estratégica de internacionalização (questões de 1 a 6) para tomada de decisão estratégica de inovação (questões 7 a 12) e essa ordem será alterada de uma empresa para outra, evitando viés da ordem da entrevista, considerando as duas últimas questões sobre a dinâmica entre inovação e internacionalização.

Por favor, considere os conceitos abaixo durante nossa conversa:

Decisões estratégicas	Exigem comprometimento de recursos ; estabelecem precedentes dentro da empresa; geram um fluxo de decisões derivadas ; impactam a sobrevivência a longo prazo; são tomadas pela alta gerência ; são difíceis de reverter .
Internacionalização	Decisões de internacionalização se referem a decisões de exportação.

Identificar termos que definem o SDMP (processo de tomada de decisão estratégica) como: Formal, planejado (coleta de informações, análise, avaliação de opções, seleção, implementação) ou informal, improvisado/inesperado (criativo, espontâneo, adaptativo, voltado a solução de problemas, reativo, flexível).

1. Você pode me contar sobre o início das exportações da empresa?
2. Quando vocês (a empresa) começaram a exportar?
3. Como iniciou processo de exportação?
4. A decisão de ingressar em mercados de exportação foi um movimento planejado (feito após pesquisa, análise e ponderação de opções) ou evoluiu a partir de oportunidades que surgiram?
5. Qual foi o resultado desse processo de tomada de decisão? Foi bem sucedido?

6. E o futuro da internacionalização da empresa? Existe um plano para desenvolver exportações? Ou um processo criativo, flexível será realizado?

Decisões estratégicas	Exigem comprometimento de recursos ; estabelecem precedentes dentro da empresa; geram um fluxo de decisões derivadas ; impactam a sobrevivência a longo prazo; são tomadas pela alta gerência ; são difíceis de reverter .
Inovações	Novas ofertas ou novas formas de operação que requerem ações deliberadas para colocar em prática; exigem comprometimento de recursos ; visam melhorar a performance .

Identificar termos que definem o SDMP (processo de tomada de decisão estratégica) como: Formal, planejado (coleta de informações, análise, avaliação de opções, seleção, implementação) ou informal, improvisado/inesperado (criativo, espontâneo, adaptativo, voltado a solução de problemas, reativo, flexível).

7. Você pode me contar sobre exemplos de inovações implementadas pela empresa?
8. Quando foi? Como isso começou?
9. Estas decisões foram tomadas como estratégias de crescimento para a sua empresa (lançar novos produtos/ofertas, atingir novos segmentos de mercado, melhorar o desempenho por novos modos operacionais, por exemplo)?
10. A decisão de implementar essas inovações foi um movimento planejado (feito após pesquisa, análise e ponderação de opções) ou evoluiu a partir de oportunidades/necessidades que surgiram?
11. Qual foi o resultado desse processo de tomada de decisão? Foi bem sucedido?
12. E o futuro das inovações na empresa? Existe um plano para desenvolver/implementar inovações? Ou um processo criativo, flexível será realizado?
13. Como você considera as decisões de INTERNACIONALIZAÇÃO E INOVAÇÃO na sua empresa? Estas decisões estão relacionada? São independentes?
14. Você pode se lembrar de um episódio que ilustra como essas decisões foram tomadas juntas / independentemente?

APPENDIX C – CASE STUDIES DATABASE

Suget's Database

1. Interview
2. Researcher's notes
3. Company website
4. Company e-commerce
5. YouTube videos – institutional and others:
 - a. Institutional video 2019
 - b. Institutional video 2017 – Best Moments
 - c. Programa Mundo Empresarial
6. Institutional Social Media (Facebook, Instagram)
7. Interviewee LinkedIn page
8. Industry/sectorial information:
9. News articles:
 - a. Exame - Mercado de R\$ 63 bilhões, setor moveleiro investe em tecnologia
 - b. A Gazeta RM – News article about Suget's investments
 - c. Portal Móveis de Valor – News articles about Suget's participation in trade shows in Germany and Argentina
10. Institutional documents:
 - a. Our Strategic vision (Power Point presentation)
 - b. E-mails exchanged

Birra's Database

1. Interview
2. Researcher's notes
3. Company website (Brazil)
4. Company's website (USA)
5. YouTube videos – institutional and others:
 - a. Institutional video 2019
 - b. Questions & Answer video

6. Institutional Social Media (Twitter, Facebook, Instagram)
7. Interviewee LinkedIn page
8. Industry/sectorial information:
 - a. LIMBERGER, Silvia Cristina; TULLA, Antoni F. A emergência de microcervejarias diante da oligopolização do setor cervejeiro (Brasil e Espanha). **Finisterra**, [s. l.], v. 52, n. 105, p. 93–110, 2017.
 - b. ABRACERVA. **CENSO DAS CERVEJARIAS INDEPENDENTES BRASILEIRAS**. 2019. Disponível em: <<http://pages.services/pages.abracerva.com.br/1-censo-das-cervejarias-independentes>>. Acesso em: 20 oct. 2019.
 - c. CERVBRAZIL. **Anuário (2016)**. Associação Brasileira da Indústria da Cerveja, , 2016. Disponível em: <http://www.cervbrasil.org.br/novo_site/anuarios/CervBrasil-Anuario2016_WEB.pdf>
9. News articles:
 - a. Zero Hora – News article about Birra’s exports
 - b. Zero Hora – News article about beer exports
 - c. Zero Hora – News article about Birra’s new products
 - d. Zero Hora – News article about Birra’s innovation
 - e. Zero Hora – News article about Birra’s investments
 - f. Exame – News article about Birra’s innovations
 - g. Exame – News article about craft beer market
 - h. Exame – News article about Birra’s exports
 - i. Exame – News article about entrepreneurship in Porto Alegre
 - j. CervBrasil – Brazilian beer market
 - k. AbraCerva – News article about beer market
10. Institutional documents:
 - a. Birra’s institutional presentation (Power Point)
 - b. E-mails exchanged

1. Interview
2. Researcher’s notes
3. Company website (Portuguese)
4. Company website (English)
5. YouTube videos – institutional and others:

- a. Institutional videos
- 6. Institutional Social Media (Facebook, Instagram, LinkedIn, Twitter)
- 7. Interviewee LinkedIn page
- 8. News articles:
 - a. Portal Netseg – News article about Softseg’s participation in Colombian trade shows
 - b. Portal Netseg – News article about Softseg’s investments
 - c. Revista Dinheiro – News article about Softseg’s investments
- 9. Institutional documents:
 - a. Institutional presentation (Word file)
 - b. E-mails exchanged

Plugin’s Database

- 1. Interview
- 2. Researcher’s notes
- 3. Company website
- 4. Company e-commerce
- 5. YouTube videos – institutional and others:
 - a. Institutional video
- 6. Institutional Social Media (Facebook, Twitter, Instagram, LinkedIn)
- 7. Interviewee LinkedIn page
- 8. News articles:
 - a. A Gazeta – News article about Plugin’s future plans
- 9. Institutional documents:
 - a. Institutional presentation (Pdf file)
 - b. E-mails exchanged

Agri’s Database

- 1. Interview
- 2. Researcher’s notes
- 3. Company website
- 4. YouTube videos – institutional and others:

- a. Institutional videos
- 5. Institutional Social Media (Instagram, Facebook, LinkedIn)
- 6. News articles:
 - a. O Sul – News article about Agri’s participation in Expointer
 - b. Portal Agrolink – News article about Agri’s innovations at Agrishow
- 7. Institutional documents:
 - a. Institutional document (Word file)
 - b. Product catalogue (folder)
 - c. Founder’s biography

Transfo’s Database

- 1. Interview
- 2. Researcher’s notes
- 3. Company website
- 4. Group’s website
- 5. YouTube videos – institutional and others:
 - a. Programa Empresários de Sucesso – Interview
 - b. Institutional video
- 6. Institutional Social Media (Twitter)
- 7. Interviewee LinkedIn page
- 8. News articles:
 - a. Portal Petronews – News article about Transfo’s strategic partners in Brazil
- 9. Institutional documents:
 - a. Institutional presentation (Pdf. file)
 - b. Compliance program (Pdf. file)
 - c. E-mails exchanged

APPENDIX D – LIST OF OPEN CATEGORIES

CATEGORIES	DESCRIPTION	QUOTES
INTERNATIONALIZATION		
INT level	Expert - internationalized SMEs have a little part of their income coming from exports (low level of internationalization)	<i>Expert - "Bem variável mas assim, bom é entre 5 e 10%, que a gente acha bom. Aí tem as (empresas) que fogem da curva, que tiveram evento e aí alcançam 40%, mas assim é uma que outra e aí tu conta nos dedos. A maioria mesmo é 5%."</i>
INT level	Plugin - low levels at first, the firm has plans for higher participation of exports in the income	<i>Plugin - "Atualmente, nós somos uns 9% aproximadamente. E devemos ser, aproximadamente, 70%. Esse é o objetivo."</i>
INT proactive formal SDMP	Softseg - international strategies for entering different markets is a planned movement with gradual steps to gather market intelligence and make informed decisions	<i>Softseg - "esse ano a gente definiu de começar o mercado americano [...] Eu to fazendo o mapeamento do mercado, conhecendo o mercado americano para ver quais são os concorrentes, quais os sistemas que existem no mercado atual, o que eles proporcionam para empresas de segurança, o que que a gente consegue entrar como diferencial. Então agora é todo um estudo que a gente tá fazendo, comercialmente a gente não fechou nenhum contrato nos EUA e não é nossa intenção para esse ano. Esse ano é o ano de mapear as ações que nós vamos fazer para o próximo."</i>
INT proactive formal SDMP	Softseg - the firm uses their own internal competitive advantages to implement international market strategies	<i>Softseg - "no mercado latino, eu fiz o inverso, eu to usando o xxx desktop como plataforma de entrada no mercado. Por quê? Porque é um produto que, do ponto de vista de custo, financeiro, ele já se pagou. É produto que eu já tenho na minha estrutura há vários anos, o meu custo para manter ele é muito baixo. Logo, eu posso ser muito flexível na questão de preço para entrar no mercado, para competir no mercado latino. Isso eu vejo como uma força nossa."</i>
INT proactive SDMP long term thinking	Softseg - the firm has set their expectations for performance in export markets according to their strategic decisions, focusing on long term presence	<i>Softseg - "no mercado latino, eu não tô preocupado em obter receita nesse momento. A minha meta e meu objetivo é aumentar a minha carteira, aumentar a minha participação lá."</i>
INT proactive SDMP planned	SUGET - the decision to internationalize required allocation of resources to implement it	<i>SUGET - "A gente montou um escritório na China, aí tinha um brasileiro que eu conhecia, que morava lá mas que não falava chinês, aí eu peguei esse brasileiro, conheci um chinês, colocamos o chinês e eles trabalharam durante dois anos, a gente bancou um escritório lá..."</i>

INT proactive SDMP planned	SUGET - internationalization as a growth strategy was planned. The firm started to travel to gain market knowledge before exploring foreign markets	<i>SUGET - "a gente começou a olhar (para o mercado externo) lá em 2005, então seriam 14 anos. Começou a olhar. Aí a gente começou a exportar mesmo ali em 2007"</i>
INT proactive SDMP planned	SUGET - internationalization was a planned strategic growth movement	<i>SUGET - "Há mais ou menos, 10, 12 anos atrás a gente começou a olhar para fora, para o mercado externo."</i>
INT Proactive Evidence of planned SDMP	SUGET - their internationalization path demonstrates a deliberate plan to implement exports as a growth strategy, although not formal, but organized and evolutive	<i>SUGET - "Eu diria assim, a decisão que a gente tomou é assim: nós temos que aprender, nós temos que conhecer primeiro. Era como se fosse uma expedição atrás da outra, então, vai pra um lugar, depois vai em outro lugar, em outro lugar, conversa com... Então teve um período... Aí a partir disso sim, a gente definiu, ó: nós queremos estar aqui nos EUA, nós queremos estar aqui, aqui e aqui. E a gente definiu o mapa e o que nós queremos fazer."</i>
INT proactive SDMP planned	SUGET - internationalization was deliberate and planned as a growth strategy. There was a sales effort to export in order to obtain benefits of market diversification	<i>SUGET - "o esforço partiu daqui. Porque tinha uma visão assim, a nossa vaca leiteira não vai durar pra sempre. Vamo vê o que tá fora."</i>
INT proactive SDMP planned	SUGET - the decision-making process was planned and deliberate. Their actions demonstrate an organization of stages and evolved from the desire to diversify and sell abroad. In a systematic learning scheme	<i>SUGET - "Viajar, EUA, Europa, China, para vários lugares e, sistematicamente e aprendendo. Aí teve um primeiro período grande de aprendizado. Entender quem são os concorrentes lá fora. Primeiro entender que não são tantos, é poucos. Depois entender as forças, conseguir fazer ali um mapeamento de forças do mercado. Quem é forte, que não é. Quem é grande, quem é pequeno. Quais são as forças desse, daquele. Então, teve um aprendizado grande aí que..."</i>
INT proactive SDMP	SUGET - implementing the internationalization process brings new experiences to the formal strategic plan, and these experiences might change and improve the previously planned actions, creating new patterns	<i>SUGET - "A gente olha agora, nossa última fronteira é a Europa. Esse ano a gente mandou uma pessoa daqui pra lá que ficou quatro meses viajando 15 países, falando com clientes e tal..."</i>
INT proactive SDMP not formal	SUGET - although proactively searching other markets and learning about internationalization of their activities for a long time, the firm did not have a formalized strategic planning until 2009. Therefore, they were actively and deliberately making internationalization efforts without having their strategy formalized in the form of a plan	<i>SUGET - "A primeira vez que a gente fez um planejamento estratégico acho que foi em dois mil e... onde a gente citou isso (exportação, mercado externo) né.. foi perto de 2010 a gente fez um planejamento estratégico onde a visão estratégica tinha 4 componentes, quatro vertentes de uma visão estratégica. Uma das vertentes era a gente se tornar um player global."</i>

INT SDMP proctiveambitious goal	SUGET - with knowledge about their market and aware of their own possibilitites of becoming a global player, the firm set an ambitious goal for the long term, which contributes to the implementation of their strategy	<i>SUGET - "E a primeira vez que a gente ousou falar isso aqui dentro foi até motivo de chacota. A gente vendeu na Argentina, e aí você falou que vai ser um player global?? Então, assim, a gente sempre foi meio mascarado assim, no sentido de acreditar que a gente podia ser mais do que a gente já era. Isso foi um driver muito forte"</i>
INT SDMP proctive ambitious goal	SUGET - after implementing export strategies, new ambitious goals are set, reshaping the firm's strategic plans	<i>SUGET - E a gente várias iniciativas estratégicas em andamento, nesse ciclo estratégico que a gente tá. E uma dessas iniciativas estratégicas chama Missão Europa. A Missão Europa é assim: de que jeito que nós vamos ter 25% de participação na Europa? Porque hoje nós temos 5% e o nosso concorrente tem 95%." SUGET - "Então traçamos um norte, tem opções e aí vai ajustando cada dois, três meses, senta e discute se tá dando certo ou não tá..." "</i>
INT SDMP formal pro-active	Plugin -the firm actively looks for new markets and has a formal SDMP	Plugin - after evolving from a reactive beginning, the firm now actively pursues other markets and has established formal procedures and department to achieve their export goals.
INT SDMP Proactive formal	Plugin - the firm shows evidences of strategic thinking to decision-making, by having long term plans for exports	<i>Plugin - "a longo prazo, nós pretendemos também abrir escritórios em outros países para atender a maior quantidade de clientes. Às vezes, um distribuidor não é suficiente. "</i> <i>Plugin - "Nós pretendemos dobrar o faturamento só com a exportação"</i>
INT SDMP Proactive formal	Plugin - the firm creates strategies for the long term with different marketing strategies	<i>Plugin - "na parte internacional é agora ir nos grandes clientes e não ir só no distribuidor."</i>
INT Reactive	Expert - internationalization as a reaction to requests by customers	
INT Reactive	Birra - exports as a reaction to market opportunities that appeared.	<i>Birra - "Não, foi uma coisa mais de oportunidade. Porque assim, nosso foco é mercado interno, RS e SC, para os próximos 4 anos."</i>
INT Reactive SDMP formal	Birra - the export markets are not a strategic goal for growing specifically, but rather, it represents a form of backing and improving their domestic operation to become more competitive in their domestic markets.	
INT Reactive SDMP formal	Birra - their SDMP regarding their response to foreign sales opportunities involved an evaluation of their performance	

INT Reactive	Agri - exports started as a reaction to a request by a foreign contact	Agri - "Eu estava voltando da fronteira, me encontrei com ele e daí começou o diálogo e começou a exportação." Agri - "as vendas para o exterior, no começo eram vendas esporádicas feitas a importadores individuais que vinham para feiras e entram nas rodadas de negócio."
INT Reactive	Expert - internationalization as a reaction to requests by customers	Expert - "Infelizmente, a grande maioria é conjuntural. Na minha experiência com N perfis de empresa, dificilmente a internacionalização vem de uma leitura estratégica, dissociada de necessidade"
INT Reactive	Expert - firms are "bought" - term commonly used to define firms that has a reactive behavior towards international sales, it waits for customer orders	Expert - "O ser comprada é tu estar sentado, chegar um comprador e tirar um pedido. Simplesmente fica parada esperando, tem um produto atrativo, um preço bom e tal e não se mexe muito"
INT Reactive Speed	Expert - short term sight brings disillusionment	Expert - "ele precisa fechar um pedido pra sentir o gostinho... o que as vezes não acontece, né? Porque não necessariamente uma investida vai já gerar um resultado. Então, as vezes a empresa também se desestimula muito cedo, sem nem sequer ter feito uma leitura qualquer porque tá querendo um resultado imediato. "
INT proactive speed	SUGET - there is an understanding that the internationalization process is different than other business cycles and demands more time	SUGET - "Hoje nós somos a número 2 do mundo, nesse produto. E, da nossa visão estratégica atual, até 2020 a gente quer ser a número 1. Então, tamo indo né? Eu acho que dentro de um tempo né, porque o ciclo de negócios da internacionalização ele é muito mais longo. Então três anos não é nada."
INT SDMP planned Persistence	SUGET - the firm demonstrated patience and persistence to maintain its international activities even when the scenario was not ideal or favorable	SUGET - "e a gente teve momentos, durante um ou dois anos, que o dólar tava abaixo de 2 (R\$ 2). E a gente continuava abrindo cliente, mandando oferta, praticamente com margem zero, participando em feira e tal. Então, a determinação nossa, que teve por trás de toda a expansão internacional foi assim, se não tem tu vai tu mesmo."
INT difficulties	Transfo - logistic and production costs due to geographical conditions	Transfo - "custo logístico, ele inviabiliza partir para outros mercados, haja visto que existem países aí que conseguem produzir com custo bem menor e que têm uma proximidade geográfica interessante."
INT difficulties	SUGET - the internationalization process requires a high tolerance to risks, to accept losses and persistence	SUGET - Então aí, tem muito risco. [...] pra você internacionalizar de verdade, tem que ter muito apetite para o risco. E assim, muito estômago pra ver dar merda. E o que mais dá é isso. Vai dar merda. Daqui a pouco tem um contêiner lá na Índia e o cara fala: tá tudo ruim, entendeu? As coisas dão errado, né? As vezes dá errado três vezes antes de dar certo."

INT Reactive informal	Expert - internationalization requires a period of time and cycles to produce results and, as Brazilian SMEs are shortsighted, they do not consider exports as strategic for SMEs growth	Expert - <i>Olham com oportunismo, a visão é de curto prazo. Não é que não olham... olham dessa forma, mas olham de maneira desesperada.... sem o timing necessário do avanço. Isso que é o fator complicado</i> Expert - <i>"também não é de um investimento de grandes cifras né? A gente tá falando de um investimento de ações imediatas que vão buscar fechar um pedido, né? Olha só, não to olhando um ciclo de longo prazo nem a consolidação de uma posição"</i>
INT Reactive SDMP not planned	Agri - the firm's SDMP as well as their exports are reactive and do not have a formal standard for decisions	Agri - <i>"Então, hoje nós temos de tudo. Todos os tipos de transação. Nós não perdemos, se tiver alguém interessado, nós vamos fazer negócio."</i>
INT Reactive SDMP not planned	Expert - reactive answers to market requests, without planning ahead	Expert - <i>"Mas a internacionalização que eu tenho visto nas empresas de médio porte, principalmente, é que elas não são planejadas, elas são respostas à necessidades. "</i>
INT Reactive SDMP not planned	Plugin - exports as a reaction. The firm realized the projects designed for the Brazilian market were also suitable for other countries	Plugin - <i>"Então, quando a Plugin fazia projetos aqui no Brasil, a gente conseguia replicar, ou consegue replicar em outros países"</i>
INT Reactive SDMP formal	Birra - although the move to enter other markets was a reaction to their specific requests to open markets, the firm had a formal process to adapt and learn to do business with other countries.	
INT Reactive SDMP formal	Birra - little adaptations were made to the product to sell to other countries	Birra - <i>"Então, com essa necessidade a gente colocou alguns elementos do Brasil para que tivesse mais impacto pro americano e para o pessoal do Paraguai também. Mas foi mais em relação a rotulo mesmo porque em relação a produto, foi um produto lager, ele é um pouco diferenciado em questão de lúpulo, mas ele é um produto que a gente já costuma fabricar."</i>
INT Reactive SDMP formal	Birra - their SDMP as a reaction to market opportunities involve evaluating the foreign partner proposals for marketing and sales	Birra - <i>"Então, ele pensa estratégias de marketing do mercado deles porque, a gente entende que é o maior conhecedor do mercado deles. Eles montam propostas de publicidade, de marketing, apresentam pra nossa área de marketing. A gente aprova e eles dão continuidade"</i>
INT reactive SDMP not planned	Transfo - the firm's internationalization started as a reaction to opportunities presented by their strategic partners and clients in Brazil	Transfo - <i>"Via de regra, uma grande parte da presença da Transfo em vários países se dá por parceria com os "emecistas", com as empresas que fazem as obras. Então, muitas vezes, a Transfo exporta produtos para países mais específicos, por meio de alianças com outras empresas também."</i>

INT reactive SDMP not planned	Transfo - first the alliances and partnerships were formed then, the export opportunities came	<i>Transfo - "Houveram essas alianças e elas acabaram por iniciar o impulso de exportação direta"</i> <i>Transfo - "Na verdade, acredito eu que todos rodaram de maneira mais responsiva no início."</i>
INT evolution	Transfo - the firm realized that the coordination of the import and export operations could bring more competitiveness domestically and abroad, through cost management	
INT planned SDMP formal	Transfo - after reacting to opportunities brought by their partners and clients, the firm deliberately started to implement internationalization strategies by studying the markets and placing representatives	<i>Transfo - "a decisão veio de colocar (representantes) nesses países por causa da prospecção de mercado, do posicionamento estratégico geográfico, facilidade de transporte. Também da possibilidade de adequação técnica, serviço local"</i>
INT planned SDMP formal	Transfo - the firm has longterm goals to international strategies and contemplates target markets after careful consideration of their characteristics	<i>Transfo - "A nossa perspectiva aí de 35 a 40% do faturamento em exportação, seria o nosso foco para os próximos anos. E nós temos planos de atacar mercados diferentes, mas agora os nossos planos estão focados, nosso planejamento tá focado dos EUA para baixo por causa do custo logístico"</i>
INT planned SDMP formal	Transfo - the ponderation over market entry possibilities and future growth strategies is part of their planned strategic decision-making towards internationalization	<i>Transfo - "Hoje nós estamos na etapa realmente ainda de vender diretamente do Brasil para outros países e a ideia é estruturar a marca em países que nós estamos trabalhando muito [...] e, quem sabe, pra frente havendo a necessidade e a possibilidade, pensar em unidades fabris em outros países para viabilizar vendas mais distantes."</i>
INT SDMP Proactive formal evaluation	Transfo - the firm has a positive evaluation of their internationalization strategic efforts so far, in terms of brand recognition as well as market share	<i>Transfo - "A nossa participação tá crescente, ela tá aumentando. A Transfo está se tornando uma marca bem conhecida no mercado internacional, esse mercado em específico. [...] A nossa participação no mercado tá aumentando"</i>
INT reasons to INT	Transfo - external sales as a for of neutralization of import costs and exchange rate variations	<i>Transfo - "existe muita matéria prima que é necessário importar, que o mercado brasileiro não tem capacidade de suprir e aí a necessidade de ter também moeda internacional em caixa para não ficar tão suscetível à variação cambial."</i>

INT evolution gradual	Transfo - as the import operations of the firm grew and the export opportunities were developed, the firm started to comprehend the need to have a structured external trade department, that could strategically manage their import and export operations	<i>Transfo - "Então, realmente se viu que existiria essa necessidade de trabalhar de uma maneira ... de ter um setor que trabalhasse de maneira estruturada e a empresa assumir isso (importações e exportações) como parte integrante sua, mas não foi nada pró-ativo no início, foi tudo responsivo à demanda do mercado. Agora, depois disso, depois desse pontapé inicial aí foi-se verificando que existiria a possibilidade de investimentos maiores, existiria a possibilidade de explorar mais mercados e aí foi surgindo iniciativas planejadas."</i>
INT evolution gradual	Transfo - there was an evolution of their decision-making process towards internationalization strategies, from a reactive start to a more planned and deliberate activity	<i>Transfo - "Houve uma evolução sim, na maneira que se viu a importância do mercado externo e de se trabalhar como uma empresa mais proativa, mais estruturada, olhando para os N fatores locais específicos para que se pudesse aumentar a presença"</i>
INT evolution gradual	Softseg - the firm's internationalization strategy evolved from a modest involvement to a more aggressive form of acting	<i>Softseg - "A Softseg começou com a internacionalização indo para o mercado latino. Isso foi há aproximadamente cinco anos, de forma tímida e, nos últimos dois anos, mais agressiva."</i>
INT Reactive SDMP not planned	Softseg - at the beginning, the form of internationalization was not planned or formal, and was a reaction to market opportunities	<i>Softseg - "Elas (atividades de exportação) começaram há cinco anos, de forma, quando eu digo tímida, é porque foi algo meio que casual, de clientes que conheceram o software aqui no Brasil, e que nos contataram para usar, adquirir a licença para utilizar na América Latina." Softseg - "Primeiro, no início, nós não focamos em países prioritários."</i>
INT SDMP evidence	Softseg - as an evidence of internationalization as a growth strategy, the firm demonstrates de desire to grow their international presence and market share, not only benefit from spot sales	<i>Softseg - "O que que eu posso dizer que tenho de aprendizado nesses cinco anos aqui que a Softseg tenta marcar presença."</i>
INT SDMP evidence	Softseg - the evidence of their evolution from a reactive style of decision-making towards a more deliberate plan is to use market intelligence to ground their decisions about internationalization strategies	<i>Softseg - "a gente elegeu Colômbia e México como países-alvo nosso por conta da economia, PIB, situação econômica do momento favorável e ambos esses países tem uma cultura muito parecida com a nossa, nos facilita o relacionamento."</i>
INT proactive formal SDMP	Softseg - their international strategy has specific targets and the reaction to opportunities in other countries is evaluated but not considered crucial	<i>Softseg - "A gente tem hoje, dois leads, um em Portugal, um em Cabo Verde, mas não foi estratégico."</i>
INT evolution	Softseg - as their internationalization process evolved, the firm established a more planned and deliberate form of relationship with foreign market entries	<i>Softseg - "Outra coisa que a gente mudou, [...] que a gente determinou no mercado latino, focar em dois países, a gente elegeu Colômbia e México como países-alvo nosso"</i>

INT evolution	Birra - after realizing the benefits of reacting to export sales opportunities, the firm evolved to a more formal and organized process to conduct its foreign operations	<i>Birra - "A partir do momento que a gente entendeu que veio essas empresas com um porte interessante para trabalhar conosco, com apetite de levar a Birra pra fora, daí a gente começou a montar a célula interna pra começar a negociar com estes representantes, né." Birra - "a alteração foi mais de estrutura né. A gente não tinha a estrutura para acompanhar essas operações e toda a parte de desembaraço"</i>
INT evolution	Birra - the firm's SDMP related to exports and foreign markets has evolved from a start of reaction to opportunities, to a period of experimentation with partners, than an evaluation of its competitiveness and benefits for the firm and last, export sales became part of the strategic plan. Although exports are a part of their strategic plan for the long term, the firm plans to keep having a passive attitude towards foreign sales.	<i>Birra - "Por esses motivos pontuados, a gente entendeu que tem que participar, e ela (exportação) tem que ir aumentando a sua participação dentro da empresa né... pra ajudar nesses pontos aí de imposto, de cambio, do fluxo financeiro. É uma estratégia importante para a empresa né." Birra - "A gente tá sendo um pouco passivo nessa questão da exportação, porque a gente ainda entende que tem uma gama de oportunidades dentro do mercado interno que a gente precisa atuar mais fortemente"</i>
INT evolution	Expert - internationalization of SMEs evolves from reaction to more strategic consideration of actions towards growth and future	<i>Expert - "Porque a maioria dos inícios têm sido assim, eu vou investir o mínimo para fechar um pedido e, à medida que eu começo a ver que eu tenho um espaço fora, aos pouquinhos eu vou me estruturando. Muito nesse sentido que eu tenho observado, então, lá pelas tantas tu começa a ver no meio do caminho, bom agora eu vou estruturar um planejamento, agora eu vou reservar um recurso para investimento"</i>
INT Reactive SDMP learning curve	Birra - the firm reacted to market opportunities that appeared from foreign buyers and had a learning period to adapt products and understand how to make the best out of their relationship with other countries.	
INT SDMP learning curve	Expert - to make strategic decisions regarding INT, SMEs need to overcome initial difficulties, organize and learn from experiences	<i>Expert - "Então a gente vê que as empresas que já conseguem olhar para o mercado externo fazendo essa conjugação, distribuindo ficha e compondo a sua ação, elas tem um ganho absurdo de performance mas, transpor essa dificuldade inicial é... tenho acompanhado assim, é pra poucas, é difícil. A curva de aprendizado é bem alta. "</i>
INT SDMP learning period	SUGET - the internationalization deliberate process involves a learning period that is important for the definition of the internationalization strategy as well as their competitiveness in the market	<i>SUGET - "Mas assim, uma parte muito importante foi o aprendizado. Aprender sobre os nossos concorrentes, sobre os mercados, sobre onde tinha mercado, onde não tinha. As forças, as fraquezas de cada um, quem era forte, quem tava crescendo, quem tava caindo. A gente fez muito trabalho de inteligência de mercado e a gente fez pessoalmente."</i>

INT proactive SDMP market intelligence	SUGET - gathering market intelligence is a stepping stone in the process of implementing a internationalization strategy. It brings more confidence to the process and higher tolerance to the associated risks	<i>SUGET - "Sei quem são todos os meus concorrentes, sei quanto cada um produz, sei onde cada um vende, onde cada um é forte, parara... Então, depois de cinco anos, realmente a gente sabia isso. [...] Daí que saiu a confiança pra falar, meu vamo com tudo!"</i>
INT proactive SDMP TMT commitment	SUGET - internationalization decisions require the involvement and commitment of the TMT during the whole process, since the learning phase, in order to make informed and more precise strategic decisions	<i>SUGET - "A gente fez muito trabalho de inteligência de mercado e a gente fez pessoalmente. A gente não, eu. Indo pra feira, conversa com um, conversa com outro, pra entrar, muito networking."</i>
INT proactive SDMP experimentation phase	SUGET - after the learning phase and planning, the phase of experimentation begins	<i>SUGET - "Aí tem outro ciclo de... Aí começamos a expor em feira, participar de feira na China, feira na Alemanha, feira na Rússia e aí começamos... aí subimos outro degrau. As vendas foram crescendo, aumentando a base de clientes aí foi ficando mais interessante."</i>
INT SDMP experimentation phase	Softseg - as they implement their internationalization strategy, the firm goes through a adapting and experimenting phase	<i>Softseg - "definimos que o nosso marketing para o Brasil, ele atendia mas o mercado latino, era um mercado a parte, conceitos diferentes e a gente viu que tanto a equipe interna quanto a agencia não conseguiu suprir o que a gente esperava de divulgação e de presença, divulgação no mercado latino. Então a gente contratou uma agência externa"</i>
INT support	Expert - SMEs tend to face external markets as a collective effort, with the governmntal and industry association support, evolving its relationship with other countries	<i>Expert - "É muito o papel dos esforços governamentais e setoriais, né? Vai muito do coletivo. Dificilmente uma empresa sozinha vai fazer essa empreitada"</i>
INT support	Expert - SMEs use export support of agencies as a tool to look for immediate opportunities	<i>Expert - "Ela vai é participar de uma feira porque ela tá vendo uma oportunidade setorial, ou ela vai acompanhar uma federação de indústria porque ela tá propondo alguma missão alguma coisa que lhe interessa...[...] é muito mais imediatista, também tem a bengala.... eu vejo assim, a gente pode chamar de bengala ou de estímulo, como quiser..."</i>
INT support	Expert - INT of Brazilian SMEs is closely related to the role of export promotion agencies	<i>Expert - "eu atribuo a internacionalização da empresa brasileira muito vinculada ao papel da Apex Brasil porque o Brasil é completamente, a cultura é totalmente fechada né? Então, a agencia tem um papel fundamental "</i>
INT support	Expert - examples of Brazilian promotion agencies support to SMEs	<i>Expert - business rounds, trade shows, training, preparation for export promotion events Source: article.</i>

INT support	Softseg - export promotion agencies are important and provide support for Brazilian firms	<i>Softseg - "a APEX dá um apoio muito forte para quem tá querendo exportar e não tem experiência, não tem conhecimento. Então, eles dão um suporte, um apoio muito bom mesmo."</i>
INT support	Softseg - international organizations related to the sector are important entities that help to bring visibility and expand the network of contacts in foreign countries	<i>Softseg - "Sim, é um obstáculo a mais que eu tenho quando eu tô lá concorrendo com um concorrente meu que, primeiro, ele é espanhol ... ele fala espanhol, ele tem um escritório ou a sede dele é no México ou na América Latina."</i>
INT advantages	Expert - higher ability to cope with turbulent scenarios	<i>Expert - "Então, a primeira coisa direta, as empresas que tão mais internacionalizadas elas tem a tendência de estarem mais protegidas dos cenários."</i>
INT advantages	Birra - exports sales are a way for the firm to cope and back the domestic operation because of the benefits it brings - mitigation of tax burden	<i>Birra - "Como teve essa oportunidade desse grupo externo vir, nos contatar; o pessoal do Paraguai nos contatar, a gente achou importante sim, dar vazão a esses projetos em virtude de algumas questões: uma delas seria a questão do imposto, de a gente conseguir reduzir" Birra - "A gente conseguiu em alguns meses, dependendo do volume de exportação, ver que até dois a três pontos percentuais a gente consegue reduzir de imposto."</i>
INT advantages	Birra - exports sales are a way for the firm to cope and back the domestic operation because of the benefits it brings - better financial cycle	<i>Birra - "e a outra é a questão do ciclo financeiro. Então, como em muitos processos de exportação a gente consegue que os pagamentos sejam feitos antecipados, melhora o meu ciclo financeiro. Então, estrategicamente, a empresa precisa estar com esse indicador muito forte, né, o ciclo financeiro e a exportação veio a calhar em virtude disso"</i>
INT advantages	Birra - exports sales are a way for the firm to cope and back the domestic operation because of the benefits it brings - mitigation of currency fluctuation risks	<i>Birra - "Tem uma outra questão também da importância da exportação, é que todos os insumos da cerveja são importados. Então a gente é amarrado ao dólar para esse custo. Então, a gente tendo exportação, a gente consegue minimizar esse risco dólar" Birra - "O hedge natural. Claro que é difícil de ter a quantidade de exportação tao grande quanto o mercado interno. [...] Mas neutraliza parcialmente. Então é uma outra vantagem da exportação."</i>
INT advantages	SUGET - access to better financial conditions, lower cost of capital	<i>SUGET - "a gente passou a ter acesso a financiamento mais barato, porque a gente consegue fazer financiamento em moeda estrangeira a custo muito mais barato. Então, nosso custo de capital hoje, é muito baixo."</i>
INT advantages	SUGET - being an internationally competitive firm also brings benefits of higher morale and self-esteem of the teams inside the firm. It gives the firm more attractiveness conditions	<i>SUGET - "Eu acho que o moral do time, e a nossa atratividade para talentos... Quando o cara pensa que eu tô numa empresa, cuja visão estratégica é ser a número um do mundo, isso dá um tesão pra qualquer um, entendeu? Do ponto de vista de cultura, e do moral do time e tal, isso tem um efeito muito positivo."</i>

INT advantages	SUGET - internationalization brings technical learning and a deeper appropriation of the firm's processes	SUGET - "Então, tem um ganho muito grande de aprendizado, de desenvolvimento técnico. Porque você precisa desenvolver novos produtos, novas aplicações ou pegar os produtos que já existem e fazer eles atender a novos requisitos. E para fazer isso, tem que desenvolver novas matérias primas, aprender mais a fundo sobre os produtos, dominar melhor seus processos. Então, o efeito disso é muito bom."
INT advantages	Plugin - diversification of markets	Plugin - "quando o Brasil está mal, a internacionalização está aí. Então esse é um dos benefícios."
INT advantages	Expert - diversification of markets, providing higher chances of firm survival	Expert - "primeira coisa é sobrevivência, a empresa que não distribui ficha, fica com um risco muito maior"
INT advantages	Agri - exports are one way of promoting diversification of a firm's market. The more diversification, the more safety for the firm as it does not rely on one or only a few markets.	Agri - "Se você quiser segurança, você tem que diversificar. A palavra certa é essa. Diversificar mercados e diversificar produtos."
INT advantages	SUGET - one of the many advantages of internationalization is the greater diversification of a firm's markets, lowering its reliance on the Brazilian turbulent market	SUGET - "Vantagens... reduzir a dependência do mercado interno, obviamente. Você tem um hedge aí."
INT advantages	Expert - competitiveness increased - domestic and international markets - know-how	Expert - "à medida que elas crescem a competência de atuação internacional, muda absurdamente também a competência interna. São empresas que começam a crescer no mercado doméstico, em função dessa atuação, né? "
INT advantages	Expert - competitiveness increased - domestic and international markets - technical capabilities	Expert - "Toda essa aquisição de know-how, de competência técnica, de qualidade e é absorvido e agregado também no seu posicionamento dentro do mercado doméstico, isso é muito explícito. São empresas que ficam muito melhores aqui depois de avançarem nesse processo."
INT advantages	SUGET - internationalization brings technical development	SUGET - "Do ponto de vista do desenvolvimento tecnológico e de diversificação de linha de produto e aprimoramento de performance de produto e todo o aprendizado técnico que vem para você conseguir fazer isso acontecer, a gente avançou demais, comparando com nossos concorrentes brasileiros que não passaram por esse processo de internacionalização."
INT advantages	SUGET - the process of internationalization brings competitiveness for the firm inside their own domestic market	SUGET - "Se antes a gente tava cinco a dez anos pra frente deles (concorrentes nacionais), agora a gente tá talvez quinze, tecnicamente falando. Então, tem um ganho muito grande de aprendizado, de desenvolvimento técnico."

INT advantages	Expert - development of the firm in general	Expert - "Desenvolvem seus recursos humanos, desenvolvem, melhoram produtos, processos serviços, ganham... Então isso é uma coisa direta que a gente enxerga claramente. São empresas que estão mais maduras nesse processo e empresas que não estão nesse processo." Expert - "lidar com isso e começar a perceber isso de uma maneira mas organizada mais planejada e inclusive tributária, isso também traz para as empresas um crescimento"
INT advantages	SUGET - one of the many advantages of internationalization is the greater diversification of a firm's markets, lowering its reliance on the Brazilian turbulent market	SUGET - "Vantagens... reduzir a dependência do mercado interno, obviamente. Você tem um hedge aí."
INT advantages	Transfo - technical know-how and technical capabilities development	Transfo - "o conhecimento, know-how da empresa cresceu muito. A empresa teve... está tendo experiências técnicas que antes, focada só no mercado brasileiro, ela nunca teria oportunidade de ter."
INT advantages	Transfo - with their international activities, the firm increased its flexibility and ability to solve problems	Transfo - "certo nível forte de flexibilidade, possibilidade de resolução de outros problemas com o contato de necessidades diferentes, que existe o desenvolvimento interessante."
INT advantages	Transfo - the strategic management of their import and export operations brought financial security to face market turbulences and access to different financing options available to internationalized firm only	Transfo - "existe o fator de segurança financeira, uma vez que você consegue ter um contrato internacional que te dá algum tipo de lastro, você fica um pouco acima de alguns problemas locais que podem acontecer, fatores externos a sua empresa. Então, isso dá uma certa segurança financeira e até uma capacidade de entrada de alguns tipos de financiamentos, alguns tipos de recursos que estão disponíveis no mercado, mas somente para empresas que tem esse tipo de trabalho"
INT difficulties	Softseg - the lack of planning and market intelligence led to mistakes and misconceptions about foreign markets	Softseg - "uma segunda barreira que a gente notou. Como entrar no mercado latino que está acostumado com um modelo de negócio, usando, trabalhando no modelo de SAAS."
INT difficulties	Transfo - the lack of a global mindset in the firm's culture is considered a serious difficulty	Transfo - "o processo de internacionalização de uma empresa sem essa cultura, que tá entrando nesse processo agora, ele é muito complexo porque ele exige a criação de uma nova estrutura e adaptação, desde fatores estruturais até fatores culturais, comunicação."
INT difficulties	Transfo - to sell abroad, the firm needs to be willing to adapt the whole engineering and production process to different sets of norms and regulations	Transfo - "tudo que eu tenho de base de engenharia pronta, ela não serve, eu preciso fazer uma engenharia nova para atender aquele país, dentro da especificação técnica deles"

INT difficulties	Birra - is more difficult for the firm to comprehend and measure the public's reaction to their products in other countries	<i>Birra - "a gente não tá tao presente no dia a dia porque é longe né, enfim, a gente não consegue mensurar o quanto o publico la fora ta enxergando isso. Porque a gente não ... a gente vê muita mídia aqui interna mas não consegue enxergar a mídia tao fortemente la nos outros países."</i>
INT difficulties	Birra - the distributor's presence makes the end consumer further away, making it difficult to understand consumer preferences	<i>Birra - "Como é que tá a avaliação na ponta do cliente final? Então, ela (exportação), fica muito mais distante e o custo para tu conseguir essa informação é muito maior né."</i>
INT difficulties	Birra - in their domestic market, firms are able to reach more strategic partners, beyond distributors	<i>Birra - "Lá fora a gente tem essas questões assim. A gente consegue parceiros mais estratégicos aqui dentro (Brasil), clientes mais estratégicos, tipo , é um cliente estratégico nosso ne. Então, a gente consegue ter clientes estratégicos no mercado interno."</i>
INT difficulties	Agri - Brazilian agricultural market is well developed, however, the firm faced lack of technology and access to education in other emerging markets	<i>Agri - "Uma das dificuldades, principalmente dos mercados emergentes, é muito pouco explorada a agricultura mecanizada. Os países mais pobres, a agricultura deles é muito precária. Chega uma máquina lá, eles não sabem o que fazer." Agri - "Tu manda o manual, aí 90% não sabe ler."</i>
INT difficulties	Plugin - turbulent export markets. Foreign markets are affected by world economical crisis. In example, Brazilian crisis affects other LATAM markets.	<i>Plugin - "A outra desvantagem é a parte da crise mundial, aqui no Brasil tanto México, como Argentina, Uruguai, Paraguai foram afetados pela crise. "</i>
INT difficulties	Plugin - after opening new markets, the firm lacks production capacity to serve all markets	<i>Plugin - "mais que tudo é na parte de produção. Porque as solicitações dos clientes são tão grandes que às vezes nós não conseguimos suprir todos os pedidos. Essa é desvantagem"</i>
INT difficulties	SUGET - the firm faced difficulties in foreign markets due to the language barrier	<i>SUGET - "E fomos lá, participamos, expondo em feira lá, uma, duas, três vezes aí... mas com muita dificuldade com a língua né... "</i>
INT difficulties	SUGET - cultural distance difficulties	<i>SUGET - "E a dificuldade de estar do outro lado do mundo também..."</i>
INT difficulties	SUGET - finding human resources to conduct specific activities such as managing export operations and market access	<i>SUGET - "Uma outra inovação nossa foi, a gente tá num nicho muito específico, a gente tentou gerente de exportação aqui no Brasil um tempo e tal, não consegui. E aí por fim, eu contratei um gerente de exportação turco e que continua morando na Turquia, continua morando em Istambul."</i>
INT difficulties	SUGET - foreign business people fixed mindset was a barrier to be defeated	<i>SUGET - "as empresas chinesas apesar de exportarem muito, a ideia de importar, para eles, é muito complicado..."</i>

INT difficulties	Birra - the firm wouldn't have enough organizational sales capacity or production capacity to serve foreign markets well	<i>Birra - " gente até entendia que talvez a gente não teria tanta capacidade de venda, simplesmente chegar nos EUA sem saber por onde eu começo. A gente não tinha braço, inclusive."</i>
INT difficulties	Birra - they lack competitiveness to succeed in foreign markets as well as their domestic markets	<i>Birra - "Quando tu parte para uma especial tu vai pagar 15 reais uma garrafa (no Brasil). Então, é extremamente descolada a visão de uma cerveja especial no Brasil do que nos EUA. Nos EUA é 0,50 (a cerveja comum), é 1,00 real a especial e era isso. Então, quando tu vai competir com isso, com a cultura deles com relação a algumas coisas assim... tu esbarra."</i>
INT difficulties	SUGET - in order to implement their strategic decision of exporting, a volume of resources had to be allocated to this activity with the expectation of future benefits. These resources, (could be financial, personnel, etc) are significant for a small to medium size firm	<i>SUGET - "Então, é muito difícil você mobilizar um recurso, não só recurso financeiro, recurso gerencial... Como é que eu vou montar uma estrutura lá na China? Eu cheguei a montar o escritório, mas aí eu comecei a olhar e falei, não... o bicho é muito cabeludo.. Não encontrei as pessoas e aí no meio do caminho a gente desviou"</i>
INT difficulties	SUGET - Upon deciding to be present in foreign markets, the firm realized their product line did not meet important international requisites to export	<i>SUGET - "Quando a gente começou a ideia de exportar, a gente não tinha um produto que era world class. O produto funcionava no mercado brasileiro mas ele não atingia alguns requisitos importantes para a gente poder exportar."</i>
INT difficulties	SUGET - entering different export markets means having to adapt the products many times to serve different market conditions. The more adaptations necessary, the lower are the gains of standardization and scale	<i>SUGET - "Assim, porque você tá sempre tendo que fazer alguma coisa diferente [...] Tem que adequar muito produto e sei lá... embalagem.... Um negócio de um cara é de um jeito e do outro é de outro... Então você cria stress maior e uma bagunça potencial maior do que se você tá num mercado só. Acho que esse é o principal efeito negativo que eu vejo. Cria mais instabilidade."</i>
INT difficulties	SUGET - to implement internationalization strategies is more difficult if the firm has too many hierarchical levels and the TMT is not directly involved and committed to exports	<i>SUGET - "se eu tivesse contratado um gerente de exportação ao invés de eu ir, provavelmente não teria feito certo. Porque quando você ouve alguém te contando alguma coisa... e o gerente de exportação que não tivesse o conhecimento técnico, não tivesse o acesso aos processos... então pra isso, o cara conseguir mobilizar a organização em direção àquilo, seria muito mais difícil. "</i> <i>SUGET - "Porque às vezes o cara não consegue ou ele não consegue comunicar o que ele tá vendo... as vezes você vê, você sente mas na hora que você vai transmitir, você não consegue. Agora, quando o outro vai lá ver, sente, aí você não precisa explicar pra ninguém, você mesmo tá vendo. E aí, se você tem o poder de tomar decisão, isso facilita muito."</i>
INT difficulties	Softseg - to enter a different market means face local competitiveness that have no language or location barriers	<i>Softseg - "Sim, é um obstáculo a mais que eu tenho quando eu tô lá concorrendo com um concorrente meu que, primeiro, ele é espanhol ... ele fala espanhol, ele tem um escritório ou a sede dele é no México ou na América Latina."</i>

INT reasons to INT	Softseg - the Brazil is considered other international players as a difficult market to operate, due to the several tax and non-tax barriers that make it difficult for newcomers to be successful. Therefore, being used to face the difficulties of the Brazilian market is an advantage as the firm has more know-how and readiness to overcome internationalization challenges	Softseg - "o Brasil não é para amadores [...] têm uma legislação diferente, tem a questão de certificação, precisa da Anatel, que é um órgão que não tem nesses outros países, a questão de imposto, tributação... um país muito grande [...] tinha que pagar hora extra, que tinha que pagar adicional noturno, insalubridade, periculosidade... Isso não existe lá pra eles (concorrentes americanos).
INT reasons to INT	SUGET - the firm realized their competitiveness in other countries. Cost competitiveness was a necessary condition to conduct the SDMP of internationalization	SUGET - "E a gente começou a viajar e viu que a gente poderia ser competitivo. Então, nasceu uma decisão lá atrás" SUGET - "Nós temos que crescer fora do Brasil [...] se tem oportunidade, do ponto de vista de competitividade de custo, a gente consegue competir até com os chineses."
INT Reasons to INT	Plugin - the firm started exporting after realizing their competitiveness in other countries	Plugin - "os produtos que a Plugin fabrica, não tem no mercado e o que tiver é americano ou europeu. Ou seja, três a quatro vezes mais caro que o normal."
INT Reasons to INT	Expert - SMEs start their internationalization due to these reasons: domestic market stagnation	Expert - "Hoje, se a gente for olhar, uma grande parte das empresas tá (na exportação) por uma estagnação absurda de mercado brasileiro. "
INT Reasons to INT	SUGET - Brazilian market was not expected to escalate enough for the firm to keep growing	SUGET - "A gente já tinha uma posição de liderança no Brasil. A gente tinha uma visão de que escala seria cada vez mais importante mas que o mercado brasileiro não ia crescer, naquilo que a gente faz e como a gente já tinha uma posição de Market share alta, seria muito difícil a gente continuar crescendo."
INT Reasons to INT	Agri - to compensate for a domestic market niche suffering from economical turbulences, the firm relies on its exports	Agri - Hoje nós estamos enfrentando uma crise bastante grande porque nossa especialidade maior é a lavoura do arroz, aqui no estado ou fora do estado. Ou na exportação, também tem arroz. Só que o arroz tá mal no mundo. E, como 35% das minhas vendas está em cima do mercado do arroz, aconteceu que o meu faturamento caiu 30%. O que tá compensando isso aqui é novas fronteiras de vendas. O mercado exterior é uma (alternativa)"

INT Reasons to INT	Birra - the firm realized that diversification of markets would help to mitigate the tax burden applied. One of the alternatives is the export markets.	<i>Birra - "Então a gente começa a ter que olhar para outros negócios, para outras questões né, porque a carga tributária da cerveja é muito alta. Não é do pacote de cesta básica, enfim a alíquota é bem pesada. Então alguns negócios que a gente começou a entender que seriam interessantes para a redução da alíquota, um deles seria pensar em exportação." Birra - "Como é que a gente começa a montar a estratégia da marca e do negócio para que a gente possa reduzir o custo dessa alíquota. Uma delas seria a exportação. Então a gente iniciou embrionariamente uma exportação para o Paraguai"</i>
INT Reasons to INT	Birra - lack of competitiveness in the domestic market due to high tax burden and high number of competitors.	<i>Birra - "Do tamanho que a gente tá, a gente já está perdendo todos os incentivos de redução de alíquotas. Então a gente já começa a perder competitividade aí, né."</i>
INT Reasons to INT	Expert - SMEs start their internationalization due to these reasons: external demand scenario	<i>Expert - "De um momento, ou oportunismo por perceber um cambio favorável, um cenário externo demandante ou até serem compradas mesmo, tem mais empresas chegando no seu negócio, pedindo cotações, etc... ou por crise interna."</i>
INT Reasons to INT	Expert - SMEs start their internationalization due to these reasons: momentary opportunities	<i>Expert - "Olham com oportunismo, a visão é de curto prazo. Não é que não olham... olham dessa forma, mas olham de maneira desesperada.... sem o timing necessário do avanço. Isso que é o fator complicado"</i>
INT Reasons to INT	Expert - SMEs start their internationalization due to these reasons: favourable exchange rates	<i>Expert - "É impulsionado por conjuntura. Ou porque o mercado doméstico tá estagnado, ou porque o cambio tá muito bom...."</i>
INT Reasons to INT	Expert - SMEs start their internationalization due to these reasons: competition in the domestic market	

INNOVATION		
INN examples	SUGET - the firm implemented several adaptations to their production to be able to implement a product innovation that enabled the firm to produce and export as private label (with the buyers' brand name)	<i>SUGET - "A gente acabou, esse é um produto que a gente trabalha muito com private label. Então, a gente produz com a marca do distribuidor lá nos países e hoje isso aí representa mais de 30% das exportações."</i>
INN advantages	SUGET - the decision to change their product line and innovate their offer to the world markets has also upgraded their relationship with their domestic market. It has widened the gap existing between the firm and their competitors, making them even more competitive in Brazil	<i>SUGET - "E é algo que a gente acabou adotando para o mercado brasileiro também. Então isso distanciou mais ainda a gente dos nossos concorrentes locais porque a gente teve que desenvolver novas resinas, novos vernizes, que é o que dá propriedade para o produto."</i>

INN business model innovation	Softseg - although they have a structured process to implement their internationalization strategy, the firm has innovated their business model, making strategic alliances with local firms that have related product offers in order to improve their market presence	Softseg - <i>"Uma parceria com uma fábrica polonesa, uma fábrica de equipamentos para o nosso segmento. Eles tem uma participação muito forte no mercado latino então, eles fizeram assim: Me ajuda a entrar no mercado brasileiro e eu vou te ajudar a marcar com mais presença no mercado latino"</i>
INN cultural behavioral innovation	Softseg - from a family owned enterprise, the firm went through a cultural change to adapt to a corporate governance style of function	Softseg - <i>"Uma empresa familiar em que a gestão era centralizada e que o diretor era [...] em sua totalidade, eram tomadas por ele ou passava por ele"</i> Softseg - <i>"De uma empresa que tinha a questão de ser familiar e, em dois anos, ela mudou completamente o jeito de trabalhar, o formato, entrando com parte de governança corporativa, coisas que não existiam antes. Então é uma adaptação."</i>
INN Marketing innovation	Plugin - a new marketing strategy of using an existing product for a new market segment	Plugin - <i>"Esse é mais marketing. O produto nós já tínhamos, só que agora vai ser voltado para os gamers."</i>
INN Marketing innovation	Agri - creation and adaptation of products to serve different market niches, to have more stable sales volumes. If one specific niche is declining, the firm can invest on other niches to stay afloat.	Agri - <i>"Então eu tô sempre diversificando linha de produtos e mercado. Dá uma segurança média, porque quando A não estará comprando, B estará comprando, C, D e E, você acaba tendo um faturamento médio mais seguro. Tá menos sujeito a picos e menos sujeito a crise."</i>
INN Marketing innovation	Agri - Innovations are considered a strategy for growth. The firm shows evidence of proactiveness in developing innovations for improving the productivity of other market niches, using its own solutions and adaptations or creating new products	Agri - <i>"Esse produto é um produto que estava totalmente em queda, de repente um novo nicho de mercado, largou ele lá em cima. Isso de ciclo de vida do produto, isso aqui tava no fim. No arroz, tava no fim. Ninguém mais usa. No feijão, e tá em alta a produção do feijão, não produz sem passar o rolo."</i>
INN structure, process innovation	Birra - the firm plans to implement innovations to their production process and structure	Birra - <i>"E agora a intenção é a gente inovar nossos processos tendo uma fábrica própria com a intenção de reduzir custo, ter visibilidade porque a gente já tem a marca."</i>
INN structure, process innovation	Softseg - focusing on their end user, the firm implemented changes to its process	Softseg - <i>"então a gente fez uma mudança também para monitorar clientes que estão com problemas críticos e que a resolução desses problemas ultrapassa 24 horas. Então a gente tem um comitê que se reúne diariamente sempre para validar como tá o andamento de clientes [...] que estão abertos há mais de 24 horas."</i>
INN Product innovation	Softseg - technology innovations have opened unforeseen possibilities in segments as well as other countries	Softseg - <i>"A Cidade do México pediu isso [...] porque eles têm muito caso de violência contra mulheres lá, maridos e tal. Aí eles querem levar esse projeto, dessa solução do aplicativo e do botão bluetooth para ser fornecido pela Secretaria de Segurança Pública, fornecer para mulheres que têm questão de violência familiar e tal. Olha que bacana. A gente criou para uma coisa, aí foi pra outra, e já tá sendo usado para outro cenário."</i>

INN Product innovation	Agri - product innovation is part of the company's culture	<p>Agri - "A Agri é uma empresa inovadora por completo. São 11 patentes de criações minhas e muitas coisas eu "patetiei""</p> <p>Agri - "É estratégia da Agri é exatamente isso aqui: criar produtos novos para ter uma diversificação."</p>
INN product innovation	Birra - flexibility of their product line created the possibility to implement new products to serve other markets	Birra - "A Weiss que é um produto que a gente considera especial, só que numa lata; a IPA mais leve que tu consegue ter um custo menor, numa lata também com um preço muito mais atrativo para o consumidor final. Então ele consegue ainda ter uma cerveja especial com um preço atrativo né. E daí esse ano a gente começou a lançar produtos não alcoolicos."
INN product innovation	Birra - the offering of a special high end product at low prices reaching a larger market niche was an innovative move to grow	
INN product adaptation	SUGET - The export proactive activities brought the necessity to upgrade their products in order to meet international standards. Therefore, the firm decided to adapt and update their products due to export demands	SUGET - "Depois a gente teve inovação de produto, adequação de produto. Quando a gente começou a ideia de exportar, a gente não tinha um produto que era world class. O produto funcionava no mercado brasileiro mas ele não atingia alguns requisitos importantes para a gente poder exportar. E aí a gente teve que mudar, comprar máquina, mudar todo o processo produtivo para conseguir ter um produto que alcançasse os requisitos para gente poder ...(exportar)."
INN market innovation SDMP proactive	SUGET - the firm decided to go against the trade flow and viewed China as a customer rather than only a supplier	SUGET - "Outra inovação, por exemplo, a gente foi pra China, [...] nós temos que vender na China."
INN market innovation SDMP proactive	SUGET - in order to grow in a specific market niche, the firm decided to by-pass traditional intermediaries and created a new organizational function to sell directly to end users	SUGET - "A gente criou uma start-up. Porque normalmente é assim, a gente vende para uma loja, que vende para o varejista. E a gente tava tendo uma barreira muito grande para conseguir entrar no mercado. Porque as lojas já estavam todas casadas com alguém e tal. Então a gente criou um conceito novo, que a gente criou uma área dentro da empresa para vender direto para o varejista. A gente criou todo um modelo logístico né, um e-commerce, um modelo de atendimento..."
INN business model innovation	SUGET - in order to achieve the goal of exporting to China, the firm decided to re-evaluate their initial plan and make adaptations, innovating their business model in the country. They were able to sell their product to their competitor in the country	SUGET - "É o interessante é que o cara que compra da gente é nosso concorrente que a gente convenceu ele a parar de produzir e só fazer o acabamento do produto lá e a gente fornecer pra ele. Então ele compra da gente. Então a gente fez uma, um outsourcing de um concorrente chinês para a China. Então foi uma coisa bem, como modelo de negócio..."

INN Pro-active formal	Agri - the firm actively looks for other ways to serve its markets as well as other markets that their products could be inserted, with or without adaptations	Agri - "Diversificar mercados e diversificar produtos. Em razão disso, na Expointer vamos ter três produtos novos. Em todos os anos é assim, cinco, seis produtos novos, criação nossa na maioria, patenteados na maioria, criação minha... tenho essa facilidade, tem equipe para fazer isso."
INN Pro-active formal	Softseg - the firms has established formal procedures to evaluate the implementation of their innovations, consider their learning from these experiences and redefine their future actions	Softseg - "a gente pára para fazer uma avaliação, diminui o ritmo da gestão, para fazer uma avaliação do ano [...] como ensinamento. Encima disso a gente define estratégias para não ter surpresas e tal."
INN Pro-active formal	Softseg - the firm keeps an open mind about insights for innovation from different sectors and ideation is motivated	Softseg - "Isso tudo por conta desse time, que a gente fala, de inovação e produtos novos, porque a gente viaja, muito Europa e EUA, participando de feiras, e feiras que não são do nosso segmento. Então se tu olhar, nosso software tem muitos recursos, funcionalidades que a gente não trouxe do segmento, a gente trouxe de uma feira de eletrônico, de tecnologia de uma outra área e que a gente trouxe para dentro do segmento de segurança eletrônica. Então isso nos dá um diferencial."
INN Marketing innovation	Softseg - innovations implemented in their platform has opened more possibilities for their product's applications, opening opportunities in other market segments and changing how the firm views its own product offer	Softseg - "o nosso software, a gente dizia que era uma plataforma para monitoramento de eventos de alarme. Alarme. Há dois anos, [...] a gente já viu que não é só alarme. O [...] nosso carro chefe [...] ele é uma plataforma de gestão de eventos, independente de que tipo de equipamento que eu tô monitorando".
INN Pro-active formal	Birra - the process of innovations high tighly related to the founder's figure, as an entrepreneur and innovative personality, he leads the process that follows formal processes	Birra - "ele é muito do core business, a gente entende que é: como é que o meu produto é percebido pelo cliente, como é que eu consigo atingir aquele público. Então ele é muito preocupado com mix de produto, ele pensa muito nessa inovação o tempo todo. Ele traz para nós na mesa no grupo executivo, ideias que ele tem, briefings"
INN Pro-active formal	Birra - the firm was able to implement innovations to their business model, making flexible decisions in order to survive and keep growing	
INN Proactive SDMP evaluation	Birra - the firm evaluated their innovations as assertive, because of their planning and timing of implementation	Birra - "Assertivas. A gente teve pouca dificuldade e a dificuldade que a gente teve, nós fomos trabalhando com o cliente, com o Governo do Estado para conseguir uma pauta boa para a ponta"
INN Pro-active SDMP	Birra - evidence of strategic thinking to implement innovations as growth strategies	Birra - "A questão da fábrica, é uma questão mais de planejamento"
INN proactive SDMP	Birra - evidences of formal process to evaluate and implement innovations	Birra - "Ele (funBerrar) faz a ideação. Ele chega põe na mesa e daí a gente vai para o excel, vai para o custo e tenta ver se dá para colocar em prática, volta"

<p>INN proactive operations innovation</p>	<p>SUGET - to compensate for the lack of specialized personnel, the firm decided to innovate and work with a foreign professional living in a another country</p>	<p><i>SUGET - "Uma outra inovação nossa foi, a gente tá num nicho muito específico, a gente tentou gerente de exportação aqui no Brasil um tempo e tal, não conseguiu. E aí por fim, eu contratei um gerente de exportação turco e que continua morando na Turquia, continua morando em Istambul."</i></p>
<p>INN proactive operations innovation</p>	<p>SUGET - the firm created a start-up firm inside their organization, to bring innovation culture, flexibility and agility to enter a new market niche</p>	<p><i>SUGET - "Faz uns 8 anos que a gente começou a produzir e a nossa marca não tem força no Brasil. Tem duas marcas fortes e a gente teve muita dificuldade de conseguir penetrar. Então, o que a gente fez? A gente criou uma start-up. "</i> <i>SUGET - "Ao invés de criar um departamento, a gente pegou um monte de gente... parece o google aqui dentro, é uma sala separada, é uma subcultura aqui dentro. E o que é interessante... isso já tem dois anos, começou bem isolado mas hoje, essa cultura que tá sendo criada lá tá se expandindo para o resto da empresa."</i></p>
<p>INN proactive organizational innovation</p>	<p>SUGET - the new organizational format also broght innovation in the management system</p>	<p><i>SUGET - "inclusive a gente até decidiu implantar um sistema de gestão diferente lá. Lá a gente tem um negócio que é um modelo de auto-gestão, então você não tem chefe e subordinado... "</i> <i>SUGET - "Começou nessa área e agora a gente tá fazendo ... assim, boa parte das áreas da empresa já tem uma pitada do conceito de auto-gestão, onde a questão hierárquica fica mais fluida e tem uma ideia de maior integralidade, da pessoa se trazer integralmente para a empresa e não só para o trabalho. E uma orientação mais forte para propósito, e uma divisão do trabalho que tá mais organizada por papéis do que por cargos."</i></p>
<p>INN learning process SMDP</p>	<p>SUGET - in order to implement effective innovations according to their strategic process, there was a learning and developing process involved</p>	<p><i>SUGET - "E teve uma curva longa aí de 2 ou 3 anos de desenvolvimento desse produto."</i></p>
<p>INN learning process SMDP</p>	<p>SUGET - the decision to innovate lead to a learning process</p>	<p><i>SUGET - "Então, é um produto que a gente não tinha um produto de boa performance pra isso. E aí por conta de requisitos de alguns clientes que a gente queria muito conquistar, a gente teve que desenvolver um, dois, três anos de P&D aqui até conseguir chegar num produto que realmente funcione."</i></p>
<p>INN SDMP proactive</p>	<p>SUGET - innovation as their growth strategy has set new standards for the firm and has influenced how they evaluate possibilities in other countries</p>	<p><i>SUGET - Então foi outro modelo bem inovador (vender para os concorrentes). Modelo esse que a gente tá tentando replicar agora, por exemplo, na Europa com uma empresa na Polônia. Então, ao invés da gente ir, ter que montar toda uma estrutura, a gente identifica alguém que tenha potencial para fazer só a etapa final e a gente faz as etapas iniciais todas aqui. Então esse é um modelo que acabou.. funcionou lá e a gente tá... é uma outra inovação, que acabou envolvendo algumas decisões."</i></p>

INN SDMP proactive	SUGET - some of the evidences of their strategic thinking when decided to innovate was their research and knowledge about international competitors	<i>SUGET - "E aí gente chegou num patamar hoje que a gente tem, nosso principal concorrente hoje é um concorrente alemão, e a gente tem hoje uma linha completa igual à dele. Então consegue... (competir)"</i>
INN Proactive SDMP culture of innovation	SUGET - the culture of innovation is strongly attached to the firm's identity since inception	<i>SUGET - "Esse (inovação) é um dos valores, e não é uma coisa que é só um quadrinho bonito para estar na parede. É uma coisa que realmente, é assim, tá no nosso DNA muito forte, a coisa da inovação, de desbravar novos territórios." ": jovem aos 40 anos se reinventando todo dia. A gente se define mesmo assim." "esse jeito funcionou até hoje, vamos continuar fazendo assim... Aqui a gente fala, ah não, vamos fazer de outro jeito."</i>
INN SDMP learning process	Birra - the firm showed evidence of improvement of the decision-making process regarding the implementaion of innovations	<i>Birra - "Porque há tempos atrás, as vezes não existia isso e a gente perdia dinheiro, né porque tu lança o produto porque tu acha que é legal mas no fim das contas ele não te traz o retorno. Então a gente começou a fazer um processo mais formal."</i>
INN Pro-active SDMP	Birra - strategic thinking to increase profit margins	<i>Birra - "os EUA faz muito disso né, eles terceirizam muita coisa. Ele terceiriza uma coisa, e terceiriza outra coisa, então as margens vão ficando craqueladinhos em cada setor né, espalhadinhos em cada setor. E aqui no Brasil a gente vê muito assim, tipo eu não vou entregar minha margem para uma distribuidora, eu vou ter uma distribuidora"</i>
INN Pro-active	Birra - from he beginning, the creation and concept of the firm were innovations to the traditional market in Brazil	<i>Birra - "A Birra cresceu como a primeira micro cervejaria do Brasil com foco total em cerveja" Birra - "O pioneirismo é de ser a primeira micro cervejaria do Brasil. De ter um local onde o publico pode chegar e beber a cerveja dele. [...] Que ninguém pensava nisso. Então, isso foi um momento disruptivo, que foi pioneiro e inovador."</i>
INN Pro-active Market innovation	Birra - in an innovative act, the firm was able to reinvent its organization to face economic crisis and tubulent markets. The firm altered its signature product to reach a bigger domestic market niche	<i>Birra - "Então a gente resolveu inovar na lager leve, que foi uma cerveja que a gente lançou no mercado, de alto giro. A gente inovou nessa questão, a gente sempre foi uma cervejaria focada em cervejas especiais, que não pode perder o brew... Então, naquele momento, a gente tomou uma decisão estratégica de passar a ter uma cerveja leve mas de giro e mais competitiva"</i>

INN Pro-active SDMP Planned	SUGET - the decision to innovate generated a flow of smaller decisions and implications for the firm	<p>SUGET - "Então a gente teve que desenvolver processo, desenvolver equipamento.. o equipamento que a gente comprou não era bom, a gente teve que desenvolver aqui na cidade mesmo um equipamento... a gente fez o projeto, fez o equipamento..."</p> <p>SUGET - "E aí a gente teve que mudar, comprar máquina, mudar todo o processo produtivo para conseguir ter um produto que alcançasse os requisitos"</p> <p>SUGET - "A gente teve que trazer coisa da Europa, da Alemanha, coisas da Itália, matéria prima que a gente não tinha aqui para poder adequar o produto. Eventualmente depois a gente nacionalizou algumas, conseguiu contratipar e nacionalizar aqui."</p>
INN Pro-active SDMP Planned	SUGET - planned new moves for market innovation and marketing innovation with an established strategic goal	<p>SUGET - "Então, nós estamos fazendo um trabalho forte de modelo de vendas, de posicionamento de mercado inovador e de como a gente faz o marketing no canal do varejista. Então a gente tem um trabalho de inovação aí que vai possibilitar um crescimento grande, pra gente sair de 5% de share até 20%. "</p>
INN Pro-active SDMP Problem solving	SUGET - their main strategic decisions were planned and anticipated. The firm had clear strategic goals. How to achieve them, however, was less clear or certain to the firm decision-makers. The operational and tactical decisions were less anticipated and detailed.	<p>SUGET - "Eu diria assim, como visão estratégica e como diretriz, isso foi definido bem lá atrás. Eu diria, desde 2007 mais ou menos, que a gente já tinha uma visão que a gente queria fazer tudo o que a gente tá fazendo. Então os "o quê's" foram planejados, de alguma maneira, algumas alternativas foram avaliadas e tal. O "como" é que eu diria que não foi planejado detalhadamente."</p>
INN SMDP flexible adaptive	SUGET - to achieve the main goals, the firm decided to adapt its initial plan and make flexible decisions throughout the process	<p>SUGET - "a gente abriu mão de uma parte do valor agregado, tirou uma camada do valor agregado do produto pro cara adicionar valor lá, mas ficou bom pra gente. "</p>
INN Proactive SDMP learning curve	SUGET - subsidiary decisions are less planned. Smaller decisions are an evolution and the result of their own learning curve of problem-solving decisions	<p>SUGET - "Agora o "como", aí vai de um jeito... aí o negócio é mais atrapalhado um pouco. Aí rola mais uma experimentação, aí tem uma evolução da própria estratégia..."</p>
INN Proactive SDMP learning curve	SUGET - the main strategy is planned and anticipated but the implementation comes with experimentation and improvisation	<p>SUGET - "Sim, tem uma experimentação e uma dose de improviso também". "Vai se auto ajustando né."</p>
INN Proactive SDMP learning curve	SUGET - there was a learning curve and wrong decisions that had to be overturned, however, the main goal (results) are positively evaluated	<p>SUGET - "A gente muita clareza nisso, que um monte de coisa saiu errado no meio do caminho mas o resultado hoje, se a gente não tivesse feito isso, a gente tinha baixado as portas. Isso é líquido e certo. Na empresa inteira não há nenhuma dúvida disso."</p>

INN formal planned SDMP	Softseg - the firm designated a specific team to consider innovations and make future decisions regarding new ideas	Softseg - "A gente tem o que a gente chama de um time, que é responsável por toda a parte de inovação e, do que a gente chama ali de caminhos que a empresa vai tomar." Softseg - "a gente sempre se renova esses nortes que a gente chama, a cada fim de cada ciclo anual. Então, no final do ano a gente sempre, a partir de outubro a gente sempre começa a fazer o planejamento das ações que nós vamos tomar para o próximo ano"
INN proactive SDMP	Softseg - innovations have widened their vision about their own market. Instead of focusing on their direct clients, the electronic security firms, they are now concerned with implementing innovations considering the end user, increasing the overall competitiveness of the industry	Softseg - "Claro, o nosso foco é sim, software para monitoramento de eventos mas eu também tenho que criar ferramentas para ajudar o meu cliente. [...] Como cada empresa tem a sua maneira, criou uma reputação muito ruim para o mercado de segurança. Então, é isso que a gente tá tentando fazer [...] criar mecanismos dentro do Sigma que melhore a qualidade do serviço que a empresa de monitoramento presta pro cliente final."
INN reasons to INN	SUGET - innovation as a form of market diversification	SUGET - "A estratégia era reduzir nossa dependência disso. Que é um negócio que, 20 anos atrás era super rentável, era uma mina de ouro porque tinha poucos players no Brasil mas as margens derreteram."
INN market innovation	Agri - when entering a different market niche, the firm takes advantage of its position of "outsider" to propose creative solutions	Agri - "Tu vê então, os canavieiros estão lá fazendo a mesma coisa de sempre e eles nem pensam em plantio direto. Então, espera um pouquinho... eu vou criar a máquina pra eles pra fazer o plantio direto [...] Fui lá já com a ideia de como fazer. Aí o cara falou: de onde tu tirou essa ideia? Fui lá longe, não conheço cana, tenho liberdade de pensar diferente, ou seja, e seu errar não é feio."
INN reasons to INN	SUGET - innovation is a growth strategy and is also a survival strategy for SMEs. For their context, growth means survival.	SUGET - "Tem dois lados da moeda crescimento e sobrevivência." "Se a gente não tivesse feito isso, seja diversificação de produto, de mercados, de modelo de negócio, nos últimos três anos a gente teria baixado as portas." "Então, é uma estratégia que era de crescimento mas o outro lado dela é de sobrevivência. Uma coisa de perenidade, se não fizer isso, nós não vamos estar daqui 10 anos aqui."
INN reasons to INN	Birra - increased competition in a specific market niche created the need to think outside the box and come up with ways to differentiate	Birra - "Mas para tu ter uma ideia, com esse boom de cervejarias no Brasil deve ter em torno de 900 cervejarias. [...] Essas micro cervejarias, pequenas cervejarias são bem informais. Até injusto porque elas competem com o médio (nós) num informalidade tal, de não pagar imposto, de forma de comprar um insumo, não tem custo de estrutura."

INN reasons to INN	Birra - the main drivers for the implementation of innovations at the firm were the company's culture of innovation as well as market turbulences and the need to consider long term survival.	
INN SDMP Reactive	Transfo - the implementation of innovations at this firm's specific market niche are highly conditioned to the fulfillment of technical regulations and norms applied to their products, production process and application of products. Such products need compliance to technical standards and certifications that might hinder the development and implementation of certain innovations	
INN SDMP Reactive	Transfo - the implementation of innovations depends on the ponderation of factors such as the possibility of market acceptance, their own capability to implement and it is a reaction to a market imposition or their own need	<i>Transfo - "Isso vai depender do que o mercado apresenta versus o que se consegue enxergar." Transfo - "diz que nada melhor do que você precisar, para você aprender né... então muitas vezes é realmente, acontecer uma inovação ou até uma ideia muito inovadora ou o jeito de trabalhar inovador, vir de uma necessidade imposta pelo mercado"</i>
INN SDMP reactive not formal	Transfo - innovations are not formally part of their strategic plan for growth, there is, however, the awareness of incoming necessary changes and adaptations to market conditions	<i>Transfo - "Não existe, no planejamento estratégico, algo dedicado às inovações. Existe sim, no geral, da necessidade de inovação e de adaptação às mudanças"</i>
INN difficulties	Transfo - in their sector, to be able to implement innovations, the firm also depends on the technical development of other players like partners and suppliers to meet a specific need	<i>Transfo - "Então, se exige, muitas vezes, a participação de vários outros players, outros parceiros, fornecedores, para se desenvolver outra coisa, um acessório, um produto que possa atender uma necessidade em específico."</i>
INN difficulties	Transfo - there is a reluctance to absorb innovations in this particular market niche. The clients are used to observe the equipment in full operation for a long period of time before making a decision	<i>Transfo - "Existe aí um problema quando a gente vai vender essa solução porque tem uma relutância muito grande por N fatores técnicos né, por ser um produto novo."</i>

INN difficulties	Transfo - product innovations are difficult to introduce because the market requires function reliably, that normally comes with the amount of time in operation. Therefore, in order to commercialize the new idea, a strong marketing operation needs to be implemented	Transfo - "Só que existe a necessidade de um trabalho de marketing forte nesse mercado, que tá sendo feito com uma série de dúvidas técnicas, de exigências em N fatores"
INN reactive	Plugin - the firm implments innovations as a reaction to market changes or as a reaction to the competition and an initial impulse	Plugin - "Sempre tem coisas que a gente tem que acompanhar o mercado, tanto internacional como nacional." Plugin - "Porque tínhamos um concorrente que já vendia isso, e estávamos perdendo mercado. Então, nós mesmos fizemos essa inovação e criamos um produto melhor"
INN SDMP Formal Reactive	Expert - strategic decisions regarding innovation are achieved after a certain aging or growing of the SME	Expert - "Então, a inovação já vem assim, eu te diria que como um... se a gente tivesse fazendo uma linha do tempo, é um processo que vem depois de um amadurecimento para conseguir.."
INN SDMP Formal Reactive	Plugin - implementation requires little investment in R&D because they are improved products with added features at higher prices	Plugin - "Porque o produto vai ser o mesmo que o antigo fez só que com melhor modelo, melhor efeito... Entendeu? E com algumas outras características que melhoram o produto. O produto interno seria o mesmo, faz o mesmo, só que com efeito"
INN SDMP Formal Reactive	Expert - innovations are reactions to market demands, implemented through planned and formal SDMP	Expert - "A questão de inovação dentro das empresas que eu tenho visto, aí é muito resposta a uma leitura de mercado. Aí é planejado" Expert - "mas é resposta a uma necessidade imposta pelo mercado. Só que daí não é resposta imediata porque normalmente requer, aí vai ter que parar, aquela questão de investimento que tu perguntou. Aí vai ter que parar, vou ter que pensar, quanto que eu vou investir, quanto é que eu vou ganhar. Aí eu tenho um processo mais planejado."
INN difficulties	SUGET - innovation differs from large firms to SMEs. Implementation of innovations are riskier for smaller firms	SUGET - "Um transatlântico você pode fazer um buraco no casco que não afunda o barco, agora você pega uma canoinha, se der um buraco, o barco afunda."
INN difficulties	SUGET - the firm had difficulty by not prioritizing decisions	SUGET - "Querer fazer muitas coisas ao mesmo tempo. Isso drena recurso, cria um caos, desorganiza, desestrutura. Então é muito difícil você ... é um ambiente muito instável, a organização tá quase sempre fora da zona de conforto."

INN difficulties	SUGET - the push for innovations brings constant changes and instability, which can wear the team out	<i>SUGET - "Então é coisa meio sufocante para todo mundo, cria... tem um aspecto nocivo para a cultura, porque cria um estado de insegurança generalizado e uma percepção de incompetência, porque a gente tá pressionando o limite, das pessoas, dos processos e da organização como um todo. A gente tá explorando o limite da competência, do conhecimento, a gente tá sempre muito fora da zona de conforto cometendo erros, experimentando"</i>
INN difficulties	SUGET - lack of stability brings low self-esteem	<i>SUGET - "A gente teve alguns efeitos colaterais difíceis, da auto-estima do time cair, da gente se sentir incompetente, achar que as coisas não dão certo e tal."</i>
INN difficulties	Agri - the release of a product innovation that is radical for a specific market niche is particularly difficult. It consumes resources to demonstrate a different form of cultivation or specific use of technology, which can require a shift in users' mindset.	<i>Agri - "Aqui eu vivi o plantio direto, primeiro da soja e depois plantio direto do arroz. A soja levou uns 10 anos até o pessoal entender que produzia muito mais com o plantio direto." Agri - "Um produto totalmente inovador, tem um trabalho de lançamento bem diferente, tem que levar lá.. transplantadora de muda de cana não existe, então tem que levar lá nos canavieiros lá e demonstrar a minha máquina que nem um carro. Tô lá demonstrando como se planta cana com a máquina, aquilo que se tem 30 pessoas que fazem o serviço, 3 pessoas na minha máquina faz o serviço, todo serviço, completo." Agri - "Então, treinamento, orientação, manual..."</i>
INN difficulties	Expert - conservative mindset of traditional SMEs businesspeople hinders their innovation process	<i>Expert - "Então, a dificuldade é o próprio conservadorismo que limita esse processo de inovação. Isso eu to acompanhando muito na indústria, assim."</i>
INN difficulties	Expert - innovations are easier to younger, startup style firms	<i>Expert - "parece que a inovação tá vindo nas novas gerações, nas pequenas... nas startups, tanto que tem tanta dificuldade de inovar que as empresas grandes estão buscando estimular e constituir startups dentro delas mesmas, né"</i>
INN difficulties	Expert - traditional SMEs have more difficulties in rethinking their whole business model and organization because of their conservative mindset. It is easier to invest in product innovations or machinery instead of reevaluating their whole firm and market.	<i>Expert - "como ela (industria) sempre preconizou as máquinas e qualquer um compra máquina, tem uma parte de inovação que ela já faz que é no uso desse negócio. Mas ok, isso já é meio rotinizado, mas para avançar um pouquinho mais, eu vejo assim as estruturas são muito duras e as cabeças ainda muito conservadoras"</i>
INN difficulties	Plugin - product innovations can pull up the prices of the new offers	<i>Plugin - "Talvez pode ser no aumento do valor do produto."</i>

INN commitment	SUGET - in order to mitigate negative effects of innovations bringing constant changes and instability, there is a strong need of the sense of unity in the whole firm	<i>SUGET - "Ai tem que ter uma área de RH que seja muito próxima da alta gestão, e tenha uma visão de como nós... o remédio pra isso aí eu acho que é você ter uma cumplicidade, da equipe, da alta gestão, e ter uma percepção de que nós estamos todo mundo junto aqui fazendo isso."</i>
INN commitment	Expert - innovations require considerable resources in order to implement and be effective in terms of performance	<i>Expert - "Aí vai ter que parar, vou ter que pensar, quanto que eu vou investir, quanto é que eu vou ganhar. Aí eu tenho um processo mais planejado."</i>
INN commitment	SUGET - in order to implement innovations successfully, the firm needs to have strong commitment and involvement of the TMT. A horizontal structure of hierarchy is important to increase TMT involvement and commitment to the changes being made	<i>SUGET - "o que acontece.. como a gente tem uma estrutura muito enxuta, muito horizontal, né.. Então, eu sou o diretor presidente, mas eu estou muito com a mão na massa... " "Mas tudo aquilo que tá ligado à estratégia, que é o novo, ou seja, à transformação, isso tem a nossa mão, as nossas impressões digitais estão em tudo. Então isso acaba possibilitando que não tenha um processo decisório que tenha que escalar, subir e descer." "E que tem muito a ver com o DNA e uma questão de personalidade, crenças, de nós, alta gestão, entendeu? Numa empresa desse porte igual ao nosso, faz muita diferença a alta gestão. Quem tá gestão, com o tempo isso aí se dissemina, você acaba direcionando."</i>
INN difficulties	Agri - product improvements involves killing other older versions of the firm's product line, that were very profitable at some point	<i>Agri - "E hoje, esse equipamento aqui veio para as carretas, então não precisa mais adaptar numa carreta que existe, compra uma carreta preparada. Então, isso aqui, produto... na próxima lista, esse produto não estará mais... Nós vamos evoluindo." Agri - "Esse produto aqui, em mil novecentos e outubro... [...] Aí entrou plantio direto e acabou (com o produto) e eu fazia muito rolo."</i>
INN difficulties	Agri - product innovations require high commitment of resources to pay for its release	<i>Agri - "cada vez que tem produto novo, a gente procura fazer todos os testes o mais próximo de casa possível, porque vai ter que voltar. Só que a cana, são 1700 quilômetros. Sai daqui, vai lá... faz os testes, volta, ajusta, faz os testes, volta de novo. Esse produto novo, nesse caso, ele é bem caro para lançar por essas razões."</i>
INN SDMP Speed	Softseg - the firm's small size makes it more agile and flexible to make strategic decisions	<i>Softseg - "Como a empresa é relativamente pequena [...] Acaba que as tomadas de decisões e as mudanças também, elas são mais flexíveis. Empresa pequena é mais rápido de tomar ações."</i>

INNOVATION - INTERNATIONALIZATION DYNAMICS

INN - INT Related	Softseg - these decisions are related and interfere with one another	<i>Softseg - "São juntas! Total."</i>
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INN - INT Dynamics	Softseg - internationalization as an innovative move. The decisions regarding external market strategies are taken by the same team that evaluates and considers upon innovations ideas	<i>Softseg - "quando se decidiu ir para o mercado externo, foi uma decisão dessa equipe, que é formado por pessoas, membros de alguns departamentos dentre eles o comercial, área de desenvolvimento, pesquisa de produtos e a diretoria."</i>
INN - INT Dynamics	Softseg - innovation ideas came from their relationship with customers from other countries	<i>Softseg - "O Help Me é um botão de pânico [...] Aí olha como é bacana, a ideia de vir com esse recurso surgiu de uma demanda de cliente nosso do México."</i>
INN - INT Dynamics	Transfo - internationalization for firms producing this type of products (highly engineered equipment) requires innovation, because many of the technical configurations change from one country to another	<i>Transfo - "o que acontece é que existe uma necessidade muito grande de homologação de produtos [...] tudo que eu tenho de base de engenharia pronta, ela não serve, eu preciso fazer uma engenharia nova para atender aquele país, dentro da especificação técnica deles"</i>
INN - INT Dynamics	Transfo - innovations insights are implemented because of the technical requirements or technologies available in other countries	<i>Transfo - "inovações tecnológicas interessantes, que vieram realmente disso, da necessidade, por exemplo, da tecnologia americana e do que eles tinham lá de conceito e se juntou aqui com o que nós tínhamos de conceito e experiência de fábrica, e foram feitas adaptações e melhorias técnicas na engenharia e que proveram menores custos e produtos mais interessantes."</i>
INN - INT Related	Transfo - innovations and internationalization might be related as there are several product innovations necessary for their products' commercialization in other countries	
INN - INT Dynamics	SUGET - strategic plan comprises a new product (INN) to new markets (INT)	<i>SUGET - "A gente lançou um produto novo agora esse ano que é um produto pro segmento dos fabricantes de portas, que é um produto meio único. Só tem um cara que faz isso na Alemanha e nós, agora. E que a gente espera vender esse produto em escala mundial, estamos agora começando um trabalho na Europa e tal. É uma inovação de produto que vai abrir novas possibilidades de abertura de mercados."</i>
INN - INT Dynamics	SUGET - Internationalization acted as a source of insights for innovations	<i>SUGET - "Quando a gente foi pra China, uma, duas, três vezes, visitei várias fabricas lá.... Aí, que que a gente tem de inovação, por exemplo, tem um produto que a gente não fazia que é um produto que ele já vai com o adesivo no verso. [...] trouxe pra gente o contexto desse produto, que é muito vendido no Oriente Médio, Ásia central e na Índia."</i>
INN - INT Dynamics	SUGET - in order to be present in other markets and play a significant role, the firm needed to upgrade their product line. So, internationalization activities influenced their innovation decision-making	<i>SUGET - "O produto funcionava no mercado brasileiro mas ele não atingia alguns requisitos importantes para a gente poder exportar. E aí a gente teve que mudar, comprar máquina, mudar todo o processo produtivo para conseguir ter um produto que alcançasse os requisitos para gente poder...(exportar)."</i>

INN - INT Dynamics	SUGET - to cope with difficulties presented by their planned operation in other countries, the firm needed to innovate their business model abroad as well as how they work with specialized personnel	SUGET - internationalization decisions influenced their innovations decisions, one leading to the other
INN - INT Dynamics	SUGET - internationalization brings innovations and both are highly related. In order to implement exports as a growth strategy, the firm will have to undergo a process of change and accept new things	SUGET - "quando a organização ela se expõe a esse intercâmbio cultural, ela não vai mais ser a mesma né? Se vai ver novos modelos, novas culturas, novos ..."
INN - INT Dynamics	Plugin - Brazil is a reference country to LATAM markets, therefore, it is easy to rollout products from Brazil to other LATAM markets	Plugin - "Porque o Brasil é visto no mundo como um país de referência, na parte de (energia), ela conseguiu se posicionar muito bem. Então, tudo que foi feito no Brasil, que o Brasil utiliza, tá na moda, precisa, é o mesmo que o internacional vai precisar."
INN - INT Dynamics	Plugin - market studies developed for the domestic market are usefull to other foreign markets as well.	Plugin - "A outra vantagem é o mesmo estudo de mercado pro internacional, também é um produto que são inovadores aqui, a gente faz para o internacional também."
INN - INT Dynamics	Plugin - products launched in the domestic market need little adaptation to other markets.	Plugin - "Trocar o tipo da tomada, internacional é tipo NEMA que são os três pinos, que é diferente do Brasil"
INN - INT Dynamics	Expert - innovations and internationalization decisions are different for SMEs because internationalization activities are subsidized by the promotion agencies and innovations require investment and resources entirely backed by the firm itself	Expert - "E pra isso (inovações) não tem apoio né, do governo. Tá, diferente de uma ação de promoção (de exportações), aí o recurso vai ser próprio ou ele vai ter que captar e vai ter que pagar por isso."
INN - INT Dynamics	Expert - internationalization means exports and expedite orders, and decision makers have a short term vision of these activities; innovations mean commitment of resources which requires long term view and planning	Expert - "a exportação é pedido e dinheiro em caixa, é isso que eles (empresários) enxergam. A inovação não, né? A inovação vai sempre vir junto com um investimento."
INN - INT Dynamics	SUGET - the move to go to China represented a search for innovation insights as well as an analysis of a potential market for the firm's exports	SUGET - "Outra inovação, por exemplo, a gente foi pra China, [...] nós temos que vender na China."
INN - INT Dynamics	Agri - innovations are costly to put into the market and require a testing and a phase of confirmation of its efficiency. That is why innovations are only exported after this period of adjustment and adaptations are over and the product is consolidated.	Agri - "Eu só ponho em venda na hora que tá aprovado nos testes de campo. [...] produto novo normalmente se busca mercado o mais próximo possível e exportação no segundo tempo. Tá aprovado aqui no Brasil, aí vai pra fora."

INN - INT Not related	Agri - innovations are part of the organization's culture and the firm actively pursues innovations. Exports are considered as part of the market diversification strategy and are reactions to customer requests	<i>Agri - "Não, não. São duas coisas bem diferentes. Dois pilares, a diversificação do mercado e do produto."</i>
INN - INT Not related	Expert - innovation and internationalization decisions are not related as strategic decisions for SMEs businessmen	<i>Expert - "Até poderiam estar relacionadas mas eu acho que eles não enxergam elas conectadas. Não é tão claro para o empresariado que a internacionalização pode caminhar... sabe.. é um mecanismo de... inovação. Acho que não."</i>
INN - INT Not related	Birra - innovation insights might come from external environment but not because of the firm's internationalization	<i>Birra - "Eu acho que o produto cerveja, a gente pouco avalia no mercado externo ou vai pro mercado externo enxergar como é que está sendo feito lá para implantar aqui."</i>
INN - INT Not related	Birra - the Brazilian beer market in Brazil is singular and big, which makes it difficult to pay attention, prospect and be competitive in foreign markets.	<i>Birra - The firm's internationalization is promoted to leverage competitiveness in the domestic market.</i>
INN - INT Related	SUGET - internationalization strategies lead to innovations	<i>SUGET - Eu diria assim que um processo de internacionalização verdadeiro que a organização se projete, tome a decisão, ele vai levar a um processo de inovação. Eu diria... o apetite para inovação, ele é um pré-requisito. E a inovação é um subproduto." SUGET - "Acaba gerando outras inovações. É um subproduto, eu acho, mas também é um pré-requisito. Você tem que tá aberto pra inovação senão não adianta pensar em internacionalizar, tem uma correlação bem forte, eu diria."</i>
INN - INT Related	Plugin - innovations are reactions implemented with the thought of exporting to other countries	
INN - INT Dynamics	Plugin - innovations are conceived to reply to other markets	<i>Plugin - "Pegamos o mesmo estudo e replicamos no internacional. Por exemplo, quando sair esse mercado dos gamers, com certeza, nós vamos lá no México, na Colômbia, tudo isso e fazemos a mesma campanha, em espanhol, logicamente, para esse tipo de mercado."</i>
OTHER REMARKS		
SMEs growth	Birra - growth of SMEs can represent a risky strategic decision because it involves changing the company profile from small to medium and that has implications on several important issues such as taxes, structure, production capacity, among others	<i>Birra - "Então, essa questão que tu falaste de pequenas e médias empresas que a tomada de decisão das empresas médias é bem mais questionável, críticas por quê: tem várias variáveis né, que nem o nosso imposto de renda, depois que tu ganha um pouquinho mais, tu passa de um patamar (aumenta % do imposto a ser pago)."</i>

SMEs growth	Birra - in the specific beer producing market niche, one of the most common growing strategies involve creating partnerships and fusions with larger firms.	<i>Birra - "Cervejarias, as vezes, quando elas começam a crescer, elas não são mais independentes, elas começam a criar varias fusões e aquisições e começam a perder aquele vínculo de independência e, as vezes, começa a perder o vínculo até com o consumidor final ne. Tem grandes concorrentes que já não chega a saber nem mais qual é a marca do cara né, de tantas marcas agregadas."</i>
SMEs growth	Birra - microbreweries have hard time to grow and become formal companies because of the high tax burden that comes with the formalization of the business. It creates a burden lowering their competitiveness in a market with numerous competitors	<i>Birra - "Então ela (as cervejarias pequenas) tenta ir crescendo nesse formato informal. Mas no momento em que ela... ou ela não consegue sobreviver, ou ela tem que ter uma estratégia muito grande para poder romper essa barreira do informal."</i>



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