

INTERNATIONALIZATION OF SMALL AND MEDIUM
ENTERPRISES: THE CASE OF SOCEM GROUP

Magda Alexandra Feliciano Rocha

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Supervisor:

Prof. Dr. Álvaro Augusto da Rosa, Assistant professor, ISCTE Business School,
Department of Marketing, Operations and Management

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Abstract

Internationalization is becoming a current process which many enterprises are betting into in order to expand their business. National borders are not being enough to contain the influence of growing globalization and the wishes of achieving new higher goals, even for small and medium enterprises. However, it must not be considered as a simple management topic in which every enterprise succeeds. A lot can go wrong in an internationalization process and enterprises can be seriously jeopardised, especially when it occurs an FDI. Independently of the selected entry mode, there are always factors which are changing and must be taken into account while establishing an internationalization strategy. This case study is a qualitative study on how a small and medium enterprise international expansion for three different markets, operating in the mould industry, can be influenced by certain factors and conditions.

Key-words: internationalization; FDI; markets; small and medium enterprises; strategy.

JEL- classification: F0; F20; M10; M16.

Resumo

A internacionalização está a tornar-se um processo atual no qual muitas empresas estão a apostar para expandir os seus negócios. As fronteiras nacionais não são suficientes para conter a influência da crescente globalização e os desejos de alcançar novos e mais elevados objetivos, mesmo para pequenas e médias empresas. No entanto, não deve ser considerado como um tópico de gestão simples no qual todas as empresas são bem-sucedidas. Muito pode correr mal num processo de internacionalização e as empresas podem ser seriamente prejudicadas, especialmente quando ocorre um IDE. Independentemente do modo de entrada selecionado, há sempre fatores que estão a mudar e devem ser levados em conta quando se estabelece uma estratégia de internacionalização. Este estudo de caso é um estudo qualitativo sobre como uma expansão internacional de pequenas e médias empresas para três mercados diferentes, operando na indústria de moldes, pode ser influenciada por certos fatores e condições.

Palavras-chave: internacionalização; IDE; mercados; pequenas e médias empresas; estratégia.

Classificação - JEL: F0; F20; M10; M16.

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1. Introduction

The level of globalization that has been growing considerably for the past years has contributed for more competitive markets and companies are facing even higher global competition which has led to an increasing number of internationalizations, not only of big enterprises but also of small and medium enterprises (Ruzzier, 2006). Clients can be all around the world and many enterprises consider that it would not be possible to grow their enterprise by only having their business locally, so they are opting to expand their business to other markets and countries. Although it can emerge more risks associated to this type of strategy – internationalization – due to higher capital commitment, the possible return can also be very high (Wach, 2014)

For the European Union in 2016, according to the “Annual Report on European SMEs 2016/2017”, only 0,2% of enterprises of the non-financial business sector were not small and medium enterprises, employing around 93 million people and generating 57% of value added. It is possible to perceive the great importance SME's have at an economic level, although the great focus still is for multinational enterprises which usual are more acknowledged.

This study concentrates on studying the internationalization process of SOCEM Group, a small and medium enterprises, to three completely different countries – Brazil, China and Mexico. It tries to demonstrate that it is possible for an enterprise to select different entry modes, how can an enterprise be affected by its strategic and operational managers, how can it overcome factors that emerge on the environment and the possible outcomes that emerge. It tries to contribute to the increase of knowledge on the topic internationalization of a small and medium enterprise and possible outcomes taking into account the SOCEM Group Case.

SOCEM Group has its headquarters in the district of Marinha Grande and has worked on the mould industry for more than 30 years, producing moulds for plastic injection. Mould industry is characterized for exporting the large majority of its production and this applies as well to SOCEM Group. SOCEM has clients all over the world, being their internationalizations not only for increasing possible profits but also to be closer to important markets and clients or possible clients.

This research will start by explaining the impact of the mould industry in Portugal and what is a mould for plastic injection, in order to contextualize the Case Study that will

follow. After explaining the case, there will be some question relative to the case. Then it is going to be followed by the literature review preceded by the pedagogical note where it is mentioned how the research was made and the respective analytical tools. Finally, the research questions are answered and the final conclusions about the research are made.

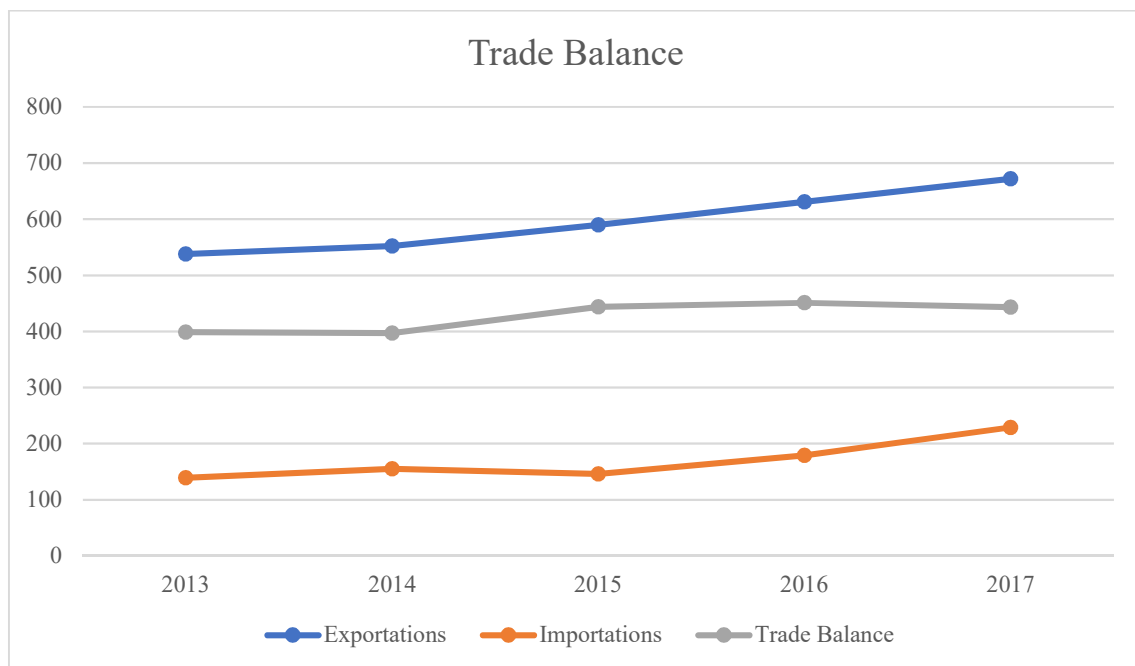
2. SOCEM Group Case Study

2.1 Mould Industry in Portugal

The year of 2017 registered a record on exportation and production value of the mould sector in Portugal for the sixth year in a row. Data acquired from CEFAMOL – Associação Nacional da Industria de Moldes and AICEP Portugal Global reveal that 2017 exportations overcame 670 million euros. On the previous year, 2016, exportations exceeded 630 million of euros.

When analysing the mould sector trade balance, importations have remained considerably low in comparison with exportations leading to a positive trade balance with values between 397 million euros and 451 million euros. The highest trade balance value registered between 2013 and 2017 was approximately 451,270,000 euros on the year of 2016.

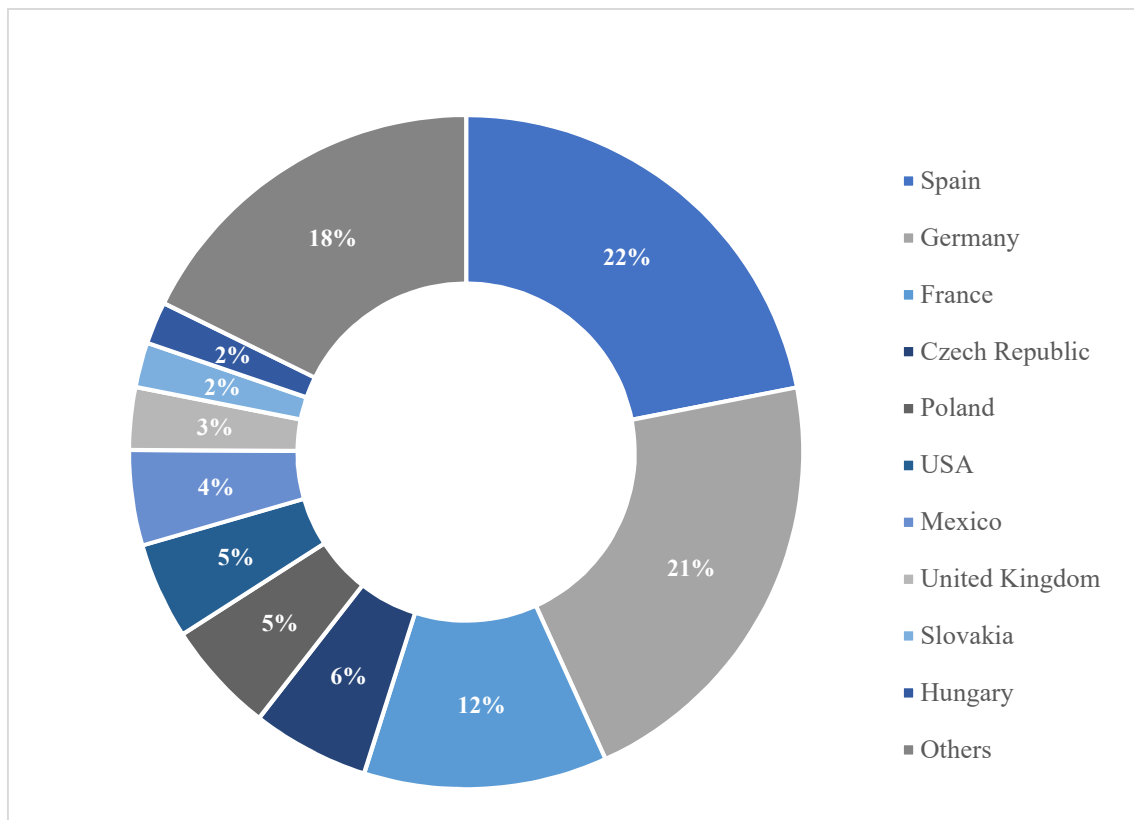
Chart 1: Portuguese mould trade balance



Source: Adapted from AICEP Portugal Global; “Comércio Internacional de Moldes”

In 2017 Portuguese moulds were exported to 93 different countries according to AICEP and CEFAMOL, belonging the highest percentage of the exportations to European countries. Spain, Germany and France jointly represent more than 50% of Portuguese mould exportation. However, North American markets such as Unites States of America and Mexico had a significant increase from 2016 to 2017, only between these two countries exportations increased over 21 million euros.

Chart 2: Portuguese mould industry exportation markets



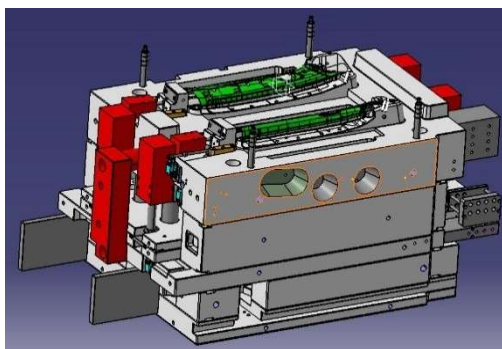
Source: Adapted from AICEP Portugal Global; “Comércio Internacional de Moldes”

2.2 Moulds for plastic injection: a customized technology

A mould, independently of its dimension, is a very complex structure with several components that jointly, and settled on an injection machine, gives origin to a plastic piece or pieces which will, usually, suffer a mass production. Every single mould has its own different features and is, with the exception of replicas, a unique creation to produce a specific plastic piece required by the customers. The level of customization applied to mould production is indeed very high, usually the customers present images and/or schematics of the plastic product they wish to have, in what materials they wish to have it, how many pieces they want to be injected at the same time and/or others specifications – depending on the complexity and type of plastic piece – having mould makers the responsibility of making customers wishes come true. Due to the high levels of customization, mould prices are usually very high and ascend on complexity and size. For this reason, moulds are attractive to produce plastic pieces in mass productions with the objective of being effective and efficient. When a mould is built, its property usually belongs to the customer or to the brand which bought it and it can not be replicated in any terms to any other customer.

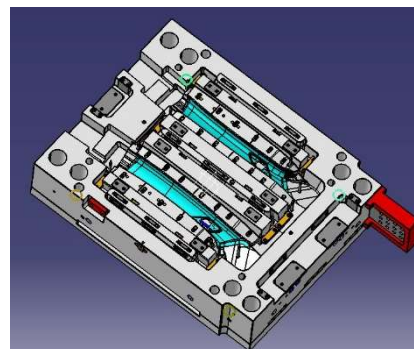
A mould normally has two parts, one that does not move (fixed) and other that is mobile that when shutting against each other while hot resin occupies the gaps within it, originates the pretended plastic pieces. The mould can inject plastic pieces with more than one material, for example, plastic with rubber.

Figure 1: Mould 3D drawing fixed



Source: SOCEM Group

Figure 2: Mould 3D drawing mobile part



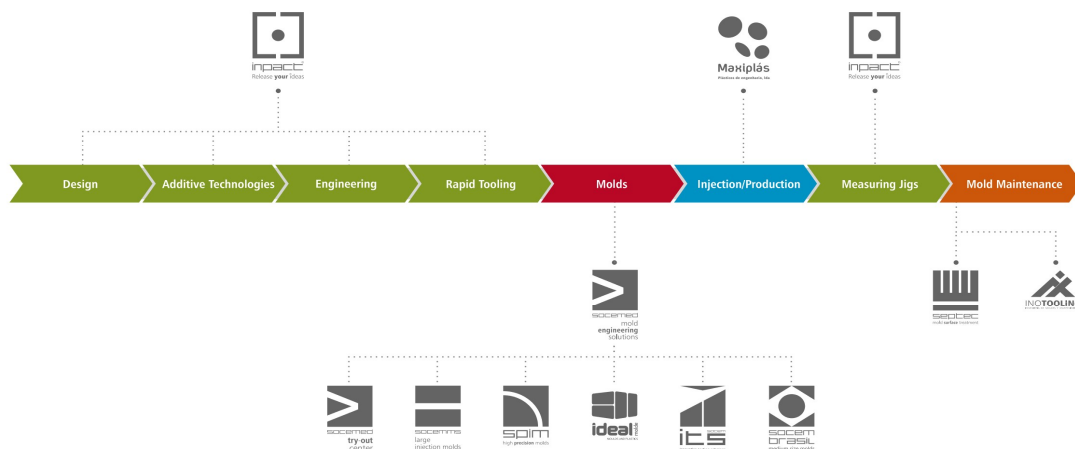
Source: SOCEM Group

2.3 SOCEM Group

SOCEM started its operations back in 1986 and is currently composed by 10 different small and medium enterprises which are owned, in majority, by a holding named Forwardpoint. Lu s Febra was the man responsible for the creation of SOCEM and has been president of the group since the very right beginning. SOCEM activities go from mould drawing and engineering to maintenance, in other words, these companies dedicate themselves not only to all the stages that concern building a mould but as well to the production of plastic pieces itself and, as well, to repair or do maintenance on moulds when something is not completely right.

As SOCEM Group has such a large amount of services to offer it divided itself in 10 different companies in order to specialize them and offer the best experience to their clients. Mould building and assembly have more companies of the group dedicated to that task, 6 more precisely. Since moulds can have different required precision, dimensions and/or complexity thus they are divided by mould dimension and mould type.

Figure 3: SOCEM Group constitution



Source: SOCEM Group

The large majority of SOCEM Group clients belong to the automobile sector, working with highly known brands as Jaguar, Porsche, McLaren, Lamborghini, Mercedes-Benz, BMW, Mini, VW, Audi, General Motors, Ford, Renault, Toyota, Honda, Land Rover, etc. Although the majority of the group's clients belong to the automobile industry, they have as well clients from other sectors such as Matutano, Whirpool, BSH, and many others.

SOCEM operates in an industry which is known to export the large majority of its production, not only to Europe but as well to more distant continents. Therefore, the idea of spreading their operations to another country and internationalize their business overseas started to seem crucial in order to grow and to gain new clients as to give more reasons why the already existing clients should return once and again with new work orders. 2001 was the year SOCEM finally took the step further, Brazil was elected to the new international operation site and some years later, in 2015, Mexico was the elected country to expand their business. Nowadays SOCEM Group is satisfied with their current international operation sites and is not looking, for the time being, for a new international location to open new infrastructures. However, SOCEM is trying to reinforce their partnerships with Chinese mould makers, which have evolved very significantly their knowledge in mould making on the past few years.

Figure 4: International SOCEM Group distribution



Source: SOCEM Group

2.4 Brazil

Brazil was the country which was chosen to be the first to receive a SOCEM Group company beyond Portuguese borders. Although the great geographical distance between both countries, both countries speak the same language which might have a “distance breaking effect”. Despite this feature there are also economic and trade reasons which allure companies to invest in Brazil.

Brazil entered the 90s in a very difficult situation – growing high inflation, huge trade deficit, depreciated exchange rate and high public debt (Pinheiro et al., 1999). In 1994 Brazil started implementing “Real Plan” which was characterized by profound protectionist measures in order to overcome this scenario.

For SOCEM, Brazil was a very important market at that time and the implementation of the protectionist measures by the Brazilian government, especially those which focused on decreasing importations (e.g. increase in customs), combining with the exchange rate instability, SOCEM competitiveness was affected to a large extent. In order to overcome the adversities SOCEM chose not to let go and continue to serve the market by internationalizing and producing locally, more specifically in the state of Santa Catarina, their products.

2.4.1 Strategy

SOCER Brasil was settled in Joinville on the year of 2001 and entered the market as a fully Portuguese company, detaining the holding of the group “Forwardpoint” 100% of the company since its creation. The infrastructures were built to have the capacity of producing medium sized moulds up to 15 tons.

When arriving to Brazil there was already an important project for SOCEM, the Brazilian government requested a project linked to the ballot boxes for the 2002 presidential elections. The engineering phase was a collaboration between one of SOCEM Group companies settled in Portugal, SOCEM ED, and an American company. The production phase took place in SOCEM Brasil, being one of the first projects of the company. It was a very ambitious project, since it was a development of a totally new product in a short period of time, however it was a very successful project. Acknowledgements came from the Brazilian Government itself which created a wide range of opportunities with new clients and that was a great launch for SOCEM Brasil.

Nowadays SOCEM Brasil works directly and indirectly with worldwide known brands such as General Motors, Honda and VW. However, the automobile industry is not only composed by automobile brands, there are companies which supply these brands such as Roechling Automotive, Plascar, Mahle and Adler Pelzer which are some of the international companies settled on Brazil and are also SOCEM Brasil clients.

2.4.2 Operation

SOCEM Group, even before internationalizing, already had implemented in its culture a decentralised management. The mould industry is characterized by its constant need to make important decisions due to being very dynamic and in constant change. The different companies of the group in Portugal were already used to making their own decisions autonomously and independent from the other group companies. When entering the Brazilian market, it was not any different, SOCEM Brasil was given the confidence to manage independently their matters, having the power to make decisions and make use of its resources the way it is wanted by them.

The fact of having some hours of difference from Portugal – less 4 hours – could also be prejudicial if the power was centralised. Critical decisions do not have a settled time or date to emerge, and sometimes it is obligatory to make an important decision on that second and not wait until the next morning to make it.

2.4.3 Human Resources

Normally when there is the idea of internationalizing a Portuguese company to Brazil, as they are culturally alike and even speak the same language, when choosing the top management, the first thought of many is to select a Portuguese person in which the company has the necessary confidence to send them to achieve the established goals and strategy. SOCEM Group chose differently and selected a German to be responsible for managing the company when SOCEM Brasil started their activities. However, the pre-established goals were not accomplished so some years later was substituted by a Portuguese and has been in Brazil ever since.

At the end of the year of 2017 SOCEM Brasil team was composed by 33 workers, in which 2 of them are Portuguese, maintaining itself a small company. These Portuguese

occupy positions of great responsibility such as Commercial Director and Production Director. Their Finance Director is as well Portuguese, however his contractual agreement is with SOCEM at Portugal and not with SOCEM at Brazil, for that reason it is not considered on the number of workers.

Their perspectives are to increase their team with 4 new workers, achieve a total of 37 workers until the end of 2018.

2.5 Mexico

Mexico has been the target country for many companies which have the wish to enter the north American market. As it is known it is a less expensive country in comparison with United States of America and Canada not forgetting the fact that these two countries are the ones which import more goods and services from México, not only due to geographical proximity but as well to the integration on American production chains and free trade agreements.

Table 1: Mexico greater importers by percentage of total exportations

	2014	2015	2016
USA	80,3%	81,2%	81%
Canada	2,7%	2,8%	2,8%
China	1,5%	1,3%	1,4%

Source: International trade centre cited in AICEP Portugal Global “Mexico ficha de mercado”

Adding to this, a growing number of automobile brands opened sites of operation in Mexico throughout the years leading to the internationalization of companies from Europe some due to requirements of some brands and others wanted to seek the opportunity of the existing gap of specialized companies to supply them.

Figure 5: Car assemblers in Mexico (2018)



Source: Own elaboration

2.5.1 Strategy

In 2015 SOCEM Group created two companies in Mexico, one was given the name Inotooling and the other SOCEM Mexico. Although they have been created at the same time and by the same group both have different business models.

Inotooling is settled in the state of Puebla and its main focus is to support clients with mould maintenance and mould engineering modifications. This type of service was an immediate need from the market since there were very few – almost none – and qualified companies performing this type of job. Not only the outgrowing number of moulds sold by SOCEM and other mould makers from Portugal to Mexico were starting to require some maintenance or modifications this was a very expensive service to do from Portugal, not only for the client but also to the company itself. In addition, this is a type of service in which normally is required to be done in a short period of time.

This company was created by a society between three parties, 45% belongs to the holding company “Forwardpoint”; 10% to a Portuguese individual partner and the other 45% to a Mexican partner. When the Mexican market was being studied by SOCEM,

they resorted to governmental agencies called ProMéxico and SETYDE – Secretaría de Turismo y Desarrollo Económico – which helps and informs companies which have in perspective internationalizing to Mexico entering into the market. One of the advices of ProMéxico was to do what they call a “soft landing” – entering the market with a local partner. This strategy helps foreign companies to be accepted more easily into the market, understand it more quickly, understand legal obligations, what to do in some situations in which foreign are not used to and overcome other difficulties that may occur. Another great help from these governmental agencies was the fact that they suggested lawyers which foreign companies can resort that are specialized on creating and legalizing international companies, promoting since the early beginning security and legal protection for foreign companies.

Activities then began on January of 2016 on a 1500 m² building after being made an investment on machines and other required material. Since then, there were acquired clients such as Faurecia, SMP, Grammer, Novaris, HUF Mexico, A&P Solution, Nicrobolta, Lunketec, Possehl, Transnav, Bocar, Eugene Wexler, Akys and Padsa. Some of these clients had previously worked with SOCEM Group in Portugal, this was a crucial aspect when opening since gaining the confidence from clients when acquiring work in the first few months was not difficult because it was already gained due to previous experiences.

Introducing Inotooling into the market earlier than SOCEM Mexico was due to three fundamental reasons: less required initial investment; being a business the market was demanding and to analyse thoroughly the market they were entering.

SOCEM Mexico business model is slightly different from Inotooling, starting with only being owned by Portuguese – “Forwardpoint” holding (70%) and the same Portuguese single partner as Inotooling (30%) – and as well by concentrating itself on the development and assembly of moulds, meaning that they will be able to provide services such as mould design, engineering, assembly and testing, up until ready to be delivered to the customer. The envisioned target for this site of operations is to have the capacity to build moulds up until 25 tons. The location of this site of operation will not be on the same state of Inotooling but will be on the close by state of Tlaxcala, where an investment has been made on a land of 32000 m². The second part of the investment is predicted to occur on the year of 2020, with the beginning of the construction of the infrastructures.

2.5.2 Operation

Inotooling is characterized for having the independence of making their own choices as SOCEM Brasil is, not depending on the decisions of the head of the group to make the day by day decisions. The power of decision is given to the business manager, to manage in convenience with his ideals and with what he believes to be the correct choice to achieve the best outcoming results. As previously stated on SOCEM Brasil case, the characteristics of the industry and the time zone difference do prompt as well the decentralization within the SOCEM group organization.

2.5.3 Human Resources

The selection of the number of workers which composes the team is not always easy to settle in the beginning, the unpredicted workflow and work consistency have a crucial role on turning the decision even harder. When internationalizing the decision is sometimes even harder, not only selecting the number of workers which will integrate the team but also if some of them will be sent from the origin country to where is occurring the internationalization.

Inotooling team has not grown tremendously since their first started in 2016 but in the end of the year of 2017 the team was composed by 13 workers. The great majority of these workers are indeed Mexican, but the team is composed as well by 3 Portuguese which were already associated to SOCEM Group back in Portugal and were given the chance to evolve their careers. Business Director, Finance Director and Production Control are the positions which these Portuguese are responsible for. Is important as well to refer that the Portuguese single partner which detains 10% of Inotooling and 30% of SOCEM Mexico, due to the gained experience and knowledge by travelling a lot to Mexico on business matters, is responsible for the Business Director position. In addition, this individual had already been integrated on SOCEM Group team of workers, for some years, before this step of expanding their business to Mexico was taken.

Additionally, as it happens with SOCEM Brasil, there is also a Portuguese which is not considered on the number of workers since has a contractual agreement with SOCEM in Portugal. In this case, his function is linked to the final part of the production itself and

insurance of quality, longevity and cycles of the final product, being him, a mould finishing and quality warranty technician.

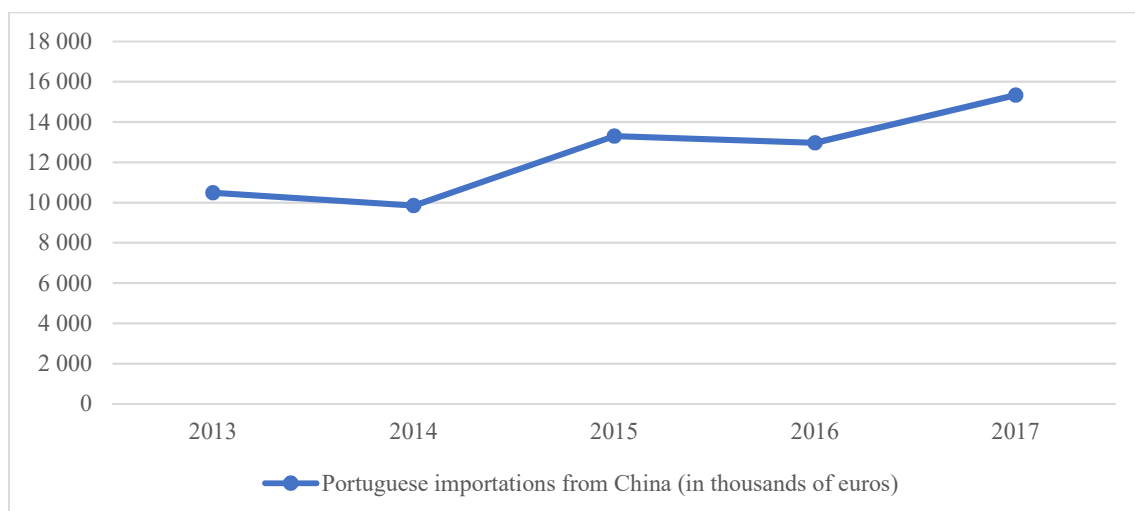
Until the end of the year of 2018, business manager prospects to grow the team with 3 more workers, with Mexican nationality, expanding their number of workers to 16 workers.

On the time being SOCEM Mexico does not have any workers since there are no infrastructures still.

2.6 China

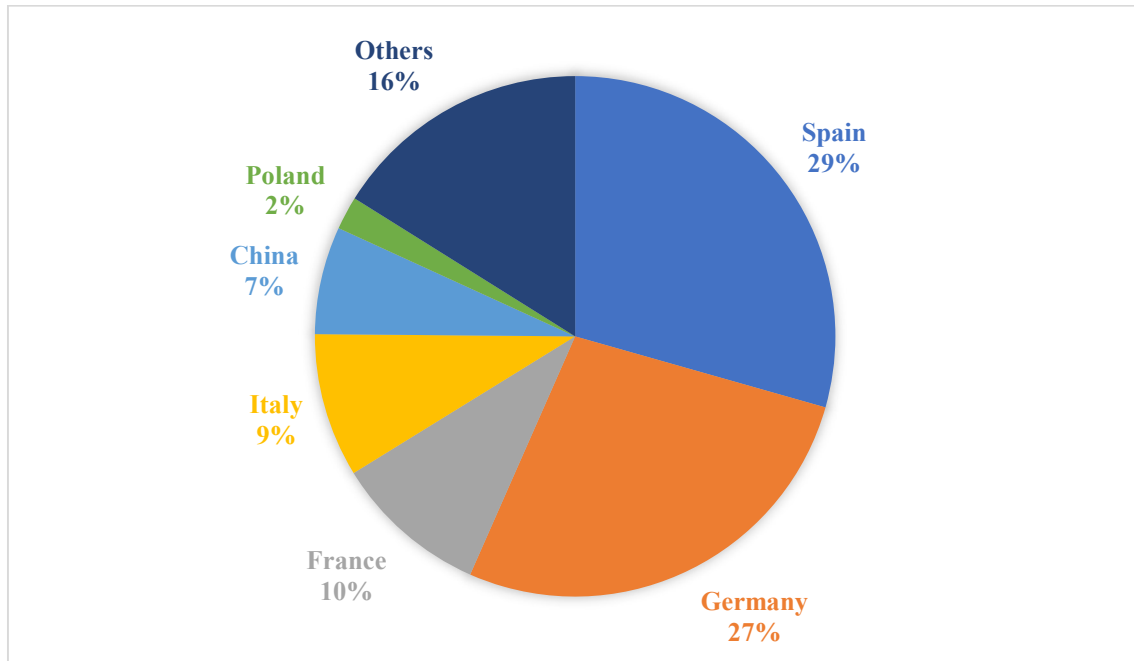
Asian countries have been, for the past years, one of the top regions selected by many known organizations to change their production sites to. Initially these organizations were looking for the economic advantages – access to cheap labour, raw materials, etc. – but now the spectrum has grown. With all the organizations which have been internationalizing to this region, specially China, they have been transmitting knowledge on the most diversified fields as well. So now, even though China is still associated with products with low quality, Chinese organizations are evolving considerably their techniques. All was verified on the mould industry as well, Portugal has been importing moulds from China more and more every year and in 2017 was the 5th greatest mould supplier for Portugal. China, is then, the only non-european country of the top-5 Portuguese mould suppliers.

Chart 3: Portuguese mould importations from China (in thousands of euros)



Source: Adapted from AICEP Portugal Global; "Portugal: comércio internacional de moldes"

Chart 4: Portuguese mould importation markets



Source: Adapted from AICEP Portugal Global; "Portugal: comércio internacional de moldes"

In terms of quality and level of expertise on more complex moulds – in terms of engineering and technical aspects – Chinese mould makers are still a step back in comparison with European mould makers, which have a greater amount of experience building and conceiving them. Notwithstanding, for more complex moulds European mould makers are normally privileged in relation to Chinese mould makers but for more simple moulds they must to be taken into account as strong competitors.

2.6.1 Strategy

While observing a car, a large quantity of plastic components can be seen on the outside and on the inside. Some are more important for the safety or functioning of the car itself, others are only for esthetical reasons. Independently of the motive, to be produced, all of those plastic components need a mould and it is easy to imagine that the price of all those moulds can reach large millions of euros. Building a mould requires a great amount of components – with many levels of complexity – which can lead to very high mould prices. As it is obvious clients are searching for the best price, meaning the lowest price possible for the required and desired quality.

When a mould is ordered to SOCEM, there are clients, with the intention of lowering the mould price, which demand that certain components are built by Chinese mould makers. This way, clients have access to European mould quality with a discount on price by less technical components being produced in China. After the client makes the order, everything has to be managed by SOCEM, even the components which have to be built by Chinese mould makers. SOCEM wanted solid suppliers which could respond to all the requirements – in quantity, in time and in budget. So here it emerged one of the strategic reasons of the partnership with 3 different mould makers.

The other strategic reason emerges with the desire of gaining competitiveness. As previously said, moulds have numerous components and sometimes the capacity of building those components inhouse for a large set of moulds at the same time is not sufficient. In addition, there are also tight delivery dates which need to be followed and fulfilled. By distributing some components to the Chinese partners, SOCEM is able to increase their profit margins – Chinese prices are considerably lower than European prices – and, adding to this, those components can be produced at the same time SOCEM is dedicated to other components, saving crucial time.

2.6.2 Operation

On this type of internationalization SOCEM does not have any kind of control over the Chinese company, what exists is only a partnerships agreement which privileges all the organizations.

2.6.3 Human Resources

SOCEM Group opted for having one local person working as their representative, easing communication between SOCEM Group and the 3 different Chinese partners. This representative receives project technical and price requirements from SOCEM Group and he is responsible for coordinating with the Chinese partners all the specifications related to the projects and also to control and guarantee that delivery of the products is going to occur on the established date.

Coming from Europe, a business relationship with the Chinese partners can be affected easily when the business culture is not currently understood. Chinese business culture is

known by being difficult to domain from those who come from outside of China, the idea of having a representative had the purpose of not only easing the relationship between SOCEM and the three Chinese partners but also strengthen it.

2.7 Questions

The questions related to this Case Study are the following:

- 1- Reading SOCEM Case Study there can be detected more than one entry mode. Analyse for each of the three countries entered their entry mode jointly with their positive and negative repercussions
- 2- How can the process of internationalization be affected by its strategic and operational management?
- 3- Recently there have been some political decisions, coming from United States of America, which affected directly Mexico and China exportations. How can SOCEM internationalization strategies to both of these countries be affected by these political decisions?
- 4- Some authors believe the success of an internationalization depends on strategy flexibility and adaptation to unpredictable conditions. Address this theme and two possible future scenarios (one positive and one negative) for SOCEM Mexico strategy.

3. Literature Review

2.1 Small and Medium Enterprises

There does not exist a unique and clear definition of SME around the world, according to Potobsky (1992) there were identified over 50 definitions in 75 different countries with considerable ambiguity between them. Since then, the methods adopted to harmonize the definition around the world were to settle groups with quantitative milestones. Although the 28 countries of the European Union define micro, small or medium enterprises according to the same bundle of quantitative milestones there are still differences when comparing to other countries outside the European Union.

The European Union defines Small and Medium enterprises “*as business which employ less than 250 staff and have an annual turnover of less than EUR 50 million and/or their balance sheet total is less than 43 million*”. To distinguish between them the European Commission settled 3 categories in which at least 2 must be considered: staff, annual turnover and/or balance sheet.

Table 2: Criteria for small and medium enterprises in Europe

	Micro	Small	Medium
Staff	< 10 employees	< 50 employees	< 250 employees
Annual Turnover	< 2 million euros	< 10 million euros	< 50 million euros
Balance Sheet	< 2 million euros	< 10 million euros	< 43 million euros

Source: Adapted from European Commission; Annual report on SME's 2015/2016.

On the other hand, in the United States of America there are multiple definitions, it varies depending on the industry it operates. Are considered as distinguishing factors, similarly to the EU, number of employees, total assets in U.S dollars and annual sales in U.S dollars (IEG:2008). Mexico partially adopted the USA standards, divided 3 general types in which companies focus their operations – Manufacture, Commerce and Services – and to distinguish the companies between micro, small and medium enterprises it only considers the number of employees.

Table 3: Criteria for small and medium enterprises in Mexico

	Micro	Small	Medium
Manufacture	≤ 10 employees	11 - 50 employees	51 - 250 employees
Commerce	≤ 10 employees	11 - 30 employees	31 - 100 employees
Services	≤ 10 employees	11 - 50 employees	51 - 100 employees

Source: Adapted from Ley para el desarrollo de la competitividad de la micro, pequeña e mediana empresa; Cámara de diputados de H. Congreso de la unión, Gobierno Estados Unidos de México.

For Brazil, the normalization of SME criteria is yet to come. Different Brazilian federal agencies use, at least, 3 different criteria to define what is a SME. The most used criteria is called “General law for micro and small enterprises” and takes into account enterprises annual turnover. The other two criteria consider number of workers and gross revenue as the distinguishing factors between micro, small and medium enterprises. However, the founding countries of MERCOSUR – Argentina; Brazil; Paraguay and Uruguay – adopted a single definition of SMEs in order to normalize the definition between the 4 countries (SEBRAE; 2016).

Table 4: Criteria for small and medium enterprises for MERCOSUR founding countries

	Micro	Small	Medium
Staff	≤ 20 employees	≤ 100 employees	≤ 300 employees
Annual Sales	≤ 400.000 dollars	$\leq 2.000.000$ dollars	$\leq 10.000.000$ dollars
Size Coefficient ¹	$\leq 0,52$	$\leq 2,58$	$\leq 10,00$

Source: Adapted from Observatório internacional SEBRAE – Conhecimentos que geram oportunidades; “Pequenas e médias empresas no Brasil”.

¹ Size Coefficient = $10 \sqrt{\frac{PO}{POm} \times \frac{V}{Vm}}$; where PO : number of employees, POm : reference number of employees (max. 300 employees), V : annual enterprise sales, Vm : reference annual sales (max. 10 billion \$)

Considering the “Annual report on European SME's 2016/2017” in 2016 only 0.2% of the enterprises which operated in the EU-28 non-financial business sector in 2016 were not SME's, employing 93 million people which accounts for 67% of total employment and generating 57% of value added.

2016 was indeed a very important year for SME. Not only it marks the third consecutive year of steady increases in the European union SME employment and value added (rising 1,6% and 1,4% respectively) but was as well the year in which they have finally recovered from the economic and financial crisis of 2008/2009. It was in fact the first time since then that EU SME employment exceeded the pre-crisis level

Table 5: SME's growth comparisons²

	2015 vs. 2016	2008 vs 2016
Value added	+ 1,4%	+ 10,9% (+ 497 billion €)
Number of enterprises	+ 1,9%	+ 10,8 % (+ 2,3 million enterprises)
Employment	+ 1,6%	+ 0,6% (+ 531 000 jobs)

Source: Adapted from European Commission; Annual report on European SME's 2016/2017

Table 6: SME's forecast to 2018 – comparison with 2016³

	2016 – 2018
Value added	+ 6.4%
Number of enterprises	+ 1.7%
Employment	+ 1.9%

Source: Adapted from European Commission; Annual report on European SME's 2016/2017

² SME's in the non-financial business sector.

³ SME's in the non-financial business sector.

2.2 Internationalization

Internationalization is perceived as “*the geographical expansion of economic activities over a national country's border*” (Ruzzier, 2006). After the second world war, economic internationalization was set to a great growth (Ruzzier, 2006) and has been an important topic, mainly for management and economy study fields, ever since. In 1988, Welch and Loustارين defined internationalization as a process in which the involvement between enterprises of different countries increases, it implies a both way increasing involvement in foreign markets. From then until now, many authors have tried to contribute to the improvement of this definition. For Buckley and Ghauri (1993) “*internationalizing means a changing state and thus implies dynamic change*” and believe in some extent that internationalization and company growth are intertwined. Calof and Beamish (1995) created a broader definition, for them internationalization is not only a form of investment, it can be also a form of de-investment. For that reason, they consider internationalization as the adaptation of organizational elements - such as strategy, structure, resource and so on - to the international environment.

More recently, Mathews (2006) referred to integration as fundamental on the internationalization process. The term *integration* refers to the utilization of push and/or pull strategies as a mean to obtain a deeper and greater vision of the global economy. For this reason, internationalization is defined by Mathews (2006) as “*the process of the firm's becoming integrated in international economic activities*”.

There are also authors who consider internationalization as a phenomenon which occurs when a company enters in a relationship with other entity of another country in which the company operations differ locally and on foreign markets (Fonfara, cited in Rowley, 2017).

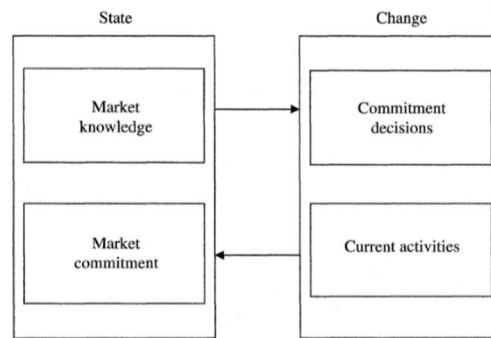
As it can be perceived, there are many different definitions for internationalization however, all of them have a link in common, a connection between organizations which are located in different countries. Moreover, there are also numerous approaches and theories about the process of internationalization which – some of them – will be enlightened on the following subtopics.

2.2.1 Uppsala Model (U-MODEL)

Was developed by Johanson and Vahlne in 1977 and they believed then, internationalization of a company is a gradual process which involves the development of knowledge – on foreign markets and operations – and also an increasing commitment (level of investment) on foreign markets. It is a gradual process in a sense that knowledge and commitment will evolve during time, being a time-consuming process. For this reason, distance, not only physical, but also in aspects related to culture, language, political systems are considered as obstacles when internationalizing (Johanson and Vahlne, 1990). Thus, the process of internationalization is commonly divided in two main stages, (1) when enterprises begin their internationalization process, their new foreign destination is selected taking into account their proximity to the country of origin, gradually moving to more distant countries when more knowledge and experience is acquired from previous international business activities; (2) as experience and knowledge is acquired through time, there will be a gradual increase of resource commitment (Carneiro et al., 2008). It is believed to illustrate that cumulative decisions, derived from acquired knowledge from global markets, stimulate greater commitments on international expansion (Sim and Pandian, cited in Rowley, 2017).

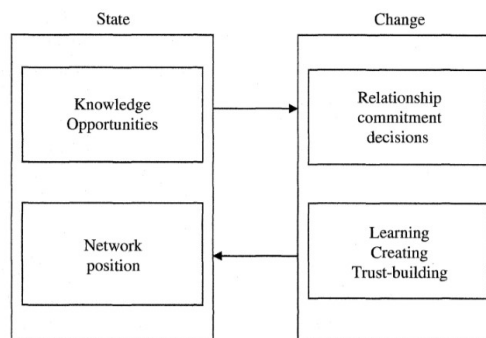
On 2009 Johanson and Vahle revisited their U-MODEL after considering their model was no longer up to date, due to changes and advances on business practices and theoretical studies. While the model of 1977 did not consider marketing as an important tool to understand the market, the revisited model suggest that the development of business networks help firms to understand better foreign markets creating faster and greater opportunities of knowledge. The network position which the firms occupy on the internationalization process may dictate if it is successful or not. Network positions and opportunities, which are considered by Johanson and Vahle (2009) “*the most important element of the body of knowledge that drives the process*”, both depend on the level of commitment to the relationships – to new or already existing ones – and from the capacity of learning and trust-building within its network.

Figure 6: Proposed Uppsala Model of internationalization – 1977



Source: Johanson and Vahle (2009)

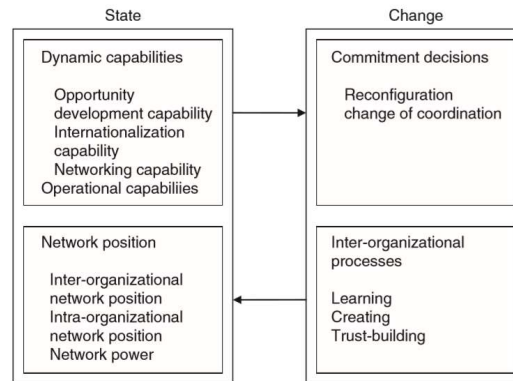
Figure 7: Revisited Uppsala Model network internationalization process – 2009



Source: Johanson and Vahle (2009)

In 2013, Johanson and Vahle published a new article upgrading once more the Uppsala Model. While in 2009 they believed it could exist a merger between their model and the eclectic paradigm, later in 2013 they suggested that the differences between the two were “too large for a merger” and argued their Uppsala model was an alternative approach to explain the evolution of multinational business enterprise (MBE). For the new version of 2013 (Figure 8) it was added to the version of 2009 (Figure 7) elements from some theories – dynamic capabilities theory, entrepreneurship theory and management of uncertainty theory. The model process remains the same: 2 change variables which impact one another and 2 state variables which describe the status of the MBE (Johanson and Vahle, 2013).

Figure 8: The Uppsala Model of MBE evolution – 2013



Source: Johanson and Vahle (2013)

2.2.2 Eclectic Paradigm

Dunning (1988) developed what he called the “eclectic paradigm” and considered three main factors were responsible for a company to engage/be successful in an internationalization – ownership, location and internalization (OLI) – which themselves, gave origin to three sub-paradigms.

When Dunning (2000) refers to ownership, he considers all the competitive advantages, owned by the investing enterprise, which can be used to engage or increase foreign direct investment – i.e. ownership of specific advantages. This sub-paradigm claims that, *ceteris paribus*, when comparing the competitive advantages of the investing enterprise with the other enterprises – more importantly with those which are domiciled on the country of investment – if the competitive advantage of the investing enterprise is greater, the more likely it is to engage or increase their foreign production.

With location are considered the advantages or attractions of locations beyond borders to undertake value adding activities. This sub-paradigm asserts that the more attractions exist on that location in which their exploitation is more beneficial on that particular foreign place in comparison with the domestic location– for reasons such as costs, immobility, natural resources, etc. – and prompt the enterprises competitive advantages, the more their ownership advantages will be exploited by engaging in a foreign direct investment.

Last but not least, internalization refers to the advantages which arise by exploiting internally the enterprise’s capacities/resources, i.e. transfer ownership-specific

advantages to other countries not by selling them but by exploiting them within its enterprise. The third sub-paradigm suggests a framework in which enterprises may create or exploit their core competences taking into account the location attractions of the foreign countries or regions.

2.2.3 Network Model Theory

Typically, on the industrial system, some enterprises are responsible for production, others for the distribution and others for the use of the goods and services. Markets are considered a network of relationships between different business actors for Johanson and Mattson (1988). Enterprises work on different activities but depend on each other and their activities must be co-ordinated between themselves. Co-ordination emerges in the network through the interaction between enterprises. Within the network each enterprise has relationships – with costumers, distributors, suppliers, competitors, supplier's suppliers, customer's customers – which can be continuously established, maintained, developed, changed or disrupted in order to create short-term economic return and to ensure long-term survival (Johanson and Mattson, 1988).

Thus, when an enterprise engages in an internationalization new foreign networks are developed and established, this leads to more and stronger global relationships among the production network. However, this model argues as well that the internationalisation process starts primarily on a domestic level where enterprises must be integrated and only after the network extends to other countries is when enterprises engage on an internationalisation. In sum, foreign network relationships “can be achieved: (1) through the establishment relationships in country networks, i.e. *international extension*; (2) through the development of relationships in those networks, i.e. *penetration*; and (3) through connecting networks in different countries, i.e. *international integration*” (Johanson and Vahlne, 1990).

2.2.4 Resource-based view theory

Resource-based view theory “*suggests that firms obtain sustained competitive advantages by implementing strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses*” (Barney, 1991). In other words, this theory asserts enterprises resources can lead to sustainable competitive advantages. Resources can be defined as everything that is controlled by an enterprise which enables the creation and implementation of strategies that ultimately will lead to a greater efficiency and effectiveness (Draft, 1983 cited in Barney, 1991). Whereas sustainable competitive advantage is considered a value creating strategy which no other competitor does have the knowledge or/and is not able to implement for some period of time – sustainability does not imply everlastingness (Barney, 1991), the need to keep improving those resources as well as searching for new and better resources is needed.

In order to be a sustainable competitive advantage, a resource, in accordance with this theory, must be (1) valuable, meaning that it has to add value to the firm; (2) rare, in terms of not being possessed by a large number of other firms; (3) inimitable, difficult to reproduce or/and use; and (4) non-substitutable, hard to substitute for other similar or different resource. These are the four requirements which define if a resource is or not a source of a sustainable competitive advantage, by not accomplishing only one of these there is no sustainable competitive advantage.

When applying to the internationalization process the resource-based view theory it maintains the same line of thought, resources which comply with the previous stated requirements are a source of competitive advantage when entering a new foreign market. Enterprises try to continuously search for new sources of sustainable competitive advantage, not focusing only on exploiting their already existing ones however, the needed resources to enter a foreign market might be different from those which are needed on the market in which the company is already operating, it depends on the nature of the foreign market (Wright et al. 2007). For this reason, although Barney (2001) only makes reference to internal resources as sources of competitive advantage, Wright et al. (2007) suggest external tangible and intangible resources must be considered as well. External resources are for instance networks, which can every one of the four requirements of a sustainable competitive advantage (Dana, 2001; Lages et al. 2009).

2.2.5 A more modern approach: rapid SME internationalization

Kalinic and Forza (2012) analysed the published literature and found a research gap, there was no model that helped understanding the rapid internationalization process of traditional SME's – they were circumscribed to gradualist models – until then only “born-globals” had models that supported that theory. Traditional SME's are characterized by concentrating their operations on a national level on the firsts years of establishment and only after spreading their relations to a international level whereas born-globals have a highly international activity from inception.

In order to overcome that research gap, Kalinic and Forza (2012) studied 5 different Italian traditional companies – which had no international activities, operating only with other national companies and within 3 years became great functioning international companies – and concluded that “specific strategic focus”, in other words, strategic flexibility is the key success factor to increase commitment and speed on an internationalization. Companies with a flexible strategy can quickly react to unpredictable external conditions and overcome them with a faster pace than the ones which do not want to change their strategy – initial goals; entry mode; level of investment; etc. In fact, they cite, as well, the findings of Rialp et al. (2005) who concluded strategic focus was indeed a fundamental key aspect when internationalizing but, on their case, for “born-globals”. Both studies argue that both internationalization processes are indeed different from each other, however have in common what speeds the internationalization process itself when it begins.

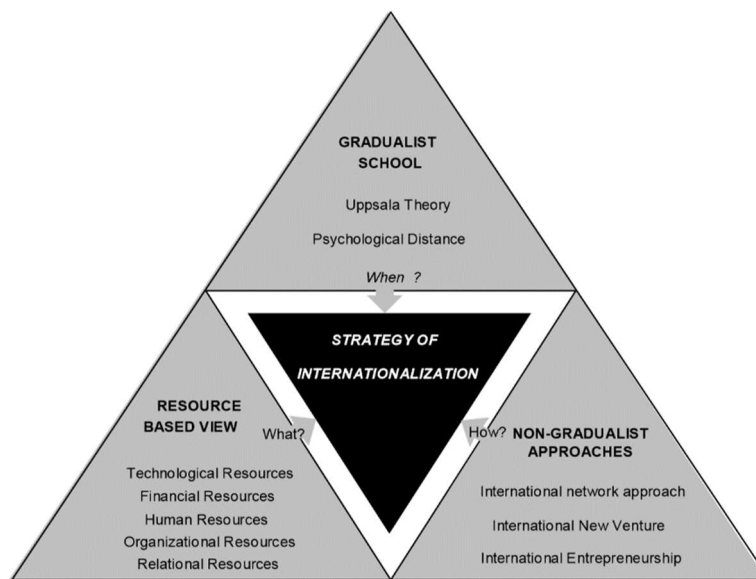
2.2.6 Holistic Model: integration of main theories and approaches

For the past years many researches have been made on the internationalization topic, leading to the elaboration of diversified theories and approaches. Thus, Fernández-Ortiz et al. (2012) integrated in a holistic global model only the 3 main theories and approaches which they considered most relevant when elaborating enterprises internationalization strategy – Resource Based View; Gradualist Approach (Uppsala model) and Non-gradualist Approaches (Network approach; Revisited Uppsala Model; International New Venture/Born Global; International Entrepreneurship Theory).

On this theoretical model the 3 main approaches contribute differently on the elaboration of the final goal – internationalization strategy. As it can be seen on Figure

9, all of the 3 approaches answer to a different question: RBV answers to the question *what?*, Gradualist approach to the question *when?* and Non-gradualist approaches to the question *how?* Contrary to what other authors have stated and argued, this theoretical model does not consider these 3 approaches contradictory but complementary to each other.

Figure 9: Holistic Model – building an internationalization strategy



Source: Fernández-Ortiz et al. (2012)

2.3 International Market Selection

A fundamental strategic decision on the internationalization process is the international market selection (IMS) (Ellis, 2000; Ellis and Pecotich, 2001; He and Wei, 2011; Kumar et al., 1994; Papadopoulos et al., 2002). Market potential differs from one country to another and, particularly for SME's which usually have more capital limitations in comparison with big enterprises, efforts and resources should be carefully applied (Alon, 2004).

Some frameworks have been created (Dunning, 1988; Johanson, 1997; Root, 1998; Alon, 2004; Brewer, 2001) in order to support and ease international market selection. However, research suggest the created systematic approaches are rarely used by decision makers (Westhead et al., 2001; Papadopoulos and Martín Martín, 2010) which

usually elect a more intuitive non-systematic decision making (Sarasvathy, 2001 cited in Papadopoulos and Martín Martín, 2011).

IMS is considered a very complex topic of the internationalization process, it requires a great extent of information, knowledge and the execution of deep analysis (Papadopoulos and Martín Martín, 2011). For instance, decision makers try to select the best possible market and make a rational choice but cognitive, time, market information and models limitations constrain that same rationality – it is conceived a boundedly rational decision (Simon, 1959 cited in Papadopoulos and Martín Martín, 2011).

Aside from all the hitches and downsides, IMS is still important and should not be considered expendable when internationalizing. Foreign markets business features still vary enormously between each other and strategies can only be developed after the choice of target markets. Enterprises competitive position and global value chain – physically and geographically speaking – depend on which country enterprises choose to expand their business, and when failing to enter the right market there are monetary and opportunity costs associated (Papadopoulos and Martín Martín, 2011).

2.4 International Entry Mode Strategies

There are many strategies which companies can select to face the challenge of internationalizing their operations. These strategies can be subdivided into two categories: Non-Equity (associated risk and level of used resources are low) and Equity (associated risk and level of used resources are high).

2.4.1 Non-Equity Mode

For Erramilli et al. (2002) non-equity mode does “*not entail equity investment by a foreign entrant*”. For this reason, this non-equity mode strategies are considered low risk and normally is how enterprises start their internationalization. On the category Non-Equity, we have the following strategies:

2.4.1.1 Import and Export

This strategy is the most commonly used when the process of internationalization begins since it has the lowest associated level of risk (Twarowska and Kakol, 2013). For Wach (2014) this is “*a natural consequence of growth*” occurring when the operations increase, the need to import materials and export products leads to the internationalization process. Literature suggest there are at least two different types of exportation (Twarowska and Kakol, 2013; Wach, 2014), being them indirect exportation and direct exportation.

Indirect exportation is the action of selling goods or services to another country through an independent intermediary, settled in the domestic country. For those companies which choose this strategy they can expect some advantages to arise such as low associated risk and cost (costs with admission of more staff and with marketing do not exist), difficulties on entering the new market rely on the intermediary and relatively simple extension of sales markets. However, the associated profitability is usually low and first in line exportation companies are very dependent on the intermediaries. Also, the use of an intermediary leads to the lack of knowledge and experience on international market, since it is not acquired. Ultimately, the risk of choosing other supplier or the client/intermediary producing internally is very high (Wach, 2014).

Direct exportation, as the name suggests, goods and services are sold directly to the foreign customer – it can be through a foreign agent; a foreign distributor; a representative office or a foreign distribution network which belongs to the company. However, the fact of the company ascending its control over the exportation, the associated risks and costs get higher. (Wach, 2014)

2.4.1.2 Management Contracts

Strategy similar to franchising though in management contracts, there is more control and support. Not only is the brand/enterprise name is leased but extensive technical and management support is provided (Erramilli et al., 2002; Wach, 2014). With this strategy risk and capital commitment is low, nonetheless it prompts the experience of foreign entrants on foreign markets (Wach, 2014). Although royalties, supply chain markups, management fees and a share of profits may be received, profitability is relatively low on this internationalization mode of entry (Erramilli et al., 2002; Wach, 2014).

2.4.1.3 International Subcontracting

Contract manufacturing or international subcontracting is a strategy in which a foreign company is hired to manufacture foreign entrant company orders, which usually is seeking with this strategy resources and/or efficiency. The downsides of this strategy are linked with the fact of the non-existing direct contact with the foreign market, international experience is not gained which consequently weakens the foreign entrant negotiating position with the local organization. As it is common on strategies of non-equity mode, international subcontracting risk, capital commitment and profitability are relatively low (Wach, 2014).

2.4.1.4 Licensing

Licensing is characterised by one company giving other their patent rights, trademark rights, copyrights or know-how. In return, the licensee will produce the licensor's products, market those products, pay fees and royalties to the licensor (Twarowska and Kakol, 2013). Cullen and Parboteeah (2010) characterize licensing as a contractual agreement between licensor and licensee in which the licensor owns something valuable (patent, know-how, trademark, name) which is provided to the foreign licensee.

By making use of this strategy the licensor enters the market with low risk and costs, receives a steady income, brand marketing is strong, the licensee has greatest knowledge about the market (Wach, 2014). Although it is associated to low risk this strategy does not only bring advantages, it also can bring disadvantages. There is the possibility of the licensee gaining control of the technology and the know-how, or damage the licensor's brand/reputation by not selling products according to the quality standards, or not obeying the license contract, or even not contributing to a generation of a high income for the licensor (Wach, 2014).

2.4.1.5 Franchising

Franchising is characterized by Wach (2014) as "*Sales of the rights by the domestic franchisor to conduct commercial activity by a foreign franchisee*". Can be considered similar to Licensing however there is more involvement and control (Stone and McCall, 2004; Twarowska and Kakol, 2013; Wach, 2014). Being a non-equity strategy,

characteristically it has the advantage of having a low-cost entry. Nonetheless, franchising gives the possibility of a simple rapid expansion on the foreign market, even if these markets are large or distant (Wach, 2014). However, this strategy can bring some problems to the internationalizing company. Some of these problems can be the required cost control, sharing profits with the franchisee, the need to qualify the franchisee, the possibility of conflicts or even disloyalty from the franchisee, and ultimately, difficulty on maintaining uniform standards and quality (Wach, 2014).

2.4.2 Equity Mode

Equity mode of internationalizing involves foreign direct investment, which is divided into Brownfield investment and Greenfield investment. The merger and acquisition of transnational existing facilities is considered a Brownfield investment but, on the other hand, a Greenfield investment occurs when a new facility is constructed on the country in which it is wished to internationalize (Wach, 2014; Bayar, 2017). Both Brownfield and Greenfield investments contribute positively to the economic growth (Moon et al., 2003; Bayar, 2017). The category Equity is composed by the following strategies:

2.4.2.1 Branch

This strategy describes a foreign direct investment on the creation of a foreign branch, which is completely owned by the head company. Although the branch has to comply with the laws of the foreign country in which it is settled, being the branch an integral part of the head company it has, consequently, the same legal status of the host company meaning it has to comply as well to the laws of the host company country laws. A branch is characterized by having not only a narrower scope of activities in comparison with the host company but as well to have their operations under the management of the host company (Wach, 2014). Usually branches can be considered the early mode of internationalization, it can successfully evolve to a subsidiary by the expansion of the scope of activities (Hollensen, 2007).

By recurring to a branch when internationalizing, the host company has total control of the foreign branch and it sets a good image of the branch on the local market however

there are some complications when preceding with the registration of the branch (Wach, 2014).

2.4.2.2 Joint-venture

Wach (2014) considers joint-venture as “*the creation of a foreign subsidiary which is jointly controlled by the host company and by a foreign partner*”. Is considered as well very similar to licensing although it has two major differences, joint-venture involves a foreign direct investment and the internationalizing company has management power (Twarowska and Kakol, 2013). By entering jointly, the market risks are shared and knowledge from both companies is combined resulting into a synergy effect. On the other hand, the cost and risk are still very high due to the required investment, not forgetting as well of the conflicts which may arise between the two companies (Wach, 2014).

2.4.2.3 Strategic Alliance

Presumes the collaboration and cooperation agreements between companies in order to achieve their objectives. Although it can be considered very similar to joint-venture strategy since there is also mutual effort in accomplishing a greater objective, the main difference is that in a strategic alliance there is not the creation of a third enterprise which is jointly controlled but there is only the creation of an agreement between the parties. For instance, Thirawat (2017) considered strategic alliances “*are formed by companies from highly industrialized countries, have a purpose to formulate new products and technologies rather than distributing current ones, and are usually initiated for temporary periods*”. In other words, this strategy can be referred as a mean to obtain technological innovations – by the discussion of ideas and methods between companies – which for a single company would be almost impossible to achieve. In strategies which involve a relationship between more than one company there is always the risk of conflicts and the attempt of one gaining advantage of the other. As it is an equity mode strategy, it must not be forgotten that there is a high entry cost and risk associated (Wach, 2014).

2.4.2.4 Wholly-owned subsidiary

This strategy implies a foreign direct investment (FDI) in which it is considered the foreign entrant company has an ownership of 100% of a foreign subsidiary. By entering alone in the foreign location there is full control of the subsidiary and there is as well the potential of having a higher profitability when comparing to the other strategies. However, entering alone on a new foreign market may prompt some misunderstanding and unknowledge of legal rules of what concerns internationalizing to that specific region, starting right away with the registration procedures. For the previous stated reasons, risks and costs associated are considered very high (Wach, 2014).

4. Pedagogical Note

4.1 Target Audience

This case study aims to portray the internationalization of a Portuguese medium enterprise which operates in a not so studied industry – the mould industry – and how their strategy was successful in order to overcome some adversities. This study is mainly intended for:

- Bachelor management and business administration students;
- Master management and business administration students;
- Other executive students can also make use of this case study.

4.2 Educational Objectives

With this Case Study the objective is, not only, to advert students that there are industries which are not as known or talked about, worth being referenced and studied but as well to incentive the study on internationalization.

Internationalization is a phenomenon which occurs on a daily basis, especially on the business world, and the need to understand it more deeply can be vital when integrating an organization. The objective is to let students know that this phenomenon can diverge considerably on many aspects and can be affected or boosted depending on certain decisions, internal and external factors.

4.3 Methodology

4.3.1 Research Context

This is a Case Study, on a not so known and studied industry, with the aim of understanding more about the industry itself and about internationalization of small and medium enterprises. Conclusions are made of how enterprises are affected by external and internal conditions on the international level.

4.3.2 Research Design

Primary data was obtained in order to understand more deeply SOCEM Group and its internationalization to the 3 distinct markets – Brazil; China and Mexico. Secondary data was obtained through literature such as articles, papers, books and economic newspapers. With this research was obtained crucial qualitative information (primary data) in order to understand how SOCEM Group operates on an international level and some conclusions were made supported by the obtained secondary data.

4.3.3 Data Collection

Skype interviews, telephone interviews and exchange of email correspondence were the utilized tools to obtain the needed qualitative data. The information exchanged information was acquired through SOCEM Brasil Finance Director; SOCEM Mexico Business Director and SOCEM ED Finance Director.

4.3.4 Data Analysis

When the data was finally gathered, it was put into practice a content analysis to be able to structure the information, so conclusions could be obtained and well-constructed.

4.4 Analytical Tools

4.4.1 Research Collected Data – Interviews

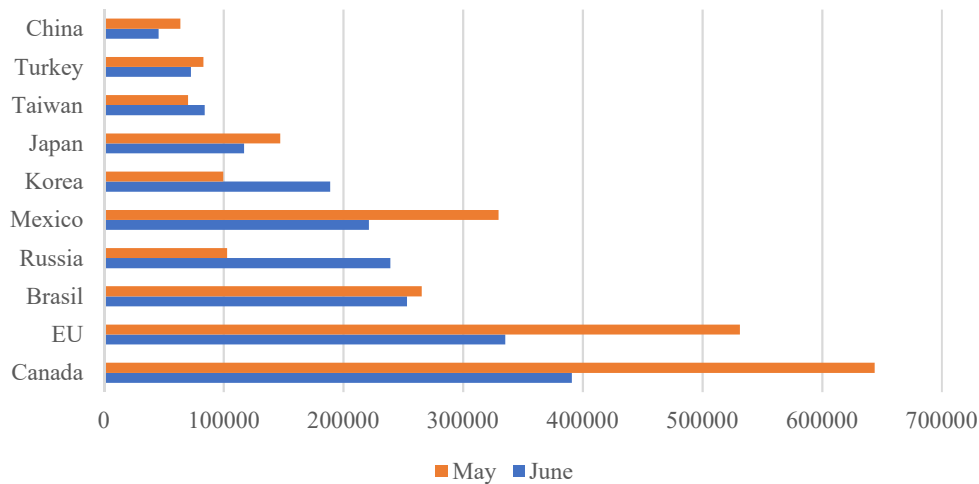
The collected data through the interviews with SOCEM, was all used for the elaboration of the Case Study itself and, for this reason, the retrieved information is all mentioned on the explanation of chapter 2.

4.4.2 USA Governmental Decisions: Application of tariffs

On March 2018, the president of the United States of America, decided to apply tariffs on steel and aluminium importations – as raw materials and not as final products – of 25% and 10%, respectively. These tariffs were applied to the world's biggest producer, China and to the U.S.A biggest steel imports: Brazil, South Korea, Japan, Taiwan, Russia and Turkey. For Canada and Mexico there were made exemptions which ended on the beginning of June. June was also the month in which tariffs were applied to

European Union steel. These protectionist measures affected the worldwide trade and many economists are fearing the outcomes of a world trade war. Some countries are already announcing tariffs as well to the importation of American products.

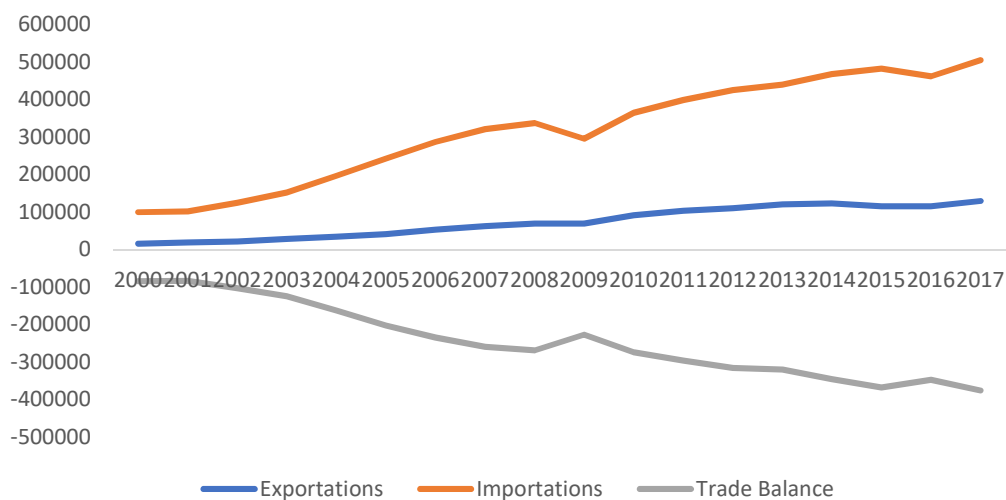
Chart 5: Top 10 USA steel importations in tons



Source: Adapted from United States Census Bureau; U.S imports for consumption of steel products May 2018 (Annex 2).

From May to June it is already possible to perceive some impacts on steel importations, especially in the quantity imported to some markets/regions. Canada, European Union, Mexico and Korea suffered a great decrease on the imported quantity of steel.

Chart 6: USA trade in goods with China (in millions of dollars)



Source: Adapted from United States Census Bureau; "Trade in goods with China"

China is, for now, the main target of Mr. Donald Trump protectionist measures, his wish is to decrease the trade deficit of United States of America has with the Asian country, which has been increasing for the past year – with the exception of 2016 – and promote internal production growth. Last year, 2017, the trade deficit with China increased to historical maximums to approximately 376 billion dollars.

According to Business Insider, on June 15th tariffs of 25% were applied to a list of imported goods from China worth 34 billion dollars and later on July 6th to a second list, worth more 16 billion dollars. From the immense list of Chinese products with a 25% tariff, on the following figure are some products related to mould production

Figure 10: Sample of Chinese products that are affected with USA importation tariffs

HTS subheading	Product Description
72224030	Stainless steel, angles, shapes & sections, hot-rolled, not drilled/punched or otherwise advanced
84807180	Molds for rubber or plastics, injection or compression types, other than for shoe machinery or for manufacture of semiconductor devices
84811000	Pressure-reducing valves for pipes, boiler shells, tanks, vats or the like
90328100	Hydraulic and pneumatic automatic regulating or controlling instruments and apparatus

Source: Office of the United States trade representative; Notice of Determination and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

Still in July, China retaliated with tariffs on imported agricultural products from USA and in response to this retaliation, one more list of products was created by the American Government worth 200 billion dollars to be subject of a 10% tariff.

In addition, agreements between United States of America and other countries are on the verge of coming to an end after the application of these protectionist measures. The most commented is the still existing agreement between Canada, Mexico and United States of America – the so-called *NAFTA* (North American Free Trade Agreement). Not only did the president of the United States of America applied the tariffs but also refused to sign any *NAFTA* agreement before mid-term elections, promoting distrust on the other allied countries. Economists are fearing the implications of this agreement

coming to an end, obviously it will result in the increase of products price for the consumers, but implications can have a great impact on the global economy.

For the time being, these protectionist measures are spiking internal demand for products however the existing internal suppliers for certain products cannot face the demand, causing internal prices as well to increase.

4.5 Case Study Lecture Plan

Phase	Objectives	Tasks	Time
1	Introduction to internationalization and strategy topics		30min
2	Get to know and gain interest on the industry in what SOCEM Group operates and introduce SOCEM Group Case	Do some research on mould industry; See SOCEM Group merchandise video; Read, individually, SOCEM Group Case; Create groups of 3 or 4 individuals.	20min
3	Understand the multiple modes of entry into a market and its positive and negative consequences;	Read chapter 7 of the book: <i>“International Marketing: Within and Beyond Visegrad Borders”</i> <u>Answer question number 1:</u> Reading SOCEM Case Study there can be detected more than one entry mode. Analyse for each of the three countries their entry mode jointly with their positive and negative repercussions. Read articles:	20min 30min

	Understand the power of the influence top management can have on the internationalization process;	<p>Kortmann et al. (2014) “<i>Linking strategic flexibility and operational efficiency: The mediating role of ambidextrous capabilities</i>”</p> <p>Loane et al. (2007) “<i>A cross-national study on the impact of management teams on the rapid internationalization of small firms</i>”</p> <p><u>Answer question number 2:</u></p> <p>How can the process of internationalization be affected by its strategic and operational management?</p>	<p>30min</p> <p>30min</p>
4	Deepen and consolidate the knowledge acquired	<p>Presentation of the answers to both questions 1 and 2;</p> <p>Debate session between the groups of students and the professor on the answers;</p> <p>Presentation of the slides of questions 1 and 2 by the professor.</p>	45min
5	Understand how conditions on the environment affect an internationalization and its own strategy	<p>Read media; Example:</p> <p>https://www.bbc.com/news/world-43512098</p> <p><u>Answer question number 3:</u> Recently there have been some political decisions, coming from United States of America, which affected directly Mexico and China exportations. How can SOCEM internationalization strategies to both of these countries be</p>	<p>10min</p> <p>20min</p>

		<p>affected by these political decisions?</p> <p>Read article: Kamasak et al., 2016, <i>“Importance of strategic flexibility on the knowledge and innovation relationship: An emerging market study”</i></p> <p><u>Answer question number 4:</u></p> <p>Some authors believe the success of an internationalization depends on strategy flexibility and adaptation to unpredictable conditions. Address two possible future scenarios (one positive and one negative) for SOCEM Mexico strategy.</p>	<p>20min</p> <p>20min</p>
6	Deepen and consolidate the knowledge acquired	<p>Presentation of the answers to both questions 3 and 4;</p> <p>Debate session between the groups of students and the professor on the answers;</p> <p>Presentation of the slides of questions 3 and 4 by the professor;</p> <p>Final conclusions about the case study and mentioned topics.</p>	55min

4.6 Resolution – analysis of the data

1- Reading SOCEM Case Study there can be detected more than one entry mode. Analyse for each of the three countries their entry mode jointly with their positive and negative repercussions.

SOCEM is an organization which is, in its nature, very oriented to international markets, exporting almost all of its production. However, for the 3 different mentioned markets the invested commitment was higher.

For the internationalization to the Chinese market we are before a case of international subcontracting, a non-equity entry mode. It can be seen evidence, when it is mentioned work overflow and client specific demands on mould requirements, that SOCEM is searching for efficiency and cheaper resources as well, characteristics of international subcontracting. The advantage of this type of internationalization is the fact of having low associated risk and almost none capital commitment despite of having in result low profitability (Wach, 2014). Although this mode of entry does have some disadvantages relative to the lack of face-to-face interactions – weakened negotiation power – SOCEM tried to overcome this by having a local individual representing the group.

On the other hand, the internationalization to the Brazilian market involved an equity investment – foreign direct investment (FDI) – in order to open wholly-owned subsidiary. The level of resources utilized and spent on this equity entry mode strategy is much greater in comparison with all other strategies, considering the Uppsala Model it can be said the level of commitment in this case is considerably high. It is argued, as well, to be the strategy with the best possibility of high returns and profit, however the associated risk is also the highest. Entering completely alone into a market – not entering with local partners, detaining 100% of the subsidiary – may promote some misguidance or misunderstanding of some technicalities (rules, laws, duties, specific very deepen cultural obligations, etc.) of the selected internationalization market (Wach, 2014).

Lastly, we have also the internationalization to the Mexican market which has a more complex entry due to the creation of 2 enterprises with different partner composition. On one hand we have Inotooling, which already started its operations and is owned by 3 partners: “Forwardpoint” holding (45%), Mexican partner (45%) and Portuguese partner

(10%). By analysing its composition and what is referred throughout the case we can perceive the existence of a joint-venture. This type of entry grants to the partners the possibility of sharing the good sides and the bad sides of an organization: management power, risks and knowledge are some of the examples. For instance, the knowledge sharing can origin a synergy effect potentiating the value of the organization itself however something can go wrong and one of the risks that can arise from a joint-venture is the possibility of emerging conflicts between the Mexican partner and the Portuguese partners (Wach, 2014). On the other hand, we have SOCEM Mexico, which is only owned by 2 of the 3 partners: “Forwardpoint” holding (70%) and same Portuguese partner (30%). In this case there is no entry mode strategy which fits perfectly, between the strategies of equity entry mode there is always a characteristic that does not correspond to any of them. What is known for sure is that we are before an equity entry – it occurred an equity investment when buying the building site and it will occur the second investment in order to start the construction of the future infrastructures – and with this it is possible to narrow to 4 different possibilities – Branch; Joint-venture; Strategic alliance; and Wholly-owned subsidiary. For a better understanding, the following table summarises the 4 possible entry methods.

Branch	Joint-venture	Strategic alliance	Wholly-owned sub.
Completely owned by the head company	Host company and foreign partner jointly control the foreign subsidiary	Collaboration and cooperation agreement between companies	Implies foreign direct investment (FDI)
Same legal status of the host company	Market risks are shared	Composed by companies coming from high industrialized countries	Foreign entrant owns 100% of the foreign subsidiary
Narrower scope of activities	Synergy effect	A mean to obtain technological innovations	Full control of the subsidiary
Centralized management	Decentralized management	Usually last short periods of time	

Early on, when analysing the table it is possible to eliminate, right away, 2 of the 4 possibilities: branch and strategic alliance. SOCEM Mexico is a creation of a real company, not being only a simple creation of an agreement and will not have a centralized management – due to the organizational culture which is clearly demonstrated on the case – also, in consequence, it will not have the same legal status of the host company. We are left with two options yet, the wholly-owned subsidiary is the one which seem to fit best. Although it is not totally owned by SOCEM Group holding “Forwardpoint”, the majority is detained by the holding and they are not entering with a Mexican company or partner so there is no advantage in terms of specific market knowledge. There are now reasons to believe it is best to leave, for the previous stated reasons, the joint-venture option behind. As mentioned before, this entry mode strategy is the one with more risk associated due to the high level of investment and lack of deep knowledge about the market itself when entering alone, but SOCEM Group strategy of firstly initiating activities with Inotooling manages to decrease that risk since that knowledge is being acquired throughout its activities, previous of any greater investment is made on SOCEM Mexico.

2- How can the process of internationalization be affected by its strategic and operational management?

On an internationalization process there are a number of different aspects which can influence the success or the failure of the process itself. For many authors (Aaby and Slater, 1989; Cavusgil, 1984; Chetty and Hamilton, 1993; Leonidou et al., 1998; Miessenbock, 1998; Reid, 1983; Zou and Stan, 1998 cited in Loane et al., 2007), decision makers are considered the main factor of international strategy orientation and as well responsible for the speed of the internationalization process. The more the experience and knowledge on international matters – normally acquired by travelling, being born or studied or worked abroad, by interacting with global networks or by speaking other foreign languages – the greater risk these decision makers are willing to take, which is considered to be a fundamental aspect on the internationalization process (Aaby and Slater, 1989; Chetty and Campbell-Hunt, 2004; Coviello and Munro, 1997;

Harveston et al., 2000, 2002; Hutchinson et al., 2006; Madsen and Servais, 1997; Welch and Welch cited in Loane et al., 2007).

What the study elaborated by Loane et al. (2007) argues is that companies which develop a top management team have a superior performance relatively to others, managed by one singular person on various situations. Top management teams are considered the group of decisions makers – which are responsible for setting goals and establishing the methods and means to achieve them – within a company. The fact of having a group of people managing a company increases the possibility of having experience on several international markets, promoting a larger and diversified set of networks which leads to higher exportations, faster pace of internationalization and wider market reach. It is also mentioned the fact of incapability of a single manager being an expert on all functions of an organization, with a team of managers the likelihood of multiple people being experts on diversified functional areas is higher. Lastly, it was found evidence that if there were encountered on companies – independently of the management being singular or composed by a team – knowledge gaps, these were rapidly taken care off by the addition of new team members. It is important to refer management teams do not remain unchangeable, the same way new members are added to the team there is also the possibility of exit.

On SOCEM case it can be perceived that for Brazil, the first wholly-owned subsidiary, SOCEM Group holding, Forwardpoint, entered as a singular owner of SOCEM Brasil and reinforced their management team by hiring another person, a German individual, to legally represent Forwardpoint. On the other hand, for Mexico, it was added to the team a Portuguese partner and a Mexican partner as well, precisely for the stated reasons by Loane et al. (2007). The Portuguese partner – who had been already integrated for some years on SOCEM Group team of workers and is responsible for the business director position – had travelled a lot to Mexico acquiring experience and knowledge on mould Mexican market enlarging at the same time his network, and, in its turn, the Mexican partner has the experience of language, living there and having also a business. By complementing the top management team with two individuals which clearly fill the knowledge gaps, it led to a successful internationalization. Meanwhile on Brazil, the internationalization process did not go so smoothly, entering alone led to some problems on achieving the pretended results in the first years. Although it was not integrated anyone as a business partner after the German individual was sent away, it

was promoted as legal representor in Brazil an individual whom already belong to SOCEM finance team in Portugal and who it was trusted to have the knowledge to fill the existent gap and the capacity of reaching the settled strategic goals, which he did.

Although it can be clearly seen the impact of a top management team on the performance when applying it to the SOCEM Group case, it is also possible to verify on SOCEM Brasil case, top managers or, in other words, strategic managers, are not the only ones which have an impact on the organization performance – operational managers also have an important role. Strategic and operational decisions are almost always linked to each other, and it is often for operation managers being the ones who make the execution of the strategic decisions take place. Strategic managers have to believe on operation managers importance and, consequently, its substantial effect on the organizational performance. If the knowledge of both parties, strategic managers and operations managers, is combined during the strategic decision processes, a source of competitive advantage may arise within the organization (Kortmann, 2014).

3- Recently there have been some political decisions, coming from United States of America, which affected directly Mexico and China exportations. How can SOCEM internationalization strategies to both of these countries be affected by these political decisions?

The President of United States of America, Mr. Donald Trump, as promised on his presidential campaign is applying some measures in order to decrease their trade deficit with other countries – especially with China, as it is the country with which USA has the greatest deficit. Since June of this present year (2018), a large list of Chinese products imported to the U.S were subjected to high tariffs of 10% and 25%. One of the products affected with a 25% tariff was Steel, as a raw material, which is the main component of moulds for plastic injection. However, for Chinese mould makers this tariff did not have great impact on them as a mould of steel is sold as a final product and not as a raw material. The tariff applied to steel is not the factor which is affecting Chinese mould makers competitiveness, on the list published by U.S government is mentioned one of the fundamental reasons: *“Molds for rubber or plastic, injection or compression types, other than for shoe machinery or for manufacture of semiconductor*

devices". Thus, every mould – for plastic injection – built in China and bought by any organization on America will now have a tariff of 25% applied over its original price. At this moment, a buyer side in U.S, when requesting 2 budgets for the same mould, for example, to Portugal and China the price factor will now not be the distinguishing factor between both proposals, they will indeed be very similar.

On the short run, this is prejudicing Chinese mould makers capacity of acquiring work from the U.S. Not only will the quantity of mould produced on the U.S internal market increase – the fundamental reason for the creation of these tariffs – but the excess, that is not possible to produce internally, will go to countries with more expertise such as Canada and some European countries, decreasing in great measure Chinese mould makers work level.

Mexico was as well affected with the application of tariffs, however the application was only for a minor set of products – not being, for the time being, worn out with tariffs for hundreds of products – allowing moulds going into the U.S from Mexico to still have their normal tariff expenses settled on *NAFTA*. However, with the last applied measures from the president of the united states of America, to Mexico and also to Canada, *NAFTA* future is, for the time being, uncertain.

For SOCEM Group, on the short run, these events can reinforce their internationalization process on both countries. In China the tendency is to have a great work decrease coming from the U.S and for that reason the willingness to strengthen the partnership with SOCEM it will be even higher. This way the three Chinese partners will be granted work coming from SOCEM while they are trying to find a way to overcome this more recent obstacle. In Mexico case, this situation can potentiate the growth of Inotooling and SOCEM Mexico. Many companies from the automotive industry have already declared their negative opinion about these measures, since in the short run there is not enough internal production to face the internal requirements and product prices are rising leaving American companies with two scenarios: decrease of profit margin or increase of product prices. In order to overcome this situation, even taking into account *NAFTA* uncertainty, the possibility is to transfer work to Mexican subsidiaries, not only it is close to the U.S it has also low production costs, leading to a rise in the amount of moulds in need of maintenance and in need of construction – the perfect scenario for SOCEM.

On the long run, future it is still very unpredictable although protectionist measures coming from United States of America might be the most probable occurrence. However, which countries, aside from China, will also suffer with long lists of products that will have tariffs applied? How will the recently elected Mexican president, Andrés Obrador, react to this after he starts his presidency on December? How will NAFTA negotiations go and what will be its future? In conclusion, managers will have to adjust their strategy to what circumstances will flourish from this event in order to face them the best way possible.

4- Some authors believe the success of an internationalization depends on strategy flexibility and adaptation to unpredictable conditions. Address this theme and two possible future scenarios (one positive and one negative) for SOCEM Mexico strategy.

When an internationalization is planned and objectives are settled, they presuppose certain external and internal conditions, however the environment is a very dynamic structure and is constantly changing. In order to overcome this instability, organizations adapt their strategy to the conditions that emerge through time. This strategic flexibility can be decisive to maintain or even increase organizational performance to its full potential (Kamasak et al., 2016).

During the definition of the strategy for entering the Mexican market there were supposed some future market conditions which can effectively not be as predicted. The fact of entering in 2015 with Inotoooling to acquire market experience, knowledge and a wider range of clients, while waiting until 2020 to make the second part of the investment on SOCEM Mexico, the environment might have changed considerably. There is always the possibility of emerging even more reasons to invest or it can go the other way around, for instance the political trade decisions United States of America is implementing and it's repercussions are still unpredictable – it can bring even more work to Mexico which would incentive SOCEM Mexico second phase investment or it could decrease it as well dictating the idea of building new moulds to an end. Meanwhile the investment is still not very high and infrastructures yet to exist there are two possible scenarios: the project evolves, or it does not. It can be hard for SOCEM

Group to “quit” on the project so soon but, depending on the circumstances, it can be the necessary measure or even the most profitable one.

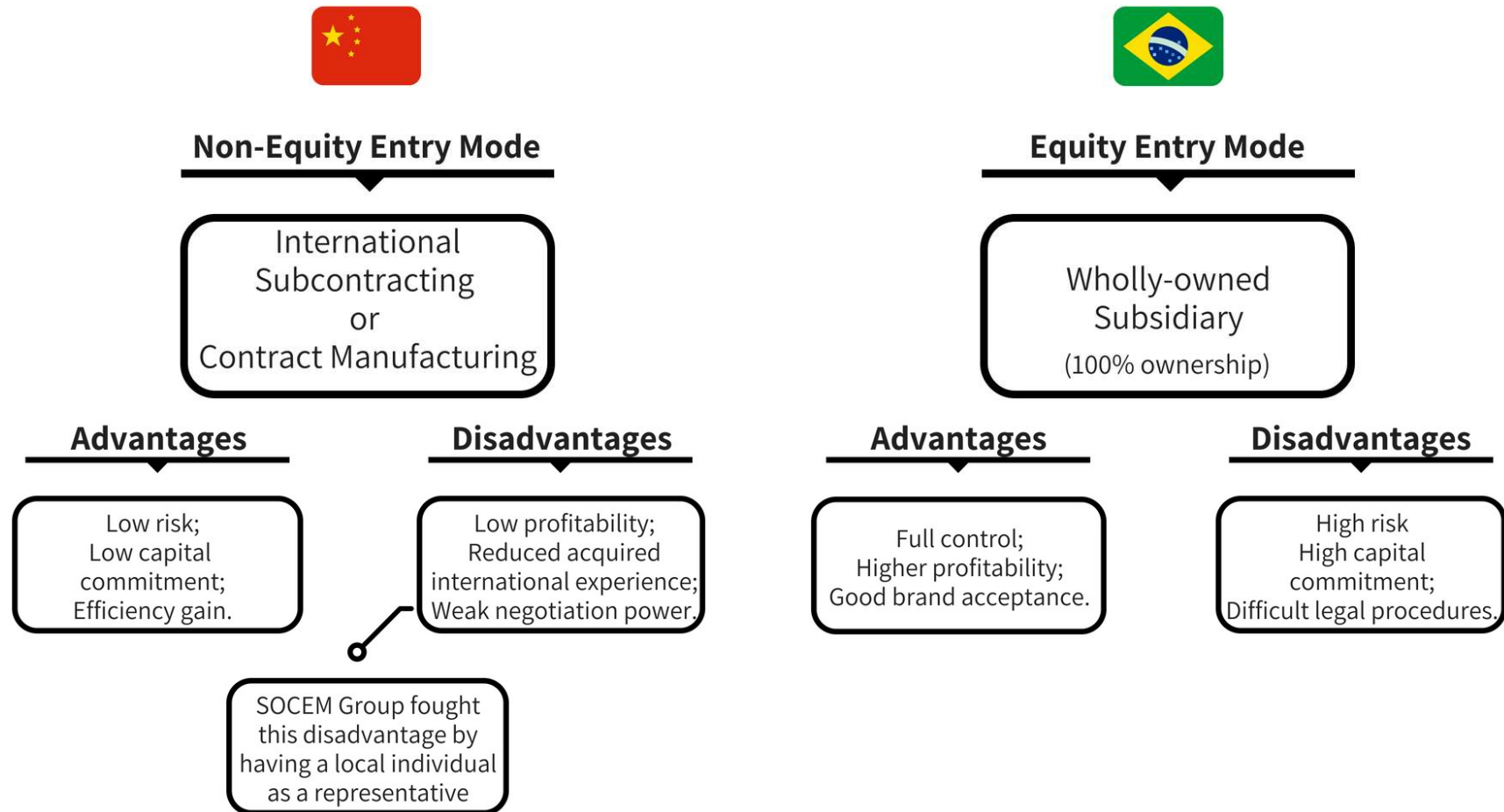
The factors that must be taken into account are many and as it can be seen, even decisions from another country government may have implications on an internationalization strategy. The fact that a company acknowledges these facts and accommodates its strategy to whatever circumstances – beneficial or prejudicial – allows an organization to take full advantage of all what is happening.

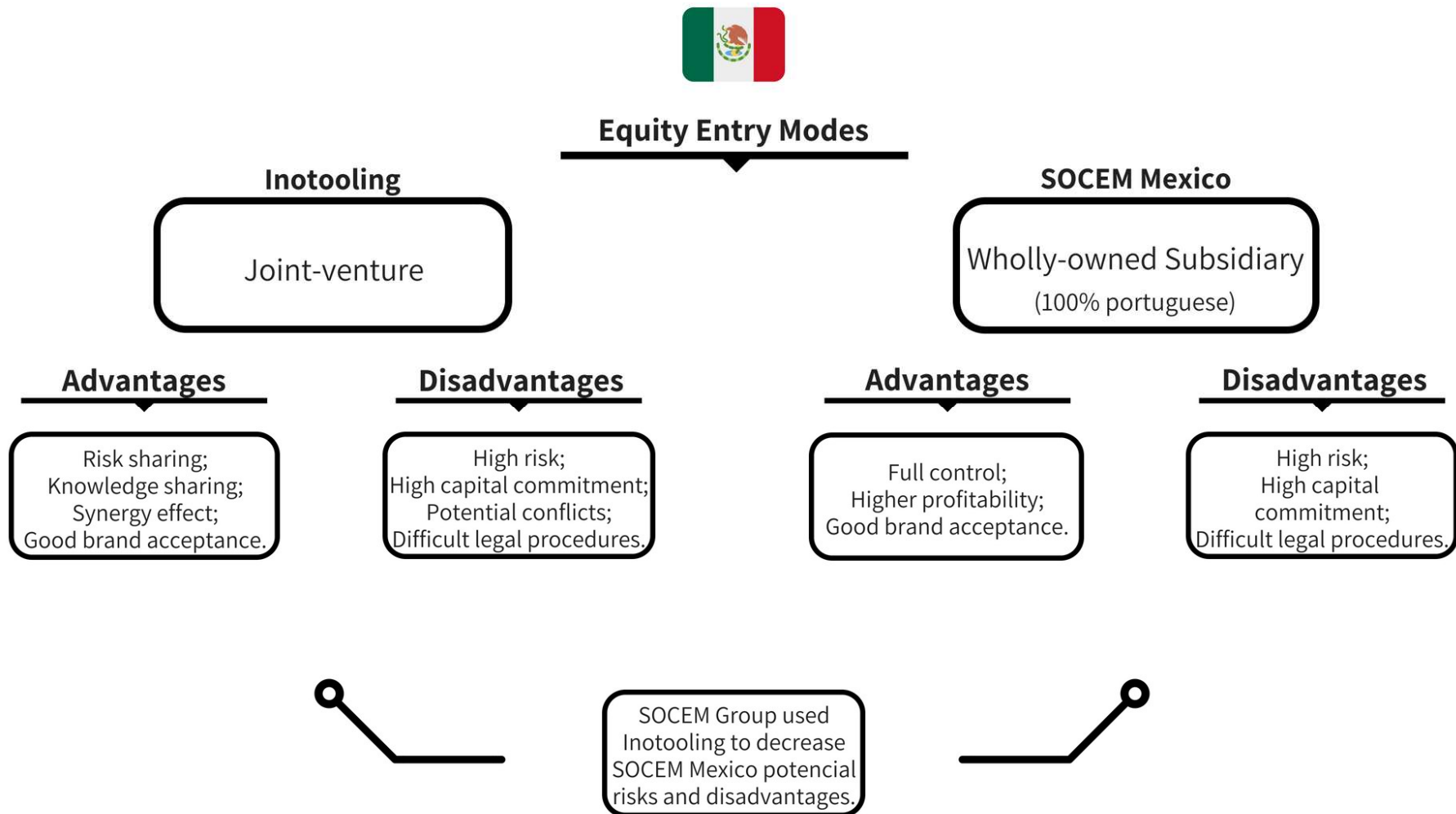
Strategic flexibility implies that managers have to have the ability of using their resources and also their capabilities in a flexible way by coordinating them, taking into account the conditions of the environment, to achieve the best possible outcome. In this way, management characteristics such as knowledge skills and fast decision making are developed, promoting innovation and consequently a better performance within the organization (Kamasak et al., 2016). SOCEM Mexico is still on its early stages of creation, not having at this moment much resources and capabilities to be coordinated – the only resource that exists is a piece of land that was bought and the future investment that will be made. Although the second phase investment planned to SOCEM Mexico is only taking place in 2020 it does not mean that a decision must not be taken before that settled date. Factors such as rise of the number of competitors, work decrease, increase of taxes, decrease of country competitiveness, market attractiveness and others, must be addressed the fastest best possible way by the managers – in this case the 2 owners – and the solution might be the divestment on SOCEM Mexico. In case of some of these factors occur in the completely opposite way – the positive one – the same here needs to be applied, it should be addressed quickly and the strategy might be to maintain it or, if the conditions allow, changed in terms of anticipating the scheduled date of the second phase of investment.

4.7 Case resolution slides

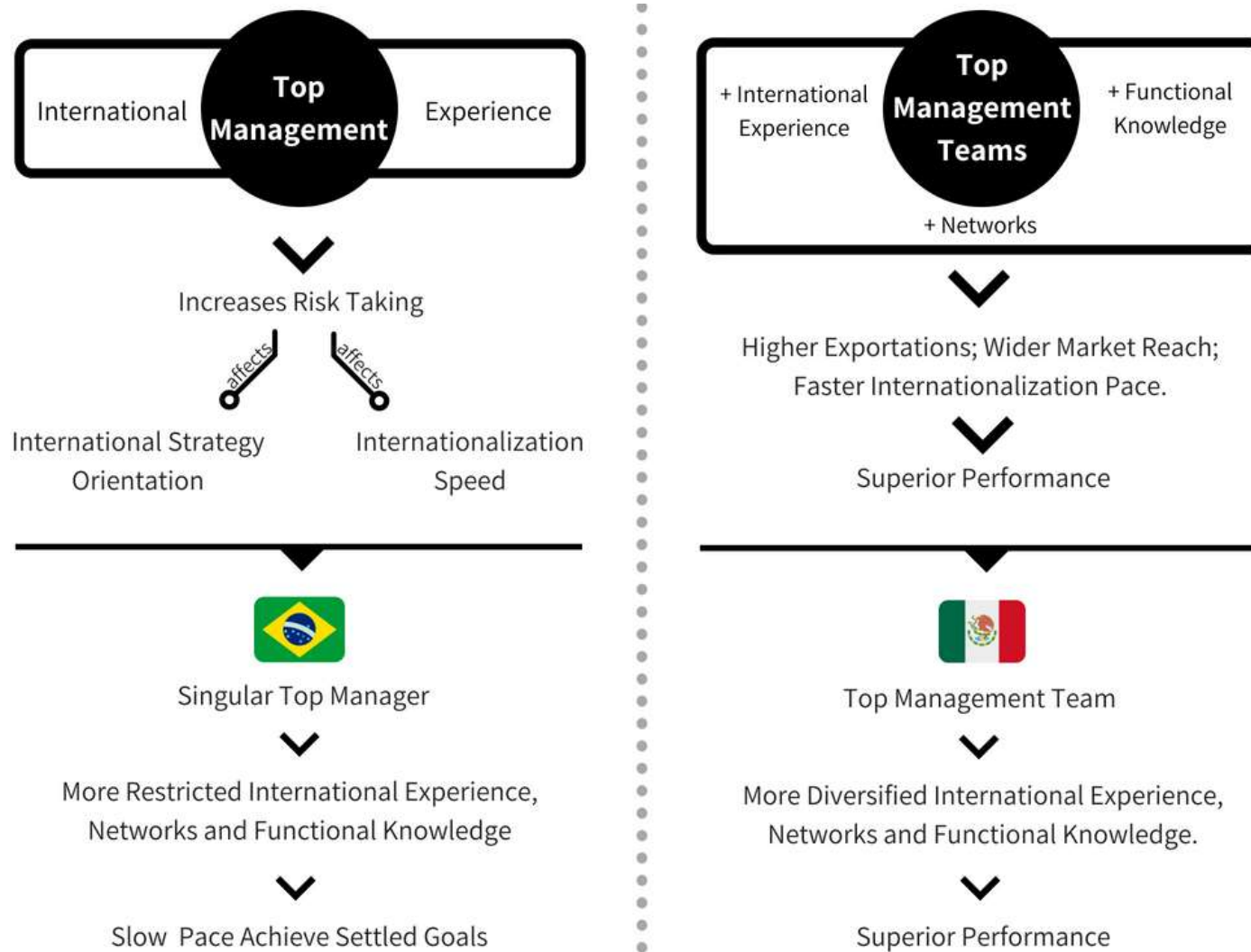
On the following pages it is possible to encounter some slides which summarize the previous answers to each individual question in a more intuitive and simple way.

1- Reading SOCEM Case Study there can be detected more than one entry mode. Analyse for each of the three countries their entry mode jointly with their positive and negative repercussions.



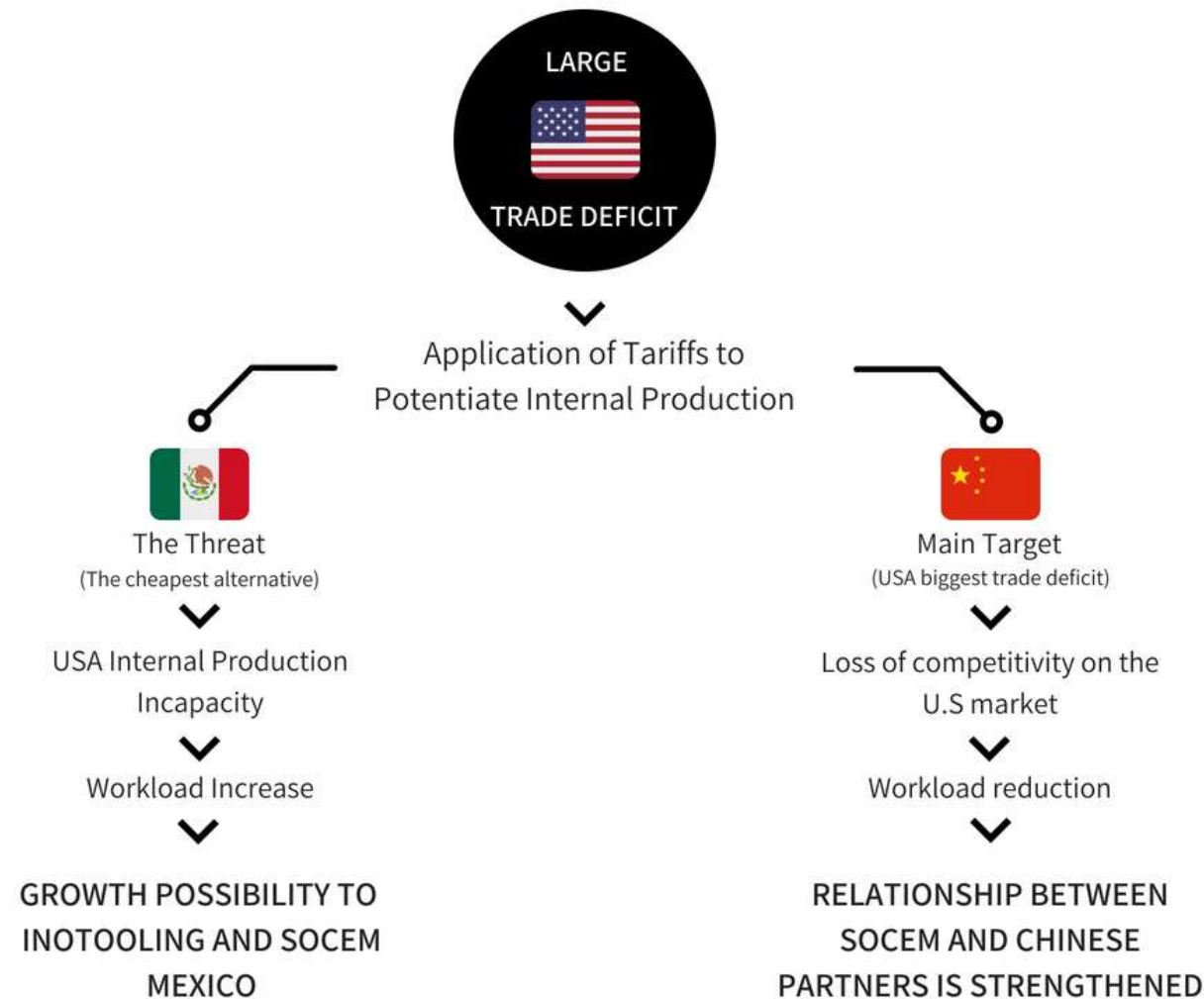


2- How can the process of internationalization be affected by its strategic and operational management?

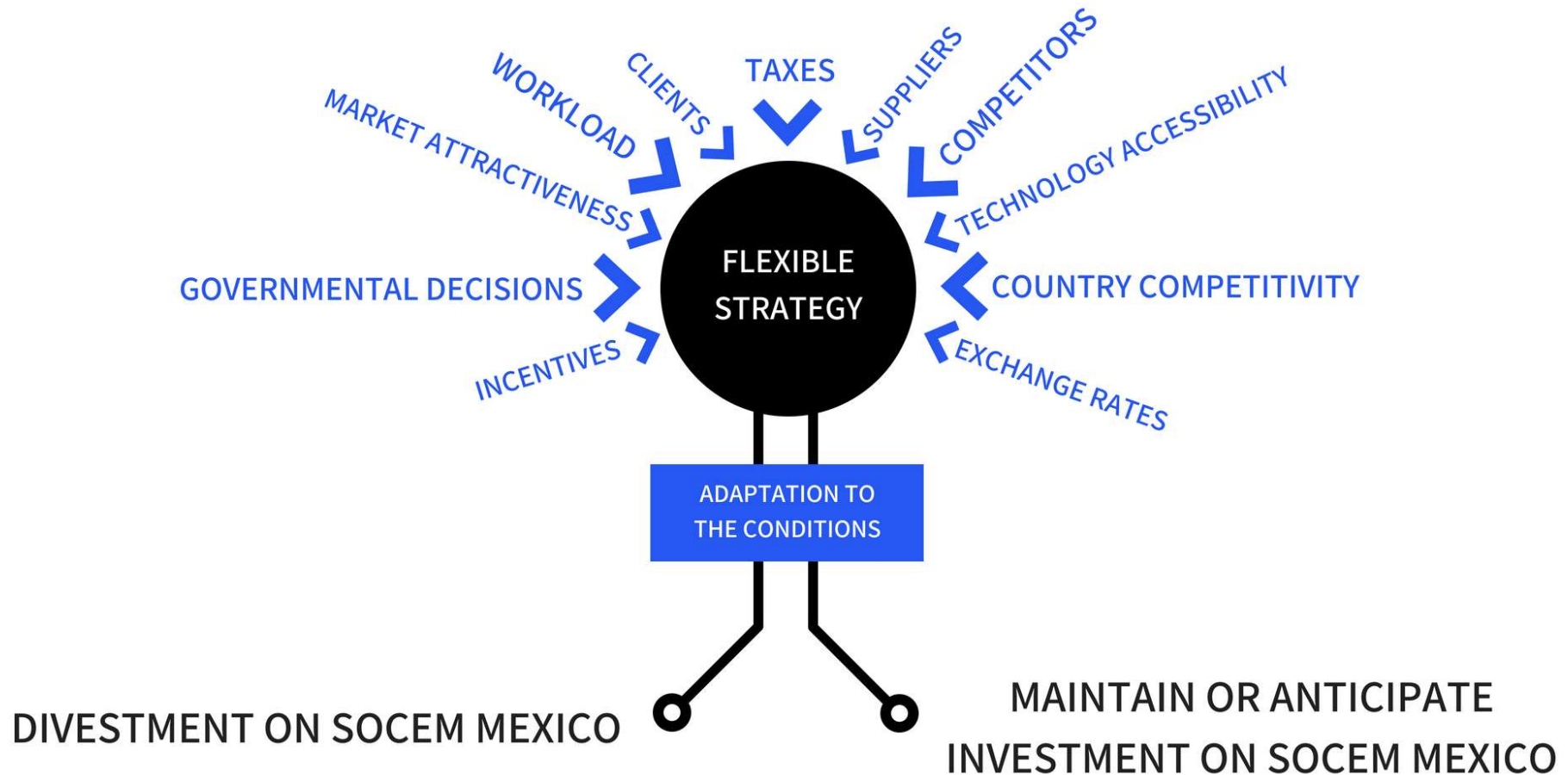




3- Recently there have been some political decisions, coming from United States of America, which affected directly Mexico and China exportations. How can SOCEM internationalization to both of these countries be affected by these political decisions?



4- Some authors believe the success of an internationalization depends on strategy flexibility and adaptation to unpredictable conditions. Address this theme and two possible future scenarios (one positive and one negative) for SOCEM Mexico strategy.



4. Management conclusions

It is possible to perceive that there are a wide range of conditions or factors that can influence enterprise performance independently if they are internal or external. The fact of SOCEM Group, before beginning its latest internationalization process, resorted to specialised governmental agency which advised them the best possible ways to enter the market smoothly and with any hurdle, shows that the organization learnt with past strategic flaws of the first internationalization. It is also demonstrated the importance of the choice of entry mode on the elaboration of the internationalization strategy, there are markets that entering alone demands a greater investment from the organizations and for small and medium enterprises it can be the difference between the possibility of entering a new market or not.

Management also has a great impact on the organization development, while SOCEM has a decentralised management not only does the top management of the group influences the process of internationalization but also the managers that assumed their positions on the international sites of operations, in this case Brazil and Mexico. With power decentralisation as the process of internationalization goes further in time, site managers begin to have more power on strategic choices. Top management always has greater power than operation managers, however, operation managers are more involved on local business topics the benefits that can emerge on a strategic level can be very high.

Strategy is defended by many theorist and authors to be a crucial component on a successful internationalization. However, the circumstances change very rapidly, and strategy must be flexible enough to overcome any adversities or take full advantage of opportunities that may rise. In the case, it is possible to perceive even a political decision from a country which was none of the selected internationalization markets nor the organization country of origin will have a great impact on the internationalization to the Mexican market. The initial strategy will not be enough to face this situation and overcome it successfully, the adjustment of the strategy will be indispensable for SOCEM Group success on the Mexican market.

In conclusion, there are still some investigation to be made about how political decisions of other countries can affect a small and medium enterprises internationalization to other completely different countries. Also, for the past years, big enterprises, especially retailers, are creating programs in order to incite business study

fields students to investigate topics related to their operations leading to some neglect to smaller companies and to some industries. Some investment should be made in order to create interest on students to do research on smaller organizations and less studied industries.

5. Annexes

5.1 Portuguese data: International mould trade



aicep Portugal Global

PORTUGAL: COMÉRCIO INTERNACIONAL DE MOLDES (NC 8480)

BALANÇAS COMERCIAIS, CRESCIMENTOS E QUOTAS NO COMÉRCIO INTERNACIONAL

Balança Comercial Portuguesa de Bens (Milhares de Euros)

	2013	2014	2015	2016	2017	Var % ^a 17/13	Var % ^b 17/16	2017 jan/fev	2018 jan/fev
Exp.	47 302 913	48 053 696	49 634 001	50 022 263	55 094 021	3,9	10,1	8 700 199	9 402 200
Imp.	57 012 825	59 032 121	60 344 800	61 242 880	68 966 924	5,0	12,6	10 525 317	11 613 348
Saldo	-9 709 912	-10 978 425	-10 710 798	-11 220 617	-13 872 904	--	--	-1 825 118	-2 211 147
Coef. Cob. %	83,0	81,4	82,3	81,7	79,9	--	--	82,7	81,0

Balança Comercial Portuguesa de Moldes (Milhares de Euros)

	2013	2014	2015	2016	2017	Var % ^a 17/13	Var % ^b 17/16	2017 jan/fev	2018 jan/fev
Exp.	537 830	552 373	590 067	630 659	672 350	5,8	6,6	112 267	101 264
Imp.	138 698	155 116	146 206	179 389	228 939	14,1	27,6	33 716	24 521
Saldo	399 131	397 257	443 861	451 270	443 410	--	--	78 551	76 743
Coef. Cob. %	387,8	356,1	403,6	351,6	293,7	--	--	333,0	413,0

Quota de Moldes no Comércio Internacional de Portugal (% do Total)

	2013	2014	2015	2016	2017	Var p.p. ^a 17/13	Var p.p. ^b 17/16	2017 jan/fev	2018 jan/fev
Exp.	1,14	1,15	1,19	1,26	1,22	0,02	-0,04	1,29	1,08
Imp.	0,24	0,26	0,24	0,29	0,33	0,02	0,04	0,32	0,21

Fonte: INE, CIP

NÚMERO DE MERCADOS DE DESTINO DE EXPORTAÇÃO PORTUGUESA

	2013	2014	2015	2016	2017	2018 jan/fev
Moldes	87	94	92	88	93	59

Fonte: INE, CIP

POSICIONAMENTO E QUOTA DE PORTUGAL ENQUANTO EXPORTADOR MUNDIAL

		2012	2013	2014	2015	2016
Moldes	Posição	8	8	8	8	8
	Quota %	3,60	3,77	3,80	3,58	3,89

Fonte: ITC

PRINCIPAIS CLIENTES, PESO RELATIVO E EVOLUÇÃO

Clientes de Moldes (Milhares de Euros)

	2013	2014	2015	2016	2017	Var % ^a 17/13	Var % ^b 17/16		2017 jan/fev	2018 jan/fev	Var % ^b 18/17
TOTAL	537 830	552 373	590 067	630 659	672 350	5,8	6,6	TOTAL	112 267	101 264	-9,8
Espanha	134 145	128 763	107 770	142 423	147 364	3,8	3,5	Alemanha	21 506	29 287	36,2
Alemanha	109 042	116 576	125 978	125 939	143 120	7,1	13,6	Espanha	28 005	15 803	-43,6
França	80 205	83 562	105 155	101 980	78 532	1,0	-23,0	França	10 138	12 961	27,8
Rep. Checa	19 080	37 519	27 105	32 555	37 852	26,3	16,3	EUA	1 949	5 883	201,9
Polónia	26 475	19 900	24 866	42 778	36 195	14,2	-15,4	Rep. Checa	7 146	5 042	-29,5
EUA	20 131	16 782	14 476	17 247	31 130	17,3	80,5	Hungria	1 495	3 273	119,0
México	14 988	11 963	18 530	23 444	30 727	23,1	31,1	Polónia	9 192	3 161	-65,6
Reino Unido	14 076	19 861	32 640	22 473	20 104	15,9	-10,5	Bélgica	2 923	2 830	-3,2
Eslováquia	5 504	7 614	10 058	13 739	14 547	28,2	5,9	Reino Unido	4 911	2 709	-44,8
Hungria	4 771	3 920	4 585	5 627	13 677	41,2	143,0	Áustria	581	2 610	349,0
África do Sul	6 597	2 719	3 401	2 429	12 801	91,2	427,1	Eslováquia	2 691	2 158	-19,8
Roménia	2 844	2 969	5 854	8 299	11 855	46,5	42,9	Roménia	1 350	2 053	52,1
Bélgica	11 008	8 487	11 201	8 972	11 036	3,0	23,0	China	777	1 712	120,4
Suécia	3 663	14 480	11 628	6 966	9 297	67,2	33,5	México	4 217	1 598	-62,1
Suiça	7 725	6 834	9 685	7 595	8 979	6,7	18,2	Suiça	2 148	1 578	-26,6
Áustria	3 532	8 018	7 096	5 530	8 618	37,3	55,8	Suécia	1 392	1 483	6,5
Itália	4 963	4 402	7 801	7 661	7 886	16,8	2,9	Brasil	1 564	1 397	-10,7
Brasil	5 299	6 506	12 562	7 997	6 696	15,8	-16,3	Itália	1 438	1 066	-25,9
Holanda	7 141	5 059	6 934	6 708	5 376	-3,8	-19,9	Holanda	1 141	719	-37,0
China	3 466	5 003	1 974	2 662	3 941	16,7	48,0	África do Sul	1 817	695	-61,8
Outros	53 176	41 435	40 767	37 637	32 615	-11,2	-13,3	Outros	5 887	3 246	-44,9

Cientes de Moldes (% do Total)

	2013	2014	2015	2016	2017	Var p.p. ^a 17/13	Var p.p. ^b 17/16		2017 jan/fev	2018 jan/fev	Var p.p. ^b 18/17
TOTAL	100,00	100,00	100,00	100,00	100,00	--	--	TOTAL	100,00	100,00	--
Espanha	24,94	23,31	18,26	22,58	21,92	-0,76	-0,67	Alemanha	19,16	28,92	9,77
Alemanha	20,27	21,10	21,35	19,97	21,29	0,25	1,32	Espanha	24,94	15,61	-9,34
França	14,91	15,13	17,82	16,17	11,68	-0,81	-4,49	França	9,03	12,80	3,77
Rep. Checa	3,55	6,79	4,59	5,16	5,63	0,52	0,47	EUA	1,74	5,81	4,07
Polónia	4,92	3,60	4,21	6,78	5,38	0,12	-1,40	Rep. Checa	6,37	4,98	-1,39
EUA	3,74	3,04	2,45	2,73	4,63	0,22	1,90	Hungria	1,33	3,23	1,90
México	2,79	2,17	3,14	3,72	4,57	0,45	0,85	Polónia	8,19	3,12	-5,07
Reino Unido	2,62	3,60	5,53	3,56	2,99	0,09	-0,57	Bélgica	2,60	2,79	0,19
Eslováquia	1,02	1,38	1,70	2,18	2,16	0,29	-0,01	Reino Unido	4,37	2,68	-1,70
Hungria	0,89	0,71	0,78	0,89	2,03	0,29	1,14	Áustria	0,52	2,58	2,06
África do Sul	1,23	0,49	0,58	0,39	1,90	0,17	1,52	Eslováquia	2,40	2,13	-0,27
Roménia	0,53	0,54	0,99	1,32	1,76	0,31	0,45	Roménia	1,20	2,03	0,83
Bélgica	2,05	1,54	1,90	1,42	1,64	-0,10	0,22	China	0,69	1,69	1,00
Suécia	0,68	2,62	1,97	1,10	1,38	0,18	0,28	México	3,76	1,58	-2,18
Suiça	1,44	1,24	1,64	1,20	1,34	-0,03	0,13	Suiça	1,91	1,56	-0,36
Áustria	0,66	1,45	1,20	0,88	1,28	0,16	0,40	Suécia	1,24	1,46	0,22
Itália	0,92	0,80	1,32	1,21	1,17	0,06	-0,04	Brasil	1,39	1,38	-0,01
Brasil	0,99	1,18	2,13	1,27	1,00	0,00	-0,27	Itália	1,28	1,05	-0,23
Holanda	1,33	0,92	1,18	1,06	0,80	-0,13	-0,26	Holanda	1,02	0,71	-0,31
China	0,64	0,91	0,33	0,42	0,59	-0,01	0,16	África do Sul	1,62	0,69	-0,93
Outros	9,89	7,50	6,91	5,97	4,85	-1,26	-1,12	Outros	5,24	3,21	-2,04

Cientes de Moldes (% Exportações Totais de Portugal p/ o Mercado)

	2013	2014	2015	2016	2017	Var p.p. ^a 17/13	Var p.p. ^b 17/16		2017 jan/fev	2018 jan/fev	Var p.p. ^b 18/17
Espanha	1,20	1,14	0,88	1,10	1,06	-0,03	-0,04	Alemanha	2,14	2,62	0,48
Alemanha	1,98	2,07	2,14	2,16	2,28	0,08	0,13	Espanha	1,22	0,68	-0,55
França	1,46	1,48	1,74	1,61	1,14	-0,08	-0,47	França	0,92	1,03	0,11
Rep. Checa	6,68	11,75	8,63	11,09	11,17	1,12	0,08	EUA	0,44	1,33	0,89
Polónia	6,02	4,20	4,73	7,42	5,74	-0,07	-1,67	Rep. Checa	13,10	8,40	-4,70
EUA	1,01	0,80	0,56	0,70	1,09	0,02	0,39	Hungria	4,61	6,85	2,24
México	7,63	5,98	9,33	10,32	10,81	0,79	0,49	Polónia	9,78	2,50	-7,28
Reino Unido	0,54	0,67	0,97	0,64	0,55	0,00	-0,08	Bélgica	1,32	1,07	-0,25
Eslováquia	6,17	7,87	6,03	6,09	5,38	-0,20	-0,70	Reino Unido	0,80	0,43	-0,38
Hungria	2,63	1,83	2,36	2,66	6,54	0,98	3,88	Áustria	1,35	2,77	1,43
África do Sul	4,10	2,22	2,22	1,66	7,11	0,75	5,45	Eslováquia	6,93	3,96	-2,97
Roménia	0,94	1,09	2,06	2,13	3,02	0,52	0,89	Roménia	2,37	3,05	0,68
Bélgica	0,82	0,65	0,99	0,74	0,86	0,01	0,12	China	0,61	1,66	1,05
Suécia	0,83	3,12	2,83	1,47	1,86	0,26	0,39	México	9,79	3,67	-6,12
Suiça	1,84	1,59	2,11	1,42	1,55	-0,07	0,13	Suiça	2,50	1,76	-0,74
Áustria	1,37	2,98	2,51	1,88	2,38	0,25	0,50	Suécia	1,66	1,52	-0,14
Itália	0,32	0,29	0,49	0,44	0,40	0,02	-0,04	Brasil	1,48	0,74	-0,73
Brasil	0,72	1,02	2,21	1,48	0,71	0,00	-0,78	Itália	0,47	0,29	-0,18
Holanda	0,38	0,27	0,35	0,36	0,24	-0,03	-0,11	Holanda	0,34	0,20	-0,14
China	0,53	0,60	0,24	0,39	0,47	-0,01	0,07	África do Sul	5,49	2,33	-3,15

Fornecedores de Moldes (Milhares de Euros)

	2013	2014	2015	2016	2017	Var % ^a 17/13	Var % ^b 17/16		2017 jan/fe v	2018 jan/fe v	Var % ^b 18/17
TOTAL	138 698	155 116	146 206	179 389	228 939	14,1	27,6	TOTAL	33 716	24 521	-27,3
Espanha	49 466	65 105	45 082	51 029	67 297	11,5	31,9	Espanha	13 008	6 274	-51,8
Alemanha	23 318	15 799	17 683	29 714	62 307	39,4	109,7	Alemanha	5 029	4 646	-7,6
França	13 606	15 465	22 644	23 761	21 971	14,4	-7,5	China	2 972	3 075	3,4
Itália	9 049	8 924	10 342	14 924	20 427	23,9	36,9	França	2 058	2 965	44,1
China	10 491	9 848	13 302	12 972	15 339	11,2	18,2	Itália	3 804	2 380	-37,4
Polónia	4 813	1 985	7 369	7 430	4 744	44,3	-36,2	Bélgica	1 080	1 127	4,3
EUA	3 070	1 255	588	1 595	4 350	58,0	172,7	Rep. Checa	638	813	27,5
Rep. Checa	2 693	4 897	4 060	5 629	3 547	16,6	-37,0	Eslováquia	538	484	-10,1
Japão	1 692	2 226	856	2 398	3 198	45,9	33,4	Polónia	415	420	1,3
Roménia	476	650	1 569	2 365	3 142	65,3	32,9	Roménia	38	362	864,4
Holanda	4 505	3 857	3 878	5 020	2 774	-7,3	-44,7	Suécia	170	354	108,5
Hungria	283	1 439	607	1 680	2 471	143,6	47,1	Áustria	100	300	201,3
Bélgica	4 378	2 027	2 820	487	2 183	62,8	348,4	Holanda	268	136	-49,4
Turquia	1 810	1 295	956	1 569	2 008	9,4	27,9	Indonésia	4	134	§
Suécia	1 219	7 735	1 710	1 987	1 400	110,8	-29,6	Japão	1 866	131	-93,0
Reino Unido	1 079	2 064	1 388	1 586	1 267	13,2	-20,1	Índia	50	130	159,9
Áustria	953	2 597	2 423	803	1 065	32,9	32,7	Taiwan	106	112	6,0
Suiça	1 544	1 159	1 630	624	988	3,1	58,3	Reino Unido	172	111	-35,5
Dinamarca	121	81	59	79	808	222,9	917,2	Suiça	127	107	-16,1
Eslováquia	590	1 170	393	1 553	789	69,6	-49,2	Luxemburgo	20	100	409,6
Outros	3 544	5 539	6 848	12 183	6 863	28,5	-43,7	Outros	1 254	361	-71,2

Fonte: INE - Instituto Nacional de Estatística

Notas:

(a) Média aritmética das taxas de crescimento anuais no período 2013-2017; (b) Taxa de variação homóloga 2017-2018

(2013 a 2015: resultados definitivos; 2016: resultados provisórios; 2017 e 2018: resultados preliminares)

§ - Coeficiente de variação >= 1000% ou valor zero em no período 2013-2016 (série 2013-2017) ou em 2017 (2017-2018)

- Informação pública, corrigida de valores confidenciais

Agência para o Investimento e Comércio Externo de Portugal, E.P.E.
(AICEP)

www.portugalglobal.pt; tel: 808 214 214; email: aicep@portugalglobal.pt

5.2 USA steel importations in quantity and in value for June and May

Exhibit 3. U.S. Imports For Consumption of Steel Products From Selected Countries and Areas (Not Seasonally Adjusted)

Quantity in metric tons/value in thousands of dollars. (-) Represents zero or less than one half of measurement shown.

Details may not equal totals due to rounding.

Countries and Areas	2018						2017			
	June Preliminary		May Preliminary		May Final		June Final		May Final	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Total Census Basis	2,249,947	2,176,908	2,618,689	2,676,807	2,657,740	2,707,256	3,559,005	2,897,719	3,144,916	2,607,872
North America	612,265	578,114	973,790	946,189	995,132	962,270	759,373	660,824	781,043	683,035
Canada	390,860	388,744	644,067	630,734	644,128	630,792	469,967	434,110	514,496	472,886
Mexico	221,405	189,370	329,724	315,455	351,004	331,478	289,406	226,715	266,548	210,149
Europe	666,089	676,514	770,142	906,213	786,730	918,443	1,116,061	941,793	867,858	786,320
European Union	335,315	461,209	531,426	724,682	547,520	736,565	512,001	594,763	437,909	544,693
Austria	37,128	53,950	34,321	56,548	34,324	56,570	19,806	30,679	20,834	33,404
Belgium	11,831	16,325	16,671	23,714	16,671	23,714	10,896	15,741	10,090	14,334
Czech Republic	13,081	11,466	8,323	12,604	8,323	12,604	26,621	31,641	11,131	9,476
Finland	6,322	8,700	5,071	9,225	5,071	9,225	4,320	6,876	10,520	10,049
France	20,238	34,991	30,842	50,534	30,876	50,604	24,137	41,280	21,730	38,056
Germany	101,144	131,244	134,241	196,701	134,243	196,798	110,971	146,769	139,903	168,723
Italy	31,185	50,737	72,941	92,185	73,004	92,268	70,500	91,070	25,528	50,179
Netherlands	26,445	23,501	66,767	61,669	66,770	61,681	55,357	45,940	58,548	48,708
Poland	673	1,342	1,106	1,316	1,528	1,643	298	401	642	972
Spain	17,247	20,496	33,202	42,581	33,202	42,581	44,123	38,795	30,738	29,242
Sweden	20,598	44,615	28,119	56,572	28,135	56,585	36,785	48,484	28,574	50,910
United Kingdom	13,909	24,067	30,316	52,420	30,316	52,420	25,152	33,814	44,183	52,660
Other EU	35,514	39,776	69,506	68,613	85,058	79,871	83,035	63,274	35,489	37,981
Norway	8	86	6	431	6	431	1,263	2,009	88	115
Russia	239,316	141,879	102,897	72,522	102,897	72,522	248,958	130,891	254,165	130,609
Switzerland	1,642	4,265	1,644	4,388	1,647	4,395	1,150	4,607	1,969	4,536
Turkey	72,767	53,183	83,166	61,633	83,166	61,633	298,194	173,071	140,144	84,485
Ukraine	4,649	7,215	43,436	35,301	43,436	35,301	20,838	17,185	20,665	14,102
Other Europe	12,391	8,678	7,567	7,256	8,058	7,596	33,657	19,268	12,916	7,779
Euro Area	273,559	364,306	451,674	586,856	467,330	598,398	416,508	469,370	351,209	426,333
Pacific Rim Countries	460,401	521,526	418,928	476,920	419,800	478,683	811,604	738,917	609,435	584,557
Australia	10,642	11,437	20,117	17,108	20,117	17,108	31,149	21,050	17,458	13,095
China	45,728	64,635	63,868	80,388	64,057	80,716	75,099	96,819	73,595	88,944
Hong Kong	(-)	(-)	18	39	18	39	12	82	121	190
Indonesia	5,798	10,001	2,315	2,286	2,315	2,286	1,990	4,127	1,799	2,934
Japan	117,210	141,114	147,291	165,625	147,486	165,815	164,119	148,773	126,102	130,937
Korea	188,948	186,168	99,833	104,708	99,972	105,671	352,166	284,708	298,685	242,277
Singapore	32	149	84	434	84	434	6	57	59	290
Taiwan	84,189	100,413	70,254	93,090	70,254	93,090	152,407	154,700	65,441	87,919
Other Pacific Rim	7,854	7,609	15,147	13,242	15,496	13,524	34,656	28,601	26,174	17,971
South/Central America	274,496	186,650	286,800	197,783	286,817	197,944	638,178	345,988	554,632	297,975
Argentina	9,171	13,146	6,938	8,448	6,941	8,455	14,406	13,781	23,119	23,433
Brazil	253,102	161,433	265,650	176,424	265,652	176,431	597,641	316,749	514,045	260,516

Internationalization of SME's: The case of SOCEM Group

Chile	(-)	(-)	(-)	(-)	(-)	(-)	746	736	1,067	1,054
Colombia	1,917	2,659	2,770	3,305	2,782	3,453	1,022	896	2,534	2,757
Venezuela	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Other S/C A	10,306	9,411	11,442	9,605	11,442	9,605	24,363	13,826	13,867	10,215
Other Countries	236,696	214,103	169,028	149,702	169,261	149,915	233,789	210,196	331,948	255,984
India	21,654	32,670	32,276	40,313	32,276	40,313	47,032	51,617	134,767	108,698
South Africa	7,892	8,030	27,857	20,676	27,857	20,676	30,521	25,433	46,530	33,855
Thailand	43,290	36,322	5,368	4,720	5,368	4,720	37,902	45,172	50,551	41,354
Other	163,861	137,082	103,528	83,994	103,761	84,206	118,333	87,974	100,100	72,077

NOTE: See the cover report specifically explaining the current month's preliminary steel imports trade data or www.census.gov/foreign-trade/Press-Release/steel_index.html.

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