The International Commitment of Late-Internationalizing Brazilian Entrepreneurial Firms

Author Details (please list these in the order they should appear in the published article)

Author 1 Name: Angela da Rocha
Department: Departamento de Administração
University/Institution: Pontifical Catholic University of Rio de Janeiro
Town/City: Rio de Janeiro
State (US only):
Country: Brazil

Author 2 Name: Renato Cotta de Mello
Department:
University/Institution: Federal University of Rio de Janeiro
Town/City: Rio de Janeiro
State (US only):
Country: Brazil

Author 3 Name: Henrique Pacheco
Department: Departamento de Administração
University/Institution: Pontifical Catholic University of Rio de Janeiro
Town/City: Rio de Janeiro
State (US only):
Country: Brazil

Author 4 Name: Isabel de Abreu Farias
Department: Departamento de Administração
University/Institution: Pontifical Catholic University of Rio de Janeiro
Town/City: Rio de Janeiro
State (US only):
Country: Brazil

NOTE: affiliations should appear as the following: Department (if applicable); Institution; City; State (US only); Country. No further information or detail should be included

Corresponding author: [Name] Angela da Rocha
Corresponding Author's Email: amc.darocha@gmail.com

Please check this box if you do not wish your email address to be published

Acknowledgments (if applicable):

Biographical Details (if applicable):
Structured Abstract:

Purpose: This paper aimed at contributing to the understanding of international commitment of entrepreneurial firms from an emerging economy to their foreign operations. Specifically, it intended to help bridging an existing gap in the literature by (i) focusing on the international commitment of established small entrepreneurial firms, a topic that has been largely overlooked; (ii) investigating small-firm commitment to foreign investments whereas most studies focus on exporting; (iii) combining the different research streams that studied international commitment; and (iv) using the RBV to explore the interplay between resource allocation and commitment in the foreign investments of small entrepreneurial firms.

Design/methodology/approach: The study adopts an abductive approach to theory development and uses the case method of investigation. Three case studies were developed from primary and secondary sources. A total of 153 pieces of documentation were used to reconstruct past events, in addition to the interviews and information from company sites, permitting triangulation. Pattern-matching logic was employed as case development progressed, continuously comparing with the theoretical background used in the study.

Findings: The interplay between resource availability, goal congruence, entrepreneur’s desire to internationalize and family attitude seem to have a combined impact on the arousal and initial development of international commitment. The relative importance of managerial over financial resources in the early stages and the impact of preparatory activities on the speed and scope of internationalization seem to be specific manifestations of commitment among emerging market firms. As to the outcomes of commitment, performance appears both as an outcome and an antecedent, and, knowledge acquisition and opportunity development seem to increase pari passu with international commitment of emerging market firms.

Research limitations/implications: The study suffers of limitations due to the specific research setting (country and industry) and the applicability to large publicly-held firms. Also, although the choice of three firms from the same industry and of equivalent size, products, and resources enabled us to avoid the impact of these differences on firm’s international commitment, the choice also limits the applicability of the research results.

Practical implications: The findings can be useful to emerging market firms by pointing out the potential negative impact of low international commitment on a firm’s internationalization process. Since most firms from emerging markets cannot count on previous internationalization knowledge accumulated by other firms in their (domestic) institutional environment to be used as guides to international expansion, this type of research can provide some guidelines to help their internationalization efforts.
Originality/Value: While certain results agreed with the extant literature, new findings generated a set of theoretical propositions regarding international commitment of late-internationalizing entrepreneurial firms from an emerging Latin American market.

Keywords: Internationalization, Foreign Investment, Brazil, case studies

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Abstract

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Methodology: The study adopts an abductive approach to theory development and uses the case method of investigation. Three case studies were developed from primary and secondary sources. A total of 153 pieces of documentation were used to reconstruct past events, in addition to the interviews and information from company sites, permitting triangulation. Pattern-matching logic was employed as case development progressed, continuously comparing with the theoretical background used in the study.

Findings: Among the factors influencing international commitment, the interplay between resource availability, goal congruence, entrepreneur’s desire to internationalize and family attitude towards internationalization seem to have a combined impact on the arousal and initial development of international commitment of small established entrepreneurial firms. Manifestations of commitment tend to bundle together; international commitment seems to manifest itself in several highly correlated dimensions. The relative importance of managerial resources over financial resources in the early stages of internationalization and the impact of preparatory activities on the speed and scope of internationalization seem to be manifestations of commitment specific of emerging market firms. As to the outcomes of commitment, performance appears both as an outcome and an antecedent. In addition, knowledge acquisition and opportunity development seem to increase pari passu with the international commitment of emerging market firms.

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1. **Introduction**

Commitment is a central construct in the Uppsala internationalization process model, in network theory, in the international entrepreneurship (IE) and born globals (BG) literature, and in the export marketing literature. Nevertheless, these theoretical developments and related empirical studies differ as to (i) when and how commitment appears in the internationalization process, (ii) how different facets of the commitment construct are manifested, and (iii) the interplay between factors influencing commitment and its outcomes. In addition, each research tradition has focused on different entry modes (exporting vs several entry modes) and different types of firms (small vs large, new ventures vs established firms). The present state of knowledge on international commitment suggests therefore the need for further research on the topic.

The Uppsala model in its several versions assumes that commitment – either to the firm (Johanson and Vahlne, 1977) or to a relationship (Johanson and Vahlne, 2003, 2006, 2009) – appears gradually during the internationalization process. In the original model, internationalization typically occurs once a firm has reached a certain size and national coverage, starting with exporting and moving to higher-control entry modes; this view, however, is considered to have “declining validity” in recent versions of the Uppsala model (Johanson and Vahlne, 2009:1420). Network theory, one of the key theoretical foundations of the new versions of the model, also sees internationalization as an incremental process, since trust between partners in a relationship takes time to build.

Despite substantial empirical support for incremental theories, their assumptions were challenged by empirical studies on the “instant” internationalization of new entrepreneurial firms. Commitment to internationalization at the firm’s inception or even before (in the entrepreneur’s earlier trajectory) seems to lead to an accelerated internationalization process (e.g. Gabrielsson et al, 2008; Melén and Nordman, 2009) using one or several simultaneous entry modes. From this perspective, therefore, commitment precedes internationalization. The IE and BG literature focuses on international new ventures (INVs) and pays scant attention to the internationalization process of established entrepreneurial firms and to how these firms commit themselves to foreign operations. In fact, Ripollés-Meliá et al (2007:66) point out to “the need to extend the boundaries [of IE research] to include previously established companies,” that is, entrepreneurial firms that ventured abroad later in their lifecycle.

The commitment construct has also been intensely used in the export marketing literature since the 1970s (Bilkey, 1978; Leonidou and Katsikeas, 2010). Recent studies on export commitment, however, have shed new light into the complex relationships between export commitment, export marketing strategy and tactics, firm competitive advantages, and export performance, suggesting the need for further research (e.g. Lages and Montgomery, 2004; Navarro et al. 2010a, 2010b, 2011). In addition, since this stream of the literature looks at exporting, there is little assurance that the findings are applicable to other entry modes, such as foreign direct investment or contractual modes.

Another research stream that appears as a promising avenue for research on international commitment is the resource-based view (RBV). Previous theoretical and
empirical studies have seen resource allocation as a major manifestation of international commitment (e.g. Johanson and Vahlne, 1977, 2009). In spite of this, only recently has the RBV been deployed as a theoretical foundation in the international marketing literature (Ruzo et al., 2011). To our knowledge, few recent studies on export commitment have used the RBV (e.g. Navarro et al, 2010a, 2011).

Our study is novel in several regards. First, it focuses on the international commitment of established small entrepreneurial firms, a topic that has been largely overlooked compared with the substantial attention garnered by INVs or BGs. Second, whereas most of the literature on international commitment of small firms focuses on exporting as an entry mode, the present study investigates small-firm commitment to foreign investments. Third, the study combines contributions from the different research streams that studied the phenomenon of international commitment. Fourth, the study uses concepts from the RBV to explore the interplay between resource allocation and commitment in the foreign investments of small entrepreneurial firms.

Finally, the study focuses on small entrepreneurial firms from an emerging market. There is substantial disagreement among scholars as to whether internationalization processes of emerging market firms are similar to those of firms that expanded abroad earlier from developed countries (e.g. Dunning et al, 2008; Ramamurti, 2009). Differences come from emerging markets characteristics (such as regulatory instability, economic and political volatility, technological backwardness, cultural aspects, etc.) that can and should impact organizational capability, flexibility, and risk aversion, among other factors. Hence, it is reasonable to suppose that firms from emerging markets may develop and manifest international commitment in ways that do not necessarily reproduce the experience of those that expanded earlier and from developed countries. In fact, the literature is still scarce when it comes to scrutiny of the ways by which commitment relates to the internationalization process of firms from emerging markets (exceptions are the works by Javalgi & Todd, 2011; Sharma et al, 2006; and Wood et al, 2011). Furthermore, to our knowledge, the topic has not been studied in the context of any Latin American emerging market.

The main research question of the study is: How do small established entrepreneurial firms from an emerging economy develop and show international commitment in their foreign operations? Related questions addressed by the study ask: How do different factors interact to engender firm commitment to foreign operations? How do different manifestations of commitment relate to each other? How do these firms mobilize resources in their commitment to foreign operations? What types of resources seem to be most relevant as manifestations of their commitment to foreign operations? What are the outcomes of different levels of commitment? To address these questions we have adopted an abductive approach to theory development using the case method of investigation (Dubois and Gadde, 2002; Schweizer et al, 2010). The use of the case method is justified by (i) the fairly extensive period that needs to be covered to understand the phenomenon of international commitment in a firm’s history, (ii) the possibility of using several sources to recover past events, and (iii) the desire to understand the underlying logic of the choices made by entrepreneurs.

The paper proceeds as follows: In the next section we review the literature on international commitment, focusing on the contributions of the Uppsala model, network theory, the IE, BG, and export-marketing literature, as well as the potential contribution of the RBV. We then discuss the methodology adopted and justify the use of a comparative case study. In the following section, we present our findings and develop a
set of propositions that emanate from the study. In the final section we discuss our findings, present future research directions and implications for management, and acknowledge certain limitations of the study.

2. Commitment and Internationalization

The relationship between commitment and internationalization has received several theoretical conceptualizations. Commitment appears under three different, albeit closely related, multi-dimensional constructs: market commitment (e.g. Johanson and Vahlne, 1977), relationship commitment (e.g. Johanson and Vahlne, 2003, 2006, 2009) and commitment to internationalization (e.g. Gabrielsson et al (2008) or to exporting (e.g. Lages and Montgomery, 2004). In addition to the three different types of commitment, several dimensions of commitment have been reported (e.g. Sharma et al, 2006; Stump et al, 1998). They can be grouped in two categories: attitudinal, that is, a positive disposition towards international activities (Blesa and Ripollés, 2008; Freeman and Cavusgil, 2007); and behavioral, expressed by the allocation of resources and efforts to internationalization (Blesa and Ripollés, 2008). The same firm may display more than one type of commitment and not all dimensions of commitment (Stump et al, 1998).

2.1. Commitment in the Uppsala model and network theory

Market commitment is a central construct of the original version of the Uppsala Model (Johanson and Vahlne, 1977). Experiential knowledge acquired while developing activities in a foreign market is critical to the advancement of the internationalization process, reducing uncertainty, thereby paving the way for increased market commitment. The amount of resources and the extent to which they are specialized, as well as the entry mode adopted, are recognized as a manifestation of market commitment. In the original model, higher levels of commitment entail direct investments in foreign production assets.

Developments in the area of industrial marketing and purchasing, especially the contribution of the IMP Group (e.g. Ford, 1990; Anderson et al, 1994), and the literature on buyer-seller relationships and distribution channels (for a review, see Sharma et al, 2006) have changed the understanding of the interplay between commitment and internationalization in the context of business relationships. Since firms engage in relationships with other firms when operating in external markets, the key issue is not commitment to an abstract entity – a “faceless” market (Johanson and Vahlne, 2003:92) – but, rather, commitment to specific business relationships or networks. Networks are formed because, for long-term business, knowledge acquired about partners is crucial to build trust (Johanson and Mattson, 1993). A reasonable time of coexistence between the partners is needed to acquire this kind of knowledge, which is of a tacit/experiential nature. Firms operating in a network share knowledge and resources when making decisions regarding internationalization (Lamb and Liesch, 2002; Solberg and Durrieu, 2006).

In their reassessment of their model, Johanson and Vahlne (2003) proposed a network-based model, reframing the mechanism of internationalization as an interplay between knowledge development and relationship commitment. In subsequent work, Johanson and Vahlne (2006) explore a reverse path, in which relationship commitment impacts knowledge development, which in turn affects uncertainty reduction and opportunity
development. Finally, in a more recent discussion of the revised model, Johanson and Vahlne (2009) emphasize the role of trust as an antecedent of relationship commitment. Relationship commitment could eventually be manifest only psychologically, but “usually … will be visible through changes in entry modes, the size of investments, organizational changes, and definitely in the level of dependence” (Johanson and Vahlne, 2009:1424).

2.2. Commitment in the IE and BGs literature

The IE literature (e.g. Freeman and Cavusgil, 2007; Melén and Nordman, 2009) also ascribe central importance to commitment to internationalization. Gabrielsson et al (2008) concluded that commitment is caused by factors unrelated to the internationalization process in the case of BGs, a view in opposition to the Uppsala model. Instead, decision-maker characteristics are considered a factor driving international commitment (e.g. Gabrielsson et al, 2008; Nadkarni and Perez, 2007). International entrepreneurial orientation, at firm-level or decision-maker level, seems to be the most relevant attribute influencing the internationalization of entrepreneurial firms (Freeman and Cavusgil, 2007; Ripollés-Meliá et al, 2007). Related constructs such as global vision, global mind-set, desire to internationalize, and market orientation (Gabrielsson et al, 2008; Javalgi and Todd, 2011) have also appeared in several studies. In addition, other studies have identified an influence of family commitment in the internationalization of family firms (e.g. Graves and Thomas, 2008). Organizational variables, such as marketing capabilities (Blesa and Ripollés, 2008), or preparatory activities (Knight, 2001), were also identified in the IE and BG literature as relating to commitment to internationalization. This research stream also connects commitment to entry modes; more committed new ventures show a variety of entry modes (Freeman and Cavusgil, 2007). Finally, Blesa et al (2008:171) consider degree (percentage of foreign turnover), scope (geographic diversification), and speed as “the most representative variables of a firm’s international commitment” in the case of INVs.

2.3. Commitment in the export marketing literature

The export marketing literature has given substantial attention to export commitment. In this case, commitment is neither associated to a given geographic market, nor to a specific partner or network, but, rather, to export activities (Navarro et al, 2010a). This research stream suggests that certain firm variables and decision-maker characteristics are antecedents of export commitment. Such antecedents include export market orientation, export marketing capabilities and export experience, the status of the organizational unit or manager in charge of international operations, and preparatory activities to internationalize (e.g. Katsikeas et al, 1996; Navarro et al, 2010a, 2011). Marketing mix adaptation is seen either as a manifestation or as an outcome of commitment (e.g. Lages and Montgomery, 2004; Navarro et al, 2010b); however, these results are somewhat controversial. In addition, while several literature reviews (e.g. Zou and Stan, 1998) have concluded that export commitment has a positive impact on export performance, more recent studies have pointed to the complex nature of this relationship (e.g. Navarro et al, 2010a, 2011; Lages and Montgomery, 2004).

2.4. Commitment and the RBV
The concept of a firm as a bundle of productive resources (Penrose, 1995[1959]) is behind both the Uppsala model and the RBV (Barney, 2011; Dunning, 2003). In fact, the basic mechanism of internationalization in the original Uppsala model builds on Penrose’s ideas of the importance of experiential knowledge and the relationship between knowledge accumulation and growth. For Penrose, the availability of resources and the coordination of the administrative framework to exploit them are critical to the firm’s growth.

Barney (2011:121) classified firm resources in four categories: financial (including all “money resources”), physical (technology, plant and equipment, location, and raw materials), human (managerial and non managerial, including “training, experience, judgment, intelligence, relationships, and insight”), and organizational (such as formal and informal structure, planning and control systems; firm relationships and reputation; organizational culture). Barney does not distinguish between resources and capabilities. Firm resources determine the extent to which a firm is capable of exploring opportunities and of facing the challenges posed by competitors in new markets. In the export marketing literature, Navarro et al. (2010b, 2011) found evidence that export commitment enables firms to establish and protect positional advantages in foreign markets.

Our literature review thus shows that several research traditions, such as the Uppsala model and network theory, the IE and BG literature, the export marketing literature, and the RBV provide complementary or competitive explanations of international commitment (Table 1).

Take in Table no.1

3. Methodology

In this research, we have used an abductive approach characterized by “systematic combining,” where “theoretical framework, empirical fieldwork, and case analysis evolve simultaneously” (Dubois and Gadde, 2002:554). As described further in this section, the process by which we identified the three cases and developed our research questions was to some extent serendipitous, and the analytical framework used also became more refined as the study progressed.

3.1. The choice of Brazil as the focal country of the study

The growing importance of Brazil in the global economic arena and its economic and cultural differences to other emerging markets (such as India and China) justify the choice of Brazil as the focal country for the study. As with many emerging market firms, Brazilians companies have been late to internationalize. However, since the mid-1990s, regardless of their size and industry, firms from Brazil have increasingly engaged in international activities. To our knowledge, very few studies in the international literature have addressed the internationalization of entrepreneurial firms from Brazil, and none has explored the issue of international commitment vis-à-vis foreign direct investments.

3.2. Case selection
We aimed at studying how small entrepreneurial firms that were already established for many years in the domestic market developed international commitment to foreign operations (FDI). Moreover, we wanted to look at firms whose internationalization occurred while the founders were still in command. Accordingly, the three cases selected for the study were of Brazilian steakhouse chains that offered similar products and service and were quite successful in the Brazilian market. Their founders were still leading the firms. All three firms expanded abroad in the 1990s (see Appendix 1 for firms’ characteristics).

The comparative study of these three cases afforded several advantages from the point of view of theory building. The firms showed several similarities, which enabled to control for the impact of industry, size, timing of internationalization, and foreign market effects on international commitment, thereby allowing the researchers to look at specific issues associated with international commitment, and, to the extent possible, excluding potential interference of these other variables.

3.3. Data collection

Our first contact with one of these companies occurred in the early 2000s, when a first interview was conducted with the founder of Plataforma, and extensive secondary information was gathered. At that time, this specific firm had just one operation abroad and the level of international commitment seemed quite limited. A case study report was prepared and all the data gathered was entered in a database of internationalizing firms held by a local university research center. Two years later, there was an opportunity to interview the top management of a second steakhouse chain (Porcão), which had started operations in several countries albeit with limited penetration in each. Again, the interview was taped and transcribed, secondary information was collected; all the data were kept in the same database, and a preliminary case report was prepared. Later, the researchers became aware of a third chain (Fogo de Chão), which had favored growth in the U.S. market to the detriment of growth in Brazil. Such contrasting strategic choices seemed to stem from different degrees of international commitment, suggesting an opportunity to an in-depth investigation of the construct. The research questions thus became more focused and we conducted an interview with the top management of the third firm.

Based on these preliminary results, we decided to return to each firm to conduct a second, more-focused, in-depth interview, again with top management. During this period, additional secondary data was gathered and organized. Although one of the companies would not agree to a second interview (Fogo de Chão), we were able to visit one of its restaurants in the U.S. to observe the operation; there, we conducted an interview with the shift manager. Each interview, with the exception of the last, required one to two hours. Interviews were taped and transcribed. No inconsistencies were found between the information from interviews and secondary sources (except for specific dates of market entries, which were resolved by cross-checks with each company). Interviews, however, provided information on more subtle issues, often passed over by business articles.

Because these companies were well-known in Brazil, despite being small and entrepreneurial, a wealth of published data was available, enabling us to adopt a longitudinal approach and to reconstruct past events and decisions. In addition to the
documentation already available in the database, collected in the previous years, secondary data was gathered from several different sources in English and Portuguese, including company websites and articles published (1992 to 2009) in business magazines and newspapers, either printed or electronic. Too, one of the firms (Fogo de Chão), had published a book on its foreign experiences. A total of 153 pieces of documentation were used to reconstruct past events, in addition to the interviews and information from company sites, thereby enabling triangulation (Eisenhardt, 1989; Yin, 1989). The data collected covered: (i) company history and entrepreneur background; (ii) a detailed account of international activities though 2009, including pre-internationalization activities, market selection and entry modes, marketing strategies adopted, and outcomes; (iii) specific issues examined in the study relating to international commitment (i.e., factors influencing international commitment before and after internationalization started, manifestations of international commitment, and outcomes of international commitment).

3.4. Data analysis

Data analysis (as well as data collection) proceeded in several steps during the years these companies were monitored by the research team. The first step, as mentioned before, preceded the intention of studying international commitment. Our initial intention was merely to gain an understanding of how the internationalization process of this type of businesses had evolved. Because of the late internationalization of these firms, our theoretical framework at this point was very much limited to the Uppsala model and network theory. Also, at this point, we only used within-case analysis.

The second step was reached as we moved to the interview with one of the founders of the third company. At this point we had become aware of differences in the internationalization process of the three firms and had decided to focus specifically on the issue of international commitment. Our theoretical foundation encompassed at this point both previous framework (the Uppsala model and network theory) and variables extracted from the literature on export commitment, including factors influencing export commitment and the relationship between the construct, export marketing strategy and export performance. In addition, we looked into IE and BG literature for additional insights. Thus, the third interview was conducted using a more focused framework, albeit from a broader set of theoretical perspectives. Again, this step generated a within-case analysis.

The third step started by comparing the transcripts and the case reports in order to identify the information missing in each case. This analysis suggested that the RBV could be helpful, mainly by clarifying the different types of firm resources that could be employed by the firm in the internationalization process. We then performed the second round of interviews. This process of going back and forth between the cases and the theoretical framework permitted to adopt an abductive approach to theory building (Dubois and Gadde, 2002), blending inductive and deductive reasoning as the research progressed.

The fourth step consisted of a consolidated report prepared for each case, encompassing the complete body of information collected for the study. This “storytelling” procedure affords a chronological and holistic view of each case (Ghauri, 2004); and because the trajectories of the firms had been studied for several years before this paper (with its
own specific research agenda) had been conceived, each case report was the result of combining new information with earlier drafts.

The final step was a cross-case analysis (see, for a similar treatment, Schweizer, 2005). To move from a historical to a conceptual perspective, the information was coded and organized in analytical categories. Some of these categories had been previously drawn from the literature (as depicted in Table 1), while others emerged from the study. Tables 2 to 5 present the final set of categories used with examples of the data collected for each category. Two of the authors independently classified the data on the different categories and the few cases where differences occurred were then discussed and resolved. Comparative tables were prepared and these helped to identify differences and aspects in common. Pattern-matching logic was employed as case development progressed, with continuous comparison with the literature (Yin, 1989; Dubbois and Gadde, 2002). While certain findings were consistent with the literature, others generated a set of propositions regarding international commitment of late-internationalizing entrepreneurial firms from an emerging economy.

4. Findings

The firms have a similar history: all are entrepreneurial family firms quite successful in the Brazilian market and started their internationalization around the same period. However, the nature of the internationalization processes, their escalation, and the level of commitment of these firms radically differ.

We identified different paths followed by each firm. Porcão had the potential to develop commitment to internationalization and relationship commitment when it started its internationalization process with a joint venture, and relationship/network commitment when it changed from a joint venture to a franchise system. Nevertheless, this potential never developed into actual commitment. Also, the firm did not show market commitment to any of the several foreign markets it entered. The Plataforma experience depicts a case of high market commitment, but low commitment to internationalization. Internationalization was not a goal per se, and the experience, albeit perceived as very successful, remained geographically limited. Fogo de Chão showed a strong commitment to internationalization, as well as high market commitment.

4.1. Factors influencing international commitment

Several factors seemed to influence international commitment from the start of the internationalization process. Table 2 presents excerpts from the interviews related to factors that were deemed to influence international commitment.

Take in Table no.2

Table 3 presents factors also used as analytical categories that did not seem to influence international commitment. In fact, several aspects, including pre-existing relationships in a foreign market, international experience, market orientation, international entrepreneurial orientation or global mind-set, and competitive advantages seemed not to have any significant impact on the level of international commitment.

Take in Table no.3
With two firms, the decision to internationalize had similar triggers. First, the enthusiasm of foreign visitors with the Brazilian-style steakhouse encouraged the entrepreneurs; second, attractive business proposals led the entrepreneurs to enter into joint ventures with foreign partners. In both cases the investments in physical facilities were made mainly by the foreign partner, and the Brazilian firms were expected to provide know-how and trained employees. At first, the entrepreneurs in both firms had no intention of internationalizing, having already refused proposals from other interested parties. However, in both cases, the business opportunity was attractive enough to make them reconsider their decision. In the case of Plataforma, it was the son’s interest in managing the new venture abroad that paved the way to internationalization. The third company, however, Fogo de Chão, showed a totally different pattern. Despite similar encouragement of foreign visitors, the main trigger was a trip one of the entrepreneurs made to the U.S., when he was impressed with the buying power of Americans. Further visits fueled his belief that the U.S. was the future for his firm to grow. It seems that the different ways these firms approached internationalization from the start helped engender commitment.

Proposition 1a: When established entrepreneurial firms from an emerging economy are pulled to internationalization by attractive business proposals (reactive motives), commitment tends to be lower from the start.

Proposition 1b: When the trigger to internationalization is opportunity discovery, commitment tends to be higher from the start.

The desire to internationalize the firm appeared in only one case (Fogo de Chão), but it was initially rather vague. However, after the entrepreneur “discovered” the opportunity, he showed a manifest desire to internationalize and convinced the other partners to go ahead with the venture.

Proposition 1c: Opportunity discovery by the entrepreneur in established firms from an emerging economy combined with a latent desire to internationalize tends to be a key factor in engendering international commitment.

The aspect that seemed most important to create international commitment was the interplay between resource availability and goal congruence. Although the three firms had availability of financial resources to invest abroad, their goals were different. Fogo de Chão entrepreneurs focused on growth; Porcão owners prioritized domestic expansion; and Plataforma owners did not have plans for growth, focusing instead on (satisfactory) profitability. This last choice is explained by Penrose (1995), who argues that not all entrepreneurs, in spite of how competent they are, are ambitious, particularly those that manage family firms.

Proposition 2a: Resource availability is not a sufficient condition to international commitment if a firm’s strategic goals do not contemplate growth through internationalization.

Proposition 2b: Congruence with firm’s strategic goals tends to be a mediator between entrepreneurs’ desire to internationalize and commitment.
4.2. Manifestations of Commitment

We looked at several manifestations of commitment. Table 4 presents examples of data for manifestations of commitment.

Take in Table no.4

4.2.1. Resource allocation

The size of investments was an unmistakable manifestation of international commitment. Porcão was expanding in Brazil, and did not have extra financial resources available to invest abroad, unless it sacrificed domestic growth (which it did not). However, managerial resources were more of a problem for Porcão, where managerial talent was said to be lacking even for domestic expansion. In the case of Plataforma, financial resources were not key to understanding commitment, because of the partners’ investments. Rather, this company committed the most critical and scarce resource, family managerial competence, since the son of the founder went to New York to manage the operation abroad. As to Fogo de Chão, although there was an initial pool of resources available, investments substantially increased over time, denoting increased commitment. Local financing and reinvestment of profits were followed, at a later point, by the partnership with a venture capital firm. Also, the firm increased its debt to support these activities. In addition, one of the founders led the expansion of the firm in the U.S. It thus seems that the lack of managerial resources for foreign expansion might be a more serious obstacle faced by emerging market firms than the lack of financial resources. Frequently, a structural unavailability in these countries of well-trained managers and managers with international experience curtails the speed of expansion. In a later stage of international development, however, as the firm eventually manages to form an international managerial team, financial resources may become a more important impediment to foreign expansion.

Proposition 3a: When established entrepreneurial firms from an emerging economy start their internationalization process, the allocation of financial resources may be a lesser manifestation of international commitment than the allocation of managerial resources to a new foreign venture.

Proposition 3b: In established entrepreneurial firms from an emerging economy, a critical manifestation of international commitment is the designation of a family member to manage firm operations abroad.

Proposition 3c: As the international commitment of established entrepreneurial firms from an emerging economy increases, financial resources become more critical than managerial resources.

The commitment to internationalization also manifested itself by the allocation of organizational resources, including the status given to the organizational unit and to the person in charge of foreign operations in each firm. At Porcão there was no organizational unit dedicated to foreign operations per se, and a professional manager controlled the franchisees in Brazil and abroad. At Plataforma the founder’s son went to the U.S. to manage the operations. But Fogo de Chão established a full subsidiary: all U.S. operations were overseen by a central office in Dallas, which was managed by one of the
Brazilian founders. Additionally, two professional managers were hired, one of whom was American. These findings are consistent with the export marketing literature (e.g. Katsikeas et al, 1996).

4.2.2. Relationship development

In spite of its importance in the literature, relationship development did not seem to be a manifestation of commitment in any of the three firms. Examples of relationship development in Table 4 do not suggest any major effort to establish a network of relationships as suggested by the revised Uppsala model (Johanson and Vahlne, 2003, 2009) and network theory.

4.2.3. Mode of entry and operation

The mode of entry decision also appeared as a manifestation of commitment. Porcão initiated foreign operations with a joint venture, but soon after operations started, management felt unable to provide the support required by the international venture. As the company focus remained on Brazil, the Italian partnership started to wear thin and the partners converted the joint venture into a franchise. Accordingly, subsequent restaurants opened in foreign countries were also franchises. Management believed that the franchise model was far from ideal; franchising was adopted simply because it did not require further commitment of resources. In contrast, Plataforma used a joint venture, and Fogo de Chão invested in wholly-owned restaurants. These findings follow the traditional view of higher-risk, higher-control entry modes as manifestations of higher commitment (e.g. Johanson and Vahlne, 1977).

4.2.4. Planning for internationalization

Planning for internationalization seemed to be associated to commitment to foreign operations. Pre-entry activities in the case of Porcão and Plataforma were very much left to the foreign partner, although managers did visit the foreign market. In the case of Plataforma, the entrepreneur rested on the partners’ local knowledge and on his own intuition. Such behavior fits the pattern identified by Solberg and Durrieu (2006) and supports Johanson and Vahlne’s (2009) contention that trust in a partner may be a substitute for knowledge. The entrepreneurs at Fogo de Chão, however, moved slower than their counterparts. Differently from the other two chains, Fogo de Chão shows a careful and detailed planning for internationalization during the five years preceding entry, including the formation of a team of experienced employees to transfer operational know-how to the new units and services rendered by a consulting firm and a marketing research agency. Another early problem faced by the firm was the need to find local suppliers that could deliver Brazilian cuts of meat; to this end, one of the entrepreneurs spent a year developing suppliers in Texas and Illinois. The view of preparatory activities as a manifestation of commitment is supported by previous research (e.g. Katsikeas et al, 1996; Knight, 2001).

4.2.5. Speed, scope and degree of internationalization

Contrary to the contention of several IE authors (e.g. Blesa et al, 2008) that speed and scope are manifestations of commitment, in the first two cases lower commitment to foreign operations was associated with a faster pace to enter foreign markets, while in
the third case, preparatory activities – a manifestation of commitment – demanded more time and thus reduced the speed of the first foreign market entry. Also, the one firm with a broader geographic scope of operations was in fact the one that showed lower overall commitment to foreign operations. As to the degree of internationalization, the firm with a higher percentage of revenues coming from international operations (Fogo de Chão) was in fact the one with the highest commitment in almost every regard.

Proposition 4a: In established entrepreneurial firms from an emerging economy, preparatory activities to internationalization are a manifestation of commitment.

Proposition 4b: Preparatory activities tend to delay the beginning of international activities of established entrepreneurial firms from an emerging economy.

Proposition 4c: The extent of preparatory activities by established entrepreneurial firms from an emerging economy tends to limit the geographic scope of their initial foreign markets.

4.2.6. Adaptation of marketing mix

This factor could not be considered a manifestation of international commitment in the cases studied (see Table 4). Neither Porcão nor Fogo de Chão adapted their offer to foreign markets, although Fogo de Chão did introduce changes in operational procedures. In contrast, Plataforma used a system different from that used in Brazil. Prices varied from one market to another in the three cases.

4.3. Outcomes of Commitment

Outcomes of commitment also influenced commitment as internationalization progressed (Table 5). Commitment had an impact on international performance, as well as a feedback effect. It seemed that Porcão’s failures in internationalization compounded to reduce its already limited initial commitment. In the other two cases, the results obtained in the U.S. were considered overwhelmingly good. Good performance reinforced commitment, and both companies have expanded their operations in the U.S.

Take in Table no.5

Proposition 5: International commitment tends to have a positive impact on the international performance of established entrepreneurial firms from an emerging economy., which in turn reinforces commitment.

A similar finding has to do with the interplay between knowledge acquisition and commitment. There was almost no experiential learning about foreign markets in Porcão’s case, since management did not get involved directly with foreign operations. Management did, however, learn how not to pursue internationalization in the future. Plataforma’s New York operation served to obtain experiential market knowledge. Fogo de Chão acquired extensive experiential knowledge from its international operations. In general, there was little transfer of knowledge from foreign to domestic operations. It seems in fact that experiential knowledge is associated to the size of investments, a manifestation of commitment in the original Uppsala model (Johanson and Vahlne, 1977).
Opportunity recognition and development is another controversial issue in the literature. In this study, we found that opportunity recognition and development was more a result of internationalization than an antecedent. Interestingly, the three companies reported seeing the U.S. market as an excellent opportunity, despite their different levels of market commitment. The management of Porcão and Plataforma only saw the real opportunity in the U.S. market after operations were already established. For Porcão, this understanding did not change the level of commitment, at least until the end of the period studied, whereas in the case of Plataforma it led to opportunity development. As to Fogo the Chão, although the seeds of opportunity appeared earlier, the opportunity only fully developed as the firm increased its commitment to the U.S. market.

Proposition 6: Knowledge acquisition and transfer, as well as opportunity development, tend to increase pari passu with international commitment among established entrepreneurial firms from an emerging economy.

5. Discussion and Conclusions

In this study we used systematic combining of theory and real cases (Dubois and Gadde, 2002) to arrive at a better understanding of how international commitment evolves in established entrepreneurial firms from an emerging economy. Several variables, and the relationships among them, were identified. Though some of these variables have already been described in the literature, others, to our knowledge, constitute a contribution of this study.

5.1. Contributions of the Study and Suggested Research Directions

Our findings suggest that there is a complex interaction among factors influencing international commitment. First, there is an interplay between resource availability and goal congruence. Resources can be used by the firm to pursue strategic goals, such as domestic or international expansion (Penrose, 1995). Accordingly, firm goals must be consistent with internationalization. Second, the entrepreneur’s desire to venture abroad may be in conflict with the firm’s previously set (and agreed upon) strategic goals, which might be domestic expansion, thus reducing the impetus and the commitment to internationalization. Third, in a family firm it is necessary to reconcile the different views of family members concerning internationalization, also impacting international commitment. Therefore, resource availability, preset strategic goals, entrepreneurs’ personal desires, and family attitude towards internationalization seem to have a combined impact on the arousal and initial development of international commitment of small established entrepreneurial firms. Although some of these factors have been previously recognized in the literature, the understanding of the complex interaction between them is a contribution of this study and deserves further investigation.

Among the antecedents of commitment that appear in the literature, those relating to international orientation, global vision, or global mind-set, were not found in the study. However, this lack of international orientation among Brazilian firms can be explained by the fact that Brazil (i) is a continental country insulated from its neighbors by extreme natural obstacles; (ii) remained closed to foreign competition for many decades; and (iii) has a huge domestic market to tap into and develop. Therefore, these
findings cannot be extended to other emerging economies with different characteristics. Further research is needed to explore these issues in different research settings.

In general, the case studies show that manifestations of commitment tend to bundle together; international commitment seems to manifest itself in several highly correlated dimensions, possibly because they are dependent of each other for the company to reap the full benefits of international commitment. Although resource allocation is in general seen as a manifestation of international commitment (e.g. Johanson and Vahlne, 1977), the most critical resource for emerging market firms seems to be the managerial talent devoted to internationalization, preferably by a family member. This finding suggests that the critical resource to internationalize varies between developed and emerging economies, where often the lack of trained managers is a serious obstacle to internationalization.

Several manifestations of commitment found in the literature were not identified in the study. Commitment to relationships or networks (Johanson and Vahlne, 2003, 2009) did not seem to play an important role in the internationalization processes studied. One possible explanation is that, compared to INVs, established entrepreneurial firms may be less concerned with networking because several of the resources needed are already available. This is supported by Gabriëlsson et al (2008:397), who note that in a later stage of their international growth, BGs may adopt a “break out strategy” from the network and proceed in their international trajectories alone. Another issue relates to the lack of adaptation of marketing strategy or tactics, which might be explained by industry specificities. In fact, the distinctive capabilities of a Brazilian steakhouse in a foreign market are exactly its ability to replicate the original concept, which includes tacit know-how that cannot be easily copied by local competitors.

Also, it is possible that speed and scope of internationalization, which are manifestations of international commitment among INVs (Blesa et al, 2008), must be interpreted differently among established entrepreneurial firms. Established firms tend to proceed with more caution than new ventures, since the former have more to lose in the case of failure. In addition, firms from emerging markets that pioneered internationalization in their industry do not have examples or models of success of domestic firms that internationalized earlier to inspire them. As a result, delayed entry caused by detailed preparatory activities may reflect greater international commitment than rapid entry. These results permit to conciliate contradictory findings in the literature concerning preparatory activities and speed of internationalization as manifestations of international commitment.

Performance, an expected outcome of commitment, shows a feedback effect, as suggested by recent export marketing studies (e.g. Lages and Montgomery, 2004; Navarro et al. 2010a). In fact, it is possible that the interplay between international commitment and international performance is a continuous process, with higher performance leading to higher commitment and vice-versa, in a manner similar to the interplay between commitment and knowledge development described in the Uppsala model. However, differently from knowledge, which tends to accumulate over time, performance can vary from one period to another due to factors external to the firm (for example, a recession). The impact of variations of performance on international commitment of established entrepreneurial firms is an interesting issue to be explored in future research.
Opportunity discovery occurred in different moments of the internationalization processes, but not necessarily linked to international performance; it seemed to be rather a result of knowledge acquisition. In spite of this, opportunity development seemed to be linked to international commitment and also to knowledge acquisition and transfer. This distinction between the role of opportunity discovery and of opportunity development in international commitment is a contribution of the study and should be the object of additional investigation.

5.2. Implications for Management

This study’s results suggest that established entrepreneurial firms should not embark in foreign investments unless they are prepared to commit several types of resources to international activities. In particular, top management from emerging market firms should be aware of the need to allocate scarce managerial resources to internationalization, since it seems to be critical to the success of a foreign venture. In addition, a whole set of preparatory activities may delay a first entry, but is also critical to success. Premature market entry without preparing and mobilizing adequate resources might in fact contribute to failure, even when the opportunity is worth being developed.

5.3. Limitations of the Study

The study has several limitations. First, it studies firms from a single emerging economy, Brazil, which is believed to differ substantially from other large emerging giants, such as India and China; that said, Brazil might represent, at least to some extent, the characteristics of other Latin American firms. Another major limitation of the study is the selection of cases. Although on the one hand the choice of three firms from the same industry and of equivalent size, products and resources enabled us to avoid the impact of these differences on firm’s international commitment, on the other hand, it also limits the applicability of the research results. Also, since the cases portray smaller entrepreneurial firms, application of the findings to large publicly-held firms is questionable. An additional limitation refers to the fact that part of the data was extracted from an already existing database, and collected with a somewhat different purpose. Finally, because of our choice of research locus several contributions of the IE and BG literature do not apply; nevertheless, the understanding of differences between INVs and established firms may help to expand IE theory in the directions proposed by Ripollés-Melíá et al (2007). In addition, our cases failed to depict situations where relationship commitment was particularly relevant to the internationalization process. Thus, the theoretical propositions emanating from the study will certainly need to be refined to accommodate such situations. In spite of this, we believe our study can contribute to the understanding of how international commitment is built and its role in the internationalization of established entrepreneurial firms from emerging economies.

References


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<th>MAIN RESEARCH STREAMS</th>
<th>SELECTED REFERENCES</th>
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<td>Factors Influencing Commitment (Antecedents)</td>
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</tr>
<tr>
<td>International orientation, global/domestic</td>
<td>IE and BG, Export</td>
<td>Nadkarni and Perez, 2007; Ripollés-Meliá et al, 2007;</td>
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<td>mind-set, desire to internationalize, market</td>
<td>orientation</td>
<td>Javalgi and Todd, 2011</td>
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<tr>
<td>orientation</td>
<td></td>
<td></td>
</tr>
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<td>Uppsala, Export</td>
<td>Johanson and Vahlne, 1990; Navarro et al, 2010; Javalgi</td>
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<td></td>
<td>marketing</td>
<td>and Todd, 2011</td>
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<tr>
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<td>Lages and Montgomery, 2004; Freeman and Cavusgil, 2007;</td>
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<td></td>
<td>marketing</td>
<td>Nadkarni and Perez, 2007</td>
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<tr>
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<td>IE and BG, RBV</td>
<td>Freeman and Cavusgil, 2007; Nadkarni and Perez, 2007</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Resources</td>
<td>Several traditions</td>
<td>Johanson and Vahlne, 1977, 2009; Sharma et al, 2006</td>
</tr>
<tr>
<td>Organizational changes/structure</td>
<td>Export marketing, IE</td>
<td>Katsikeas et al, 1996; Blesa and Ripollés, 2008</td>
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<td>Preparatory activities</td>
<td>and BG</td>
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<td>Export marketing</td>
<td>Navarro et al, 2010b</td>
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<td>Ripollés-Meliá et al, 2007; Blesa et al, 2008</td>
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<td>Outcomes of Commitment</td>
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<td>Johanson and Vahlne, 1977</td>
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<td>Export marketing</td>
<td>Lages and Montgomery, 2004; Solberg and Durrieu, 2006</td>
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<td>Changes in the organizational culture</td>
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<td>Lamb and Liesch, 2002</td>
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<td>Performance</td>
<td>Export marketing</td>
<td>Katsikeas et al, 1996; Zou and Stan, 1998</td>
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## Appendix 1 – Description of Cases Studied

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Porcão Steakhouse</th>
<th>Plataforma</th>
<th>Fogo de Chão Steakhouse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurs</td>
<td>The Mocellin cousins, waiters, migrated from the South of Brazil to Rio de Janeiro</td>
<td>Alberico Campana, Italian immigrant, first job as a waiter</td>
<td>Two Coser brothers, who worked in restaurants, plus two other partners, who subsequently left the company</td>
</tr>
<tr>
<td>Capital Structure – end of 2009</td>
<td>Wholly-owned, Mocellin family (five cousins)</td>
<td>Family</td>
<td>Family + Venture capital (35%, since 2006)</td>
</tr>
<tr>
<td>Year of Internationalization</td>
<td>1991</td>
<td>1996</td>
<td>1997</td>
</tr>
<tr>
<td>First foreign market</td>
<td>Milan, Italy</td>
<td>New York, U.S.</td>
<td>Dallas, U.S.</td>
</tr>
<tr>
<td>Foreign operations – end of 2009</td>
<td>New York (1)*</td>
<td>New York (3)*</td>
<td>16 American cities</td>
</tr>
<tr>
<td>Operations Closed</td>
<td>Milan, Lisbon, Rome, Miami</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Domestic operations – end of 2009</td>
<td>Rio de Janeiro (4)* and two other Brazilian cities (1)*</td>
<td>Rio de Janeiro (1)*</td>
<td>São Paulo (3)* and three other Brazilian cities (1)*</td>
</tr>
</tbody>
</table>

Note: *number of restaurants
Table 2 – Examples of Data for Factors Influencing International Commitment

<table>
<thead>
<tr>
<th>Categories</th>
<th>Porcão</th>
<th>Plataforma</th>
<th>Fogo de Chão</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Triggers</strong></td>
<td>“Many foreigners came to Brazil and saw Porcão as a recipe for success ... They wanted to open a Porcão in their own country ... Then came this Italian with a proposal — irresistible.”</td>
<td>“A Brazilian who had a restaurant in New York proposed to me to launch Plataforma there ... I said I wasn’t interested ... But he insisted ... And then my son got interested.”</td>
<td>“I went skiing in the U.S. and saw the buying power of Americans. So I thought: ‘If I build my business here, it will really make a splash.’ ... It was time to go.”</td>
</tr>
<tr>
<td>Entrepreneurs’ desire to internationalize</td>
<td>“At the time, we didn’t have a good structure for it. We went on avoiding international operations until a proposal appeared that was so good we couldn’t say no.”</td>
<td>“So, it didn’t interest me because ... my life is here in Rio. I’m not going anywhere, I don’t like any other place, I only like it here.”</td>
<td>“After the economic liberalization in Brazil, I knew we had to be somewhere else in the world, besides Brazil.”</td>
</tr>
<tr>
<td>Family attitude towards internationalization</td>
<td>“This here is a family structure ... Decisions are made by the whole group, so everything is thoroughly debated and questioned. For example, in Miami just one [brother] came in as partner.”</td>
<td>“Who runs everything in New York is my son, who assumed the responsibility. I told him: ‘Your father does not want to be here [in NY]. But as for your life, you decide.’”</td>
<td>“It was very easy. I said to the others: ‘Let’s do it?’ They thought it was viable; they trusted it would work out. ‘Let’s do it?’ ‘Let’s.’”</td>
</tr>
<tr>
<td>Resource availability</td>
<td>“We were not prepared, at the time, to sustain growth abroad.”</td>
<td>“We had cash to start the business; we had the space ... And my son became interested in going there to manage.”</td>
<td>“We had resources for that. After, you go on reinvesting, or you get resources there.”</td>
</tr>
<tr>
<td>Congruence with firm’s strategic goals</td>
<td>“Porcão, at that time, was growing quickly in Brazil; all the attention was focused on here ... The foreign operation was not so important.”</td>
<td>“We have not expanded here [in Brazil]. There are too many competitors, it’s not worth.”</td>
<td>“I want to sell Gaucho style barbecue to the rest of Brazil and the world.”</td>
</tr>
</tbody>
</table>
Table 3 - Examples of Data for Factors that Did Not Seem to Influence International Commitment

<table>
<thead>
<tr>
<th>Categories</th>
<th>Porcão</th>
<th>Plataforma</th>
<th>Fogo de Chão</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-existing relationships</td>
<td>“In Italy, there was no prior relationship. In Miami, the partners were recommended by a consultant. In New York, the initiative was driven by a franchisee from Miami.”</td>
<td>“He contacted me; it wasn’t my idea…. He was not a friend, but someone I had met before.”</td>
<td>“I knew one person here in Brazil, who was my client, my friend. And he recommended a consulting firm there [in the U.S.] to advise us.”</td>
</tr>
<tr>
<td>Market orientation</td>
<td>“You have to try to understand customers’ tastes and needs. Our training here is always focused on serving you better. So that — anywhere in the world — you can do.”</td>
<td>“A good business is one where you’re doing it because you enjoy it. It’s not just money; it’s watching the customer leave here smiling. It’s a personal satisfaction.”</td>
<td>“Customers, not managers, define the growth rate of a firm.” “I love customers who arrive here upset. Because I’ll cheer him up; he’s going to be my customer for rest of his life.”</td>
</tr>
<tr>
<td>Competitive Advantages</td>
<td>“The major differential with Porcão is the quality of the service; today, the quality of the meat is no longer a big differentiator. So we try to give the customer an unforgettable experience.”</td>
<td>“It’s a party, it’s not a regular restaurant. And regular restaurants are a dime a dozen … It’s a different way of doing business — it’s serving meat from a skewer … It was a spectacle that made everybody look…”</td>
<td>“Our success in the U.S. comes from a new concept: the speed of fast food, the abundance of the Italians, and the quality and service of the French.” “All who try it, and like it think the service is among the best in the world ...”</td>
</tr>
</tbody>
</table>
Table 4 – Examples of Data for Manifestations of International Commitment Categories

<table>
<thead>
<tr>
<th>Categories</th>
<th>Porcão</th>
<th>Plataforma</th>
<th>Fogo de Chão</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation of Financial Resources</td>
<td>“Porcão came in with operational part, the know-how, the brand. The investment was the franchisee’s.” “The partners are investors only; they are not in the restaurant business.”</td>
<td>“The level of investment required to open a churrascaria (steakhouse) there is very high for Brazilian standards... To build an authentic churrascaria from the ground up takes three million dollars.”</td>
<td>“Each outlet has a million to six million dollars invested.”</td>
</tr>
<tr>
<td>Allocation of Physical Resources</td>
<td>“The investment in locations, in outlets, was the responsibility of the franchisee.”</td>
<td>“We took everything from here, including the machines...” “One of the partners had a restaurant available... The person who oversaw the work was another partner...”</td>
<td>“We have owned and rented spaces in the U.S. It depends on financing.” “We chose a good firm of architects there; we brought them to Brazil... Later we selected a building contractor.”</td>
</tr>
<tr>
<td>Allocation of Managerial Resources</td>
<td>“We did not provide much managerial support. So it was very difficult to hold the franchisees accountable, to implement guidelines...”</td>
<td>“My son went to live in New York. He manages the three restaurants in New York with one other manager.”</td>
<td>“My brother went there six months before opening. Another partner spent one year there. And my brother manages the operation in the U.S. now.”</td>
</tr>
<tr>
<td>Allocation of Other Human Resources</td>
<td>“Employees were taken from here [to Milan]. They were trained on site. But supervision was lacking; control was lacking.”</td>
<td>“We had an excellent trainer; he put the team together... We trained them here. No one spoke English, but to work at a churrascaria, you only need a hundred words.”</td>
<td>“We started to train the staff here to speak English. So that was the first step. It took two years.” “Over time we plan to cut back on the number of Brazilians there, because the cost is sky high.”</td>
</tr>
<tr>
<td>Allocation of Organizational Resources</td>
<td>“We didn’t have structure for that. At the time there was no HR department; there was none of that administrative structure. It was very chaotic.”</td>
<td>“There’s no structure here. Everything is managed by my son and another manager there... My son gives me all the information.”</td>
<td>“There’s an office in Dallas, which coordinates everything in the U.S.; and here in Brazil, there’s another, which coordinates everything here. Everything is connected online, both...”</td>
</tr>
<tr>
<td>Relationship Development</td>
<td>“Porcão had everything to grow out there, but the partnerships were worn. It was difficult trying to recover.” “There was resistance to suggestions for change and we were forced to take back the brand...”</td>
<td>“We now have three outlets there in New York, with the same partners ... They are good natured people who do things the right way ... It’s been ten years together ... “ “To get the right cuts of beef, we had to teach the meat cutter. ... My son became his friend.”</td>
<td>“Before we opened there, we developed all aspects of supply. One of the partners spent a year there doing just that.”</td>
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</tr>
<tr>
<td>Mode of entry and operation</td>
<td>“A company was set up in Milan ... And when we saw that there was no way to continue there, we decided that franchising was the solution.” “After that we could see that the franchise agreement is not an effective instrument of control.”</td>
<td>“It’s all owned by the partners.”</td>
<td>“We went in alone and made the investment. Some outlets are our own and others are leased.”</td>
</tr>
<tr>
<td>Planning for internationalization</td>
<td>“It was not just the language barrier but also a lack of planning ...” “In Miami, they invited us ... There was no planning ... In New York there was some questioning; but it was not planned ... “</td>
<td>“We went there thinking ‘put it in God’s hands’ — there was no planning.” “I did no research. ... I got there. I saw the place. The space was within what was needed. Big enough. The rest — I didn’t worry about...”</td>
<td>“We did what they always do when we go to somewhere ... We hire the best advice ... I don’t want just anyone. I want someone who’s credible, someone with local backing.”</td>
</tr>
<tr>
<td>Adaptation vs. Standardization</td>
<td>“But one thing that we make sure of, in principle, is that the system that we are taking with us abroad is a standardized system. The system must be the same here as there.”</td>
<td>“The system is different. In Brazil it’s a la carte; in the U.S., it’s rodizio. Because rodizio is really a different thing for Americans, given that every corner has a steakhouse. “</td>
<td>“Everything is the same; everything has a single identity ... It took me twenty years to get the business the way I wanted. “</td>
</tr>
</tbody>
</table>
### Table 5 – Examples of Data on Outcomes of International Commitment

<table>
<thead>
<tr>
<th>Categories</th>
<th>Porcão</th>
<th>Plataforma</th>
<th>Fogo de Chão</th>
</tr>
</thead>
</table>
| Performance                       | “If it were just Milan, I could accept that the error was with that outlet alone. But it was the sum of all places...” | “Profitability in the U.S. is stupendous. We were in the black immediately, within two years. It was an awesome investment.” | “About 80% of our revenue comes from the U.S. market.”  
“About 80% of our revenue comes from the U.S. market.”  
“Our steakhouses in the U.S. have grown an average of 35% a year.” |
| Knowledge acquisition and transfer| “I’ve come to the conclusion that it’s no use having a main office here and going round the world opening franchises. We have to be out in the world to grow along with it.” | “We learned about differences between American and Brazilian consumers…”  
“My son knows everything now; he tells me that I don’t understand anything about restaurants.” | “We had to understand American culture if we wanted to teach Americans about *Gaucho* culture.  
The most difficult part was with our first restaurant; but we learned from our mistakes and got better with each opening.” |
| Opportunity recognition and development | “In the U.S., you have how to make money, much more money than here, using the same system, having the same number of people and clients.” | “In order to achieve success with a restaurant chain, one needs to be in a country where there is a lot of money such as the U.S…..” | “The opportunities are immense there.” |