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Cooperation Networks and Embeddedness—The Case of the Portuguese Footwear Sector

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Abstract: The purpose of this paper is to explore the role of embeddedness and cooperation networks in the business internationalization process. To achieve the abovementioned purpose, a qualitative methodology was carefully chosen, through which semi-structured interviews were conducted with ten entrepreneurs of the footwear sector in Portugal, as well as with a head of the national footwear business association. In order to process the data obtained by conducting the interviews, content analysis and data coding through the NVivo software were performed. The results suggest that internationalization is essential for companies in the Portuguese footwear sector. In addition to internationalization helping companies to increase their turnover, it allows companies to grow in a more sustainable way. On the other hand, research also allows us to deduce that networks play an important role in the development of the organizations in question, as they facilitate access to various resources indispensable to this growth. Concerning embeddedness, this aspect presents itself as a facet to which special attention should be paid, considering the pre-eminence that respondents attribute to all variables that help to structure this dimension. The conclusions of this study have theoretical and practical implications, which provide empirical evidence of how the internationalization process can influence the activity of Portuguese companies in the footwear sector. In addition, the results contribute to the evolution of existing knowledge about how embeddedness and cooperation networks facilitate the internationalization process.

Keywords: internationalization; footwear sector; embeddedness; networks; cooperation

1. Introduction

In the last few decades, the number of companies have that started to expand their area of operation outside their domestic markets has grown [1]. However, when internationalizing their business, companies face several critical decisions: how, where and how much to invest, and how to organize and manage their activity outside their country of origin in order to maximize benefits and minimize risks and losses [2].

Historically, several theories have been developed in an attempt to explain the process by which companies internationalize, such as the Uppsala Model [3,4], the approach born global [5,6] or the Network Theory [7]. Network theory, in turn, helped to understand the basis on which companies develop this process [8,9]. In general, networks can be an alternative mechanism to reduce information asymmetries, and less experienced companies can replace their lack of know-how and their own resources with the knowledge and resources of their contacts, in an international network [10]. A central premise in industry research is the idea that embeddedness in cohesive networks produces positive dividends for members of these networks; in particular, it promotes the creation and circulation of knowledge through informal contacts [11].

According to Zaheer and Mosakowski [12], in networked relationships, the embeddedness dimension represents a process through which social relations shape economic actions in a more sustainable way [13]. According to the same perspective, without the network embeddedness, the overcoming of certain restrictions of means, and the consequent obtaining of new resources, can take years to establish [14,15]. It is also suggested that embeddedness is an exchange system through which companies organized in networks have better chances of survival and sustainability [16].

Although there are several studies that address personal and interorganizational relationships within the scope of the internationalization of companies [17–19], the same does not happen with domestic relations in the initial approach to the foreign market and in international activities, which have not received much attention [20–22]. On the other hand, there is also a scarcity of studies that address the role of embeddedness and networks in the internationalization process of companies [15,23,24].

In this sense, and based on the Network Theory, the main objective of this investigation is to study the role of embeddedness and cooperation networks in the business internationalization process.

To achieve the goal of this study, semi-structured interviews were carried out with 10 entrepreneurs with a direct link to the footwear sector, with this sector being one of the most responsible for exportation in Portugal. To triangulate the information collected, a person in charge of the largest footwear association at national level was also interviewed. Interview data were submitted to content analysis and data coding using the NVivo software.

The paper is organized as follows: the Section 2 presents a review of the literature on the importance of internationalization for organizations, embeddedness and networks. Section 3 describes the methodology used. Sections 4 and 5 highlight the results of the analysis of the interviews and a discussion of the results, respectively. Section 6 presents the conclusions and limitations of the study, in addition to suggesting future lines of investigation.

2. Literature Review

2.1. The Importance of Internationalization for Companies

In a constantly changing world, with the increasing liberalization of world trade, international expansion has been one of the responses of companies to the growing competition and the various threats that are imposed on them [25].

The international exploration process leads companies to face a broader market, sharing resources between countries and regions [26,27], which can enable them to generate superior profits by specializing work in the global value chain, allowing them to acquire greater economies of scale and become more sustainable [28]. A company's international performance depends heavily on its ability to discover and exploit opportunities in various markets [29,30].

There are several authors [31,32] who have studied, over the years, the driving motivations of business internationalization and foreign direct investment. Hollensen [33] distinguished the motivations for internationalization in reactive or proactive. Among the basic proactive motives that motivate entry into foreign markets are the objectives related to increasing profit and growth, management initiatives, improving technological skills, product exclusivity, economies of scale, tax benefits, and general opportunities that may arise from penetrating foreign markets. In turn, the proposed reactive motivations are competitive pressure, a small domestic market and the lack of domestic demand, the company's overproduction or overcapacity, unconsolidated foreign orders, the possibility of extending sales of seasonal products, and the proximity to international customers [33,34].

On the other hand, organizations encounter barriers in their internationalization process, restrictions that prevent a company from starting, developing, or sustaining business operations in foreign markets [35,36]. These restrictions can be of several types: (i) financial, such as the availability of resources [37], the cost of operations abroad [38] and limited access to capital and credit [39,40];

(ii) management, such as management attitudes [41,42], the lack of international experience and knowledge [37], or difficulties in commitment and partnership [39,40]; (iii) those of the market, such as, for example, environmental perception [41], government regulation, including charge and non-charge barriers [40,43], lack of market knowledge and cultural differences [37] and the strong position in the domestic market [44]; (iv) and industry, such as competition or technological differences [45] and internal barriers to the company, such as access to capital, training and research and development, or product activities, prices, distribution, logistics and promotion of the company abroad [34].

In terms of international business research, the idea of embeddedness is widely used to analyse the activities of multinational companies, in their local environment [46]. Multinational companies combine the advantages of global strategies with embeddedness in heterogeneous, and especially national, contexts. This integration contributes to its innovation, facilitating access to external resources and competences, as well as coordination with internal and external agents [47].

2.2. Embeddedness and Internationalization

The concept of embeddedness is rooted in economic sociology, but it has considerable relevance for international management [47,48]. According to Granovetter [49], the economic activity of a company is territorially rooted in its particular social and cultural relations. This concept has been addressed in the scope of investigations related to corporate business networks [15,50–52]. According to this perspective, relationships are difficult to replace, as, over time, both sides adapt their resources and activities to each other in such a way that any relationship becomes unique [51]. According to this research perspective, a company may be inserted in different relationships and networks at the domestic, international, social (personal), and interorganizational levels [53].

Embeddedness can be delineated from a triple perspective [54]: (i) social embeddedness, which is relative to social backgrounds (i.e., cultural, political, etc.); (ii) territorial embeddedness, which considers the extent to which an actor is "anchored" in certain territories or specific places; (iii) network embeddedness, which describes the networking capabilities of entrepreneurs (e.g., the network of actors in which the organization is involved).

Social embeddedness is described as being similar to the organization's 'genetic code' or 'DNA' generated by the background (cultural, political, institutional and economic) that shapes the actions of individuals and organizations in the domestic market [55]. Despite being accepted as an attribute of the company that results from external factors in its domestic market, it is suggested that the analogy made by Hess regarding DNA is somewhat misleading, in that it does not reflect not only the dynamism that reflects the company's changes in its market internal, but also the importance of factors external to the company in the generation of social embeddedness [56]. The company's external network relationships are conducive to the growth of the industry ecosystem as they provide a basis for companies to learn from each other [57]. The embeddedness of companies' internal and external links is positively related to the companies' innovation results [58].

In turn, territorial embeddedness is related to the firm's entrenchment in certain territories or places, since the company absorbs or is restricted by the economic and social activities and institutions with which it shares these places. When the company performs activities in territories that require hiring local human resources or interacting with local social networks, including consumers, the company becomes "incorporated" (or "embedded") territorially [56]. Territorial embeddedness thus emphasizes the location of activities in host countries and involves adaptations to local consumers, local suppliers and real estate markets [59].

Network embeddedness provides organizations with two main advantages: the exchange of high-quality information and tacit knowledge, while also serving as part of the social control mechanism that governs the behaviour of companies [34]. In cross-border activities, less experienced companies wishing to establish credibility in a new foreign market must maintain relations with a host partner to demonstrate local legitimacy and complement their lack of local knowledge [60]. For this purpose, local companies with strategic network positions are preferable, as they are more efficient in collecting resources that will benefit the foreign partner [61].

Former business networks (e.g., customers, suppliers and support institutions) and social networks (e.g., friends, family and former customers) can influence the business internationalization process, helping entrepreneurs to find opportunities in the foreign market [62].

2.3. The Role of Networks in the Business Internationalization Process

The importance of networks for the internationalization of companies, especially in the case of small and medium-sized companies, seems irrefutable, considering the existing research on the theme [63,64]. This type of relationship has a strong impact on the selection of the market, as well as the way of entering foreign markets [8]. Companies established in both developed and emerging economies generally rely on networks to seek, discover and explore business opportunities in foreign markets [65]. Networks can help companies gain access to a wide range of resources such as political influence, reputation and mutual trust [66]. Thus, companies internationalize themselves, developing continuous relationships and increasing their commitment of resources between networks [7].

Internationalization is thus seen as a result of multilateral externalization through business and social networks, and its degree can be measured by the positions held by the partners of the network in which the company is. If the partners are very internationalized, the greater the degree of internationalization of the network [67]. Thus, the phenomenon of the company's internationalization can be seen as the establishment and development of positions in relation to other partners belonging to foreign networks [7].

Network theory was conceived on the basis of companies and entrepreneurs. However, this theory can be applied to any organization, be it public or private, with or without profit. According to Aldrich and Zimmer [68], any organization is incorporated in a network that plays a central role in the development of its activity. In general, networks are composed of a group of actors (individuals or organizations) and a set of consortia between actors [69].

In this way, networks between organizations are increasingly considered a channel that allows the passage of skills, knowledge, technology and development [70,71], within and between regions, being considered essential in the process of innovation and economic growth [72,73].

According to Johanson and Mattsson [7], the position occupied by a company in the network defines the set of opportunities to which it has access and constraints to which it is subject, thus giving rise to its strategy. Thus, according to the aforementioned authors, the phenomenon of the company's internationalization can be seen as the determination and development of positions in relation to other partners regarding foreign networks. A company's competitive advantage is then measured by its resources and/or its ability to mobilize and coordinate the resources of others—for example, suppliers, customers, competitors, and R&D centres [7]. Johanson and Vahlne [8] showed that these relationships have a strong impact on the selection of the market, as well as on the entry mode due to the ease with which they identify and explore opportunities.

3. Methodology

3.1. Depiction of the Portuguese Footwear Sector

The Portuguese footwear industry is defined as traditional and low technology, dominated by SMEs. The new internationalization valuation and sustainability strategies have significantly altered the image and performance achieved. As of 2009, exports increased by more than 55% and grew in almost all important foreign markets [74].

One of the fundamental reasons for this growth in internationalization was, without a doubt, the environmental sustainability imposed by the European Commission. The new forms of production, according to European measures, have thus led to the economic sustainability of companies, and even the regions where they are located [75].

Currently, Portugal is an important reference in the international footwear market, due to the sophistication and creativity of its companies, which offer a wide variety of solutions for their potential customers. According to data from APICCAPS [76], footwear plays a very important role in the Portuguese industrial structure. Footwear production employs approximately 40,000 people, in almost 1500 companies. The sectors associated with the production of components for shoes and leather goods employ more than 7000 people in 389 other companies. In 2018, Portugal produced more than 80 million pairs of shoes, worth approximately 2 billion euros. Internationally, Portugal occupies a particularly high place with regard to the production of leather shoes and is the sixth largest exporter in the world. Footwear also contributes extensively to Portuguese external accounts. In 2018, Portugal exported approximately 1.9 billion euros (roughly 95% of all production) in footwear, which represented 3.4% of the national total of exported products [76]. The Portuguese footwear industry achieved an import/export coverage rate of almost 300%, with a trade surplus of 1.3 billion euros [77].

For reasons of geographical and cultural proximity and consumers' purchasing power, Portuguese footwear exports are mainly directed to European markets, where Portugal has substantial market shares: 4.1% in Germany; 4.3% in Spain; 5.1% in France; 6.7% in the Netherlands and 11% in Denmark. However, in the last decade, important steps have been taken towards market diversification and exports have increased significantly to markets such as Canada, USA, Australia, South Korea and China. Currently, products can be found all over the world: in 2018, they were exported directly to 163 countries on five continents. Table 1 shows the main destination markets for Portuguese footwear exports.

Table 1. Main export markets in the footwear sector in Portugal.

Position	Country	Millions €	Variation 2008–2018
1	France	395	14.4%
2	Germany	351	33.2%
3	Netherlands	269	69.5%
4	Spain	176	43.3%
5	United Kingdom	123	−3.0%
Total		1902	47.3%

Source: Own elaboration, from APICCAPS Facts and Numbers (2019).

Over the 10 years reported, there was a general positive variation in exports, in the order of 47%, with only the United Kingdom registering a decrease in Portuguese footwear imports. On the other hand, Portuguese footwear exports to the Netherlands increased by approximately 70%.

Despite the importance for the Portuguese economy in general, the footwear industry is particularly relevant in the north of the country, where most companies are based (Figure 1).

The industry has two large production centres (as shown in Figure 1): one in Felgueiras and Guimarães; and the other in Santa Maria da Feira, São João da Madeira and Oliveira de Azeméis. Both clusters are approximately 50/60 km from Porto, the main city in northern Portugal and, therefore, have good accessibility, namely to the sea port and the airport. A third industrial centre is located in Benedita, 90 km from Lisbon, but has a lesser output. In the northern region, 12% of jobs and 6.8% of turnover in the manufacturing industry are in the footwear sector and, for the Portuguese economy as a whole, represent 6.7% and 2.8%, respectively. The footwear industry is therefore one of the main economic foundations in northern Portugal.

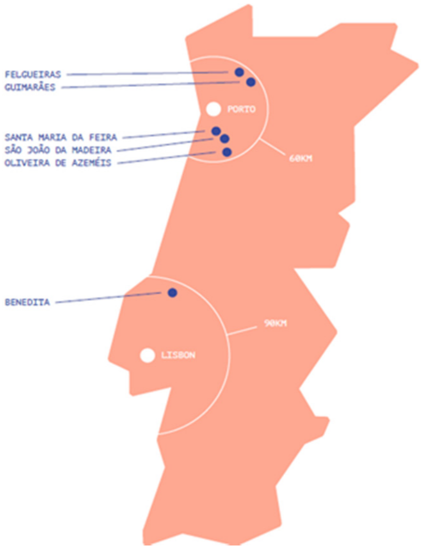

Figure 1. Main footwear clusters in Portugal. Source: APICCAPS Facts and Numbers (2019).

3.2. Nature of Study

This study aims to investigate the role of embeddedness and cooperation networks in the business internationalization process. To achieve this goal, a qualitative methodology was selected in which semi-structured interviews were conducted with entrepreneurs in the footwear sector in Portugal. As a way of triangulating the information collected, the national footwear business association was also interviewed, and various documents on the sector were analysed. Qualitative methods have been increasingly used in investigations concerning companies because qualitative techniques facilitate the gathering of information, generating results that cannot be measured or quantified [78]. According to Yin [79], a case study is a form of qualitative approach that examines a current phenomenon in its context, especially when the boundaries between the phenomenon and the context are not clearly defined. As a qualitative research, the sample size may be small, since depth and richness are the key elements, with no need to generalize or replicate [80]. Yin [79] believes that qualitative methods should be used when researchers need to carry out in-depth analyses of specific processes, organizational characteristics and/or perspectives or experiences of individuals. Qualitative methods thus facilitate interpretative analysis of information and the production of theoretical generalizations [81].

Through Table 2, it is possible to observe succinctly the script of the interviews carried out with the entrepreneurs.

Table 2. Summary of the interview script.

Dimension	Questions	Authors
Motivations for internationalization	• "What were the reasons that led to the internationalization of your company?"	Baldauf, Cravens and Wagner (2000); Onkelinx and Sleuwagen, (2008); Hollensen (2008); Korsakiene and Baranauskiene (2011)
Strategies to internationalize	• "When the company chooses a country to internationalize what are the criteria it takes into account?" • "What are the markets where your company has gone international? Why?" • "What are the main strategies used by your company to enter the market in a specific country? Why?"	Buckley and Casson (1998); Chen and Chen, (1998); Schmid (2018)

Table 2. *Cont.*

Dimension		Questions	Authors
Main barriers to internationalization		• "What are the main barriers encountered by the company during the internationalization process?"	Coviello and McAuley (1999); Autio, Sapienza and Almeida (2000); Burpitt and Rondinelli (2000); Leonidou (2004)
Main benefits of internationalization		• "What were the advantages of internationalization for your company? Why?" • "Has internationalization brought competitive advantages to your company in relation to the competition? How?"	Lu and Beamish (2001); Ruigrok and Wagner (2003)
The role of embeddedness in internationalization	Territory	• "The territory where the company is located has influenced its internationalization process?"	Tacconelli and Wrigley (2009); Hess (2004)
	Social environment	• "The social environment where the company is located has influenced its internationalization process?"	Ahuja (2000); Frasquet, Dawson, Calderón and Fayos (2018)
	Cooperation networks	• "The company's contact networks had an influence on its internationalization process?"	Johanson and Mattsson (2015); Weterings and Ponds (2009); Kontinen and Ojala (2011); Boehe (2013); Huggins and Thompson (2015)

Source: Self elaboration.

3.3. Case Selection and Data Collection

For the performance of this study and for the selection of cases, the following criteria were used:

1. Identification of companies in the footwear sector that invested in internationalization;
2. Selection of companies for convenience: easy access to information;
3. Companies with different characteristics: despite being companies in the same sector of activity, we chose to select companies with different characteristics, such as size, countries that have internationalized, the market segment.

In this sense, 5 companies were selected, based in the north of Portugal, operating in different sectors of the footwear sector. A convenience sample was chosen—that is, the selection of companies to be interviewed was carried out arbitrarily, premeditatedly—in order to guarantee the obtaining of the desired data [82].

A semi-structured interview was carried out, conducted with entrepreneurs in the footwear sector, in order to obtain accurate and detailed information on the practices of internationalization, networking and embeddedness in this sector. The interviews were carried out between 23 April 2020 and 11 June 2020, and the interviewees were initially informed about their interest, context of application and objectives, as well as being asked for their authorization to record the interview and to record it, as well as publication and treatment for academic/scientific purposes. The interviews were scheduled by e-mail, and their production was carried out by videoconference or in person, with an average duration of 42 min. Table 3 presents a general characterization of the interviewed companies.

Table 3. Characterization of the interviewed companies.

Company	Location	Year of Foundation	NO. of Employees	Segment	Export Percentage	Main export Markets
Company 1	Torno, Lousada	2013	6	Footwear Agency	100%	Spain (60%), France (15%), Italy (15%) e Canada (10%)
Company 2	Torrados, Felgueiras	1987	95	Women's footwear	98%	France (40%), Germany (30%), Ireland, Spain, U.S. and others (30%)
Company 3	Revinhade, Felgueiras	1988	150	Children's footwear	98–99%	France (20%), Netherlands (15%), United Kingdom (15%), Denmark (15%) and others (35%)
Company 4	Pedroso, Vila Nova de Gaia	1985	325	Footwear components and injected footwear	25% in components, 70% in footwear for the professional market 90% in footwear in the fashion segment	Slovakia (20%), France (15%), Germany (15%), Italy (15%), Denmark (15%) and others (20%)
Company 5	Escapães, Santa Maria da Feira	2009	40	Ladies and children's footwear	100%	Germany, Holland and France (80%) and others (20%)

Through the aforementioned table, it is possible to infer that the organizations presented are all located, approximately, in the two main national production centres (see Figure 1). However, the year in which companies started their activity varies between the 1980s, a fruitful period in the creation of companies in the footwear sector in Portugal, and when three of the five companies interviewed were formed, and 2013, with the start of the activity of Company 1. In terms of the number of employees, the organizations are quite different. For instance, Company 1, not only because it is a relatively recent venture, but mainly because it is a footwear agency, a type of company that usually does not involve a large number of employees, has only 6 employees. All companies interviewed, with the exception of Company 4, which employs 325 people, can be considered micro, small and medium-sized enterprises (SMEs), according to Law no. 372/2007, considering that they employ less than 250 employees. Regarding the segment in which the companies operate, in order to achieve a more diverse set of data, companies from different sectors of the footwear industry were interviewed: a shoe agency, producers of women's shoes, producers of children's shoes and producers of components for footwear and injected shoes. Still, a common indicator for all companies is the percentage of exports. With the exception of Company 4, which has some constraints for operating in different branches (although in the professional footwear section it exports around 90%), all other companies have an export percentage equal to or greater than 98%, which is close the national average of 95% presented in Section 3.1. The countries of destination for the exportation of national footwear are mainly European countries, such as France, Spain, Germany or the Netherlands, the four main export markets in the footwear sector in Portugal that are included in the analysis presented in Table 1. The ease of carrying out trade within the European community and geographical proximity, combined with the high purchasing power of consumers in the countries concerned, seem to be the main reasons that justify this trend.

Table 4 provides a brief description of the interviewees' profile. Two people were interviewed for each of the five companies in question, and also a person in charge of the national footwear business association, in order to be able to triangulate the information obtained, both between companies and at the industry level.

The table above shows that the interviewees are mostly male, with an average age of approximately 37 years. Most individuals have higher education, with a strong focus on the areas of Economics and Management, and hold positions of greater hierarchical responsibility in the companies in question. Regarding the experience in the organization, the interviewees have an average of 8 years at the service of the company, with a clear outlier related to Interviewee 2b, who has 33 years on the staff of his organization.

Table 4. Characterization of respondents.

Company	Interviewee	Gender	Age	Academic Training	Position in the Company	Years at the Service of the Company
Company 1	Company 1a	Male	24	Degree in management	Management/Commercial Analyst	1
	Company 1b	Male	46	Middle school	Manager	7
Company 2	Company 2a	Male	23	Degree in Economics	Administrative technician	2
	Company 2b	Male	56	Middle school	Production Manager	33
Company 3	Company 3a	Male	22	Degree in management	Administrative technician	1
	Company 3b	Female	33	High school	Responsible for Planning and Production	6
Company 4	Company 4a	Male	34	MBA in Marketing	Commercial director	6
	Company 4b	Male	43	Post-graduate degree in Economics and Taxation	CFO	9
Company 5	Company 5a	Female	48	Degree in management	Managing Partner	11
	Company 5b	Male	49	High school	Managing Partner	11
Business Association	Association 1	Male	33	Master's degree in Economy	Director of the Centre for Studies and Projects	5

3.4. Analysis and Information Handling

The primary data were obtained through individual, semi-structured interviews, and conducted by a script with the questions that were considered important for the study in question. These interviews allowed a collection of more complete and spontaneous responses through the interaction between the interviewer and the interviewee, thus avoiding problems related to the interpretation of the questions asked [83].

The results of the interviews were treated using a content analysis and the organization of encoded data sources with the NVivo 11.0 software, through which it was possible to extract useful and segmented information, which resulted in the creation of tree nodes that label and branch the interviewees' discourse. In cases where the speeches were very dispersed in their content or with the absence of sufficient elements to capture patterns, and due to difficulties in coding, word cloud analysis was used.

4. Analysis of Results

4.1. The Internationalization of the Footwear Sector

4.1.1. The Motivations for Internationalization

According to Ferreira, Serra and Reis [84] and Song and Lee [22], the motivations for internationalization are based on three basic aspects: the increase in sales, the acquisition of resources and the reduction in risks. Dunning [85] referred, as motivations, to obtaining economies of scale, risk and uncertainty regarding the domestic market, growth and maximization of investment returns, sustainability, risk reduction and access to a wide range of resources, both tangible and intangible. Viana and Hortinha [86], in turn, pointed out six reasons to explain the fact that companies seek to expand their scope to foreign markets: increased turnover, synergies related to cost structures, reduced business risk due to market diversification, collaboration with companies and public institutions, market dominance and absolute advantages in terms of resource dominance. In Figure 2, it is possible to observe the main motivations for internationalization mentioned by the interviewees.

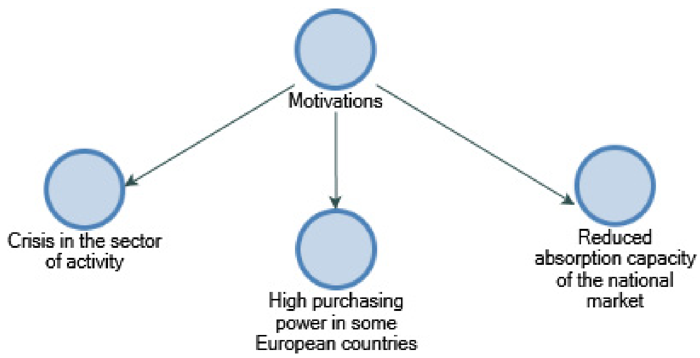

Figure 2. Node map (NVivo) for the main motivations for internationalization.

Through Figure 2, it is possible to see that, unanimously, the interviewees pointed out, as the main motivation for the internationalization of their companies, the reduced absorption capacity of the national market, as it is a small market compared to other European markets, can be seen in the excerpts below:

> **Company 2A:** *"To grow the company needs to go international, even to be sustainable, to have higher volume orders […]. In the national market it is a bit complicated because with small orders you are too dependent […]."*

> **Company 4B:** *"[…] the recognition that the national market does not have a great power to absorb products encouraged the internationalization of the organization."*

Even so, other factors such as the crisis experienced in the footwear sector when foreign players entered the market, which arose with a type of production with prices that were much more competitive. On the other hand, the high purchasing power of some European countries, with minimum wages exponentially higher than Portuguese and, therefore, with a much higher purchasing power, were also mentioned as reasons for the internationalization by some of the interviewees:

> **Company 3B:** *"[…] there is an unabridged process of crisis for footwear and textiles at that time […] that caused the bankruptcy of many companies […]. Many national companies had problems and only those that bet on internationalization survived. […] our market turns out to be the European one, which is much larger than the national one. We are currently working for a global market, but very centred in Europe."*

> **Company 5A:** *"[…] the domestic market, in terms of consumer products, is not large enough to provide a significant sales volume. The average purchasing power of a woman is 5 pairs of shoes per year internationally, while at national level it is only 2 pairs/year."*

4.1.2. Strategies to Internationalize

According to Dunning and Lundan [87], the internationalization process is seen as a proactive decision that arises at the initiative of the company itself. As a rule, this decision aims to increase profits, knowledge and consequently diversify risks, thus making the company more sustainable [88]. When a company tries to enter the international market, it is due to the fact that there is high competition in its country of origin, which pressures companies in some way to proceed with the internationalization process [89]. The choice of entry mode is one of the key aspects for the company's international success and depending on the structure, experience and business model, the company can choose different entry modes [90].

In Figure 3, the main internationalization strategies implemented by the companies under study are summarized.

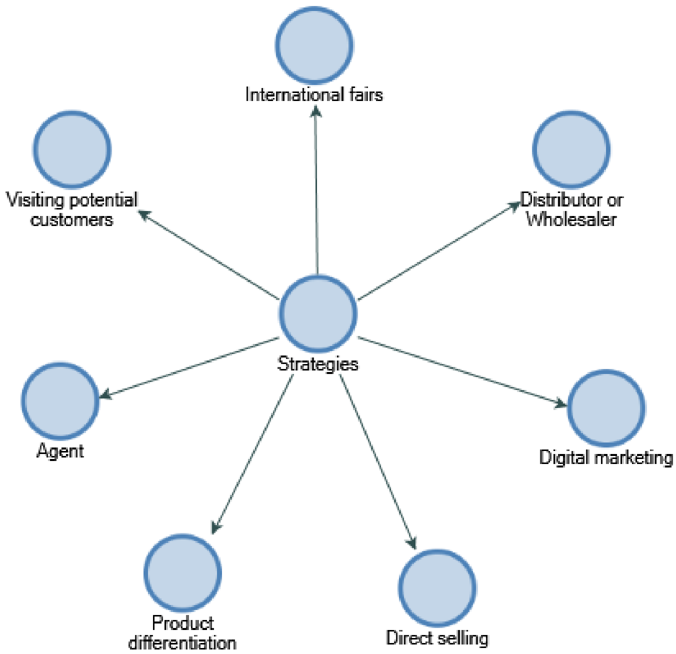

Figure 3. Node map (NVivo) for the main strategies for internationalization.

As shown in Figure 3, according to the participants, there are several strategies for the exportation of national footwear that the companies in question use: visiting potential customers, distributing through wholesales, digital marketing or differentiating their product, examples of which are in the excerpts below:

Company 1A: *"We have been betting a lot on the part of digital marketing that we think is prevalent today, in order to better expose the company."*

Company 3A: *"[…] we have one or another export that is through distributors, that is, through the country's distributor. It turns out to be direct for the country, but indirect for the end customer, that is, for the distributor and we no longer have responsibility."*

However, the interviewees almost universally refer to their presence at international fairs, which are quite common in the footwear industry at a global level, driven by several initiatives promoted by the national association of the sector, and also the collaboration with agents, who establish the connection between the producer and the distributor, as the main strategies that allow companies to expose and, objectively, take their product across borders. The success of SMEs going global depends significantly on the formulation and implementation of internationalization strategies. Those strategies could be, among others, in the form of innovation/technology, knowledge or marketing skills [91].

For the companies interviewed, the main strategies are those exposed below:

Company 2B: *"Through the various exhibitions we have, in Italy, in Germany. Twice a year, spring and summer, both in Italy and Germany […]."*

Company 4B: *"Through fairs the company establishes several contacts, working directly with the client, and [the company] makes extensive use of agents in different countries (France, Russia, etc.), as this allows to collect contacts and establish connections through individuals with knowledge of their respective markets, which is more economically efficient than market research by employees in those markets."*

Association 1: *"The association has several projects to help companies to be at fairs, in order to promote the image and brands of national footwear, which have been proving essential for national production."*

4.1.3. Main Barriers to Internationalization

Some of the highlighted barriers to the possible exploitation of foreign markets are the insufficient self-financing of companies, the weak productive capacity, the lack of qualified human resources, the poor knowledge of foreign languages and markets, and the fact that there are no links or partnerships in the foreign markets [92]. Hollensen [93] divided these barriers to internationalization into three types of risks: market risks (e.g., competitive difficulties in the face of competition on the foreign market, cultural and linguistic differences, etc.); commercial risks (e.g., exchange rates, etc.) and political risks (e.g., control over trade (taxes), restrictions on foreign markets, etc.). According to Figure 4, it is possible to verify the main barriers identified by the interviewees in this study.

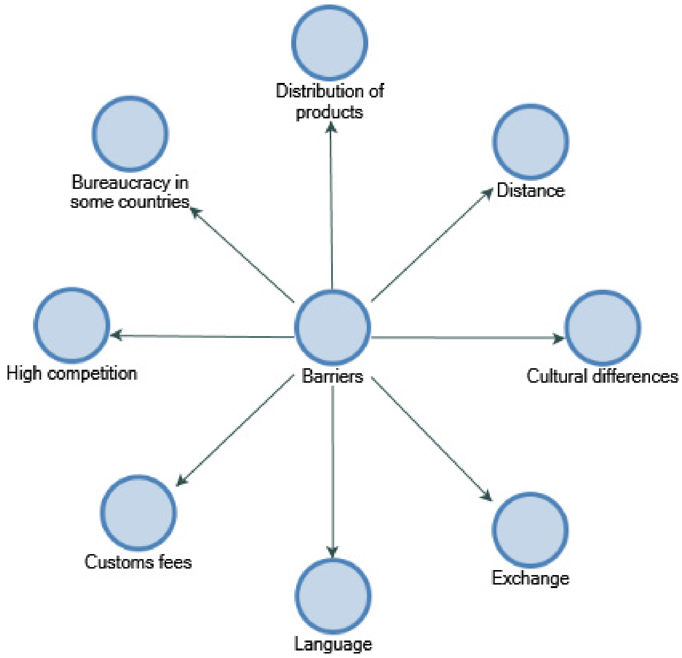

Figure 4. Node map (NVivo) for the main barriers to internationalization.

As can be seen from Figure 4, the main barriers to internationalization pointed out by the interviewees are varied, from cultural differences to geographical distance or linguistic differences. However, the customs duties applied by some countries appear to be one of the biggest obstacles, since they add a substantial cost to the product. Combined with both national and international bureaucracy in the business process, they can prevent, or at least hinder, certain commercial exchanges. Ayden et al. [94] argued that the lack of the imposition of costs/taxes in internationalization as one of the whys and wherefores that impact the decisions regarding international activities. As pointed out by interviewees, these are, indeed, some of the barriers of internationalization in the footwear industry:

Company 3A:*"When it comes to footwear components, many of the barriers are import taxes [. . .]."*

Company 4B: *"Outside the European market, bureaucracies [. . .] are the biggest obstacles."*

Company 5B: *"Bureaucracy and the tax burden in Portugal are, essentially, our main difficulties."*

Although bureaucracies and customs fees are presented as significant barriers by the interviewees, the biggest obstacle that emerged from the interviews carried out is related to competition from countries with extremely cheap labour, which manage to produce at prices impractical at a national level, as can be seen from the excerpts below:

Company 1B: *"There is also the difficulty for us, the Portuguese market, to fight with other markets, such as Morocco, Albania, Romania and this [. . .] creates a problem in terms of target, prices to reach."*

According to Rendón and Moral [95], the footwear industry is suffering the consequences of the opening up of trade which favoured the importation of Chinese products, whose lower prices have led to the departure of many companies.

> **Company 2A:** *"Right now, in the footwear sector, the biggest barrier is perhaps competition. Especially in terms of prices, competing with countries where labour is cheaper, and thus being able to make prices more competitive, has less market share."*

4.1.4. Main Benefits of Internationalization

Contractor [96] pointed out, as some benefits of business internationalization, the exploitation of economies of scale and scope, the diversification of risks, the reduction in costs and access to knowledge and learning about the international environment. The hypothesis related to "learning through export" in the international economy shows that contact with international buyers and competitors generates learning effects and that international competition forces companies to be more efficient, stimulates innovation and contributes to their sustainability [97,98]. Considering Figure 5, it is possible to observe the main benefits of internationalization recognized by the interviewees in the study.

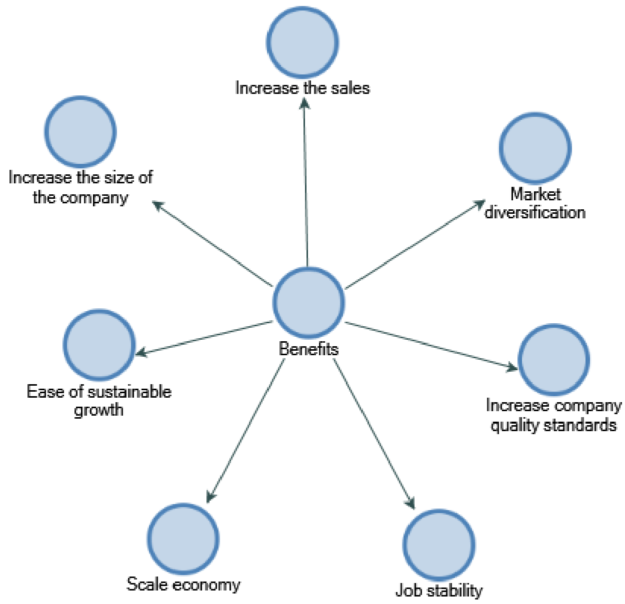

Figure 5. Node map (NVivo) for the main benefits of internationalization.

From Figure 5, it is possible to deduce that the main benefits of internationalization for companies, pointed out by the interviewees, are different, but are based on a general basic benefit: growth of organizations, whether financially, in terms of sales, or in terms of the quality of the product designed and the work carried out in general. This growth, exponential in most cases, would not be possible if companies did not venture into foreign markets, as these allow organizations to reach a much wider audience and, above all, gain a much higher purchasing power. The excerpts below prove this perception of growth on the part of the interviewees:

> **Company 2A:** *"[…] the effortlessness of growing the business faster and more sustainably. It is necessary to internationalize in order to have a company with a higher turnover. [Internationalization] it also raises the quality standards of the company, since working with large international groups, the requirement is different and perhaps that is why not any company makes the leap towards internationalization."*

In fact, based on the logic of embeddedness in relationships, the relationship investment, as internationalization, for instance, can create a more integrated exchange relationship, which is a strategic resource for any company [99,100].

Company 4A: *"The increase in the volume of work and the company's affirmation in the international market that allows us to work with major brands and have demand from others."*

The interviewees also point out that the diversification of markets and consumption habits, resulting from the internationalization process of their companies, allows them to distribute business risk and international recognition of the company, which may afford them opportunities that they would not have if they only had access to the domestic market.

Company 1B: *"[...] the internationalization of the company is fundamental because it allows us to be known at European and worldwide level, and this is very important."*

Company 5A:*"[...] the advantages are the diversification of markets and consumption habits [...]".*

4.2. The Role of Embeddedness in Internationalization

4.2.1. The Territory

The territory is a decisive variable to explain the economic dynamics alluding to different spaces. The historical and cultural circumstances and socio-economic particularities of the different regions play an important role, and their diversity largely explains the differences in the development trajectories of companies [101].

It is common to practically all interviewees that the territorial proximity of their organizations to variables such as labour or raw materials facilitates their growth, even driving the creation of specialized training initiatives in the host regions. The excerpts below reflect these opinions exactly:

Company 2B: *"[...] [location] makes it easy to access everything from raw materials to labour, etc."*

Company 3B: *"[...] This location was considered interesting [...] because there was another factory here in the region, there was this industrial process, there were many people who had already worked in the industry, there was this local workforce."*

Company 5A: *"[...] the workforce found for this sector of activity is local, as well as suppliers and specialized training and education."*

The notion of proximity is part of a commencement of economic reality, as well as social reality, which is essentially relational. It refers both to the separation, economic or geographical, of the actors, holders of different resources, and to the relationships that unite them (and/or separate them) in solving an economic problem (producing a good, technological innovation, etc.) [102].

4.2.2. The Social Environment

The perspective of the social environment in terms of embeddedness views organizations as social contexts, through which members are linked to each other in terms of "relational ties" and "emotional connections", and these ties and connections are the basis on which individuals decide their courses of action [103]. These social ties can shape perceptions, motivations and, therefore, as mentioned, the action [49].

Considering the interviews carried out, it is possible to perceive that the relational ties and emotional connections here referred to—that is, the social environment—have an influence on the scope of organizations, whether these are family connections, for example, as is possible to deduce through the excerpt below:

Company 2A: *"[. . .] the company itself emerged through family history, who had previously worked for others in the same sector, in the area. The fact that we are already in a shoe town helps for several reasons."*

On the other hand, an aspect mentioned almost unanimously by the interviewees is the reflection of these links in the company, considering the environment that involves them in terms of industry. In this case, the fact that organizations are located in identifiable places with the footwear industry has, according to the interviewees, an influence on their activity, as can be concluded by the excerpts from the interviews given below:

Company 1A: *"[. . .] the founder having worked for several years in the footwear industry in Felgueiras, this connection turns out to be obvious."*

Company 4A: *"Deep down we are a community and we work as a community. And our area is very directed to the footwear sector."*

Company 5B: *"Yes, the location, socialization and tradition itself is almost hereditary."*

Several studies have showed associated to location, social embeddedness, i.e., the similarity standings culture, values and belonging to the same group are decisive to enhancing networks and, undeniably internationalization and economic sustainability [104].

4.2.3. Cooperation Networks

According to some authors [105–107], cooperation networks have been fundamental to overcoming the lack of resources and reputation, which, as a rule, leads to several advantages for its members. These advantages are related to the exchange of ideas, innovation, the acquisition of new resources, access to information, finance and access to knowledge and skills [108,109].

In general, all of the interviewed entrepreneurs recognized that cooperation networks play a major role in the development of their ventures across borders, providing them with, and continuing to provide, important opportunities in international markets. Some of the interviewees go even further, admitting that without the contacts provided by the networks, organizations might not even have the possibility of embarking on an international project. Thus, networks end up acting as accelerators of business internationalization. This fact is combined with the validation and referencing that being involved in an important network can provide to organizations. This preponderance, attributed by the interviewees to the cooperation networks, is evident in the excerpts below:

Company 1A: *"Our work also works a little through word of mouth, so the contacts the company has and has been acquiring can lead us to other international clients."*

Company 2A: *"[. . .] it was through the Swedish agent that the company started to internationalize and get to know the international markets better. The basis of internationalization was precisely in the networks of contacts."*

There are several studies pointing out the importance of networks on the expansion process and disabling liabilities of internationalization [110,111].

Company 3A: *"At various times, the networks of contacts have an influence on how we enter a new account, a new customer. Most of the time it is very important because it is a kind of validation. This network of contacts has always been very important [. . .], [it is important] to keep it healthy because it assumes a very large percentage of influence on what is the internationalization process and the growth of that same process, in new customers."*

Networks are, indubitably, crucial for SMEs as they need to develop dynamic capabilities, which are very unalike depending the firm size [110]. Indeed, the dichotomy in the externalization process, in which those firms have different forms of distribution networks, has an undoubtable effect in the internationalization sustainability results [112].

Association 1: *"There are several companies, namely the larger ones, which maintain close cooperative relationships with other companies, which allow them to correspond, sometimes, to large orders. Smaller companies work as subcontractors, and help to respond to these orders."*

5. Discussion of Results

In general, it is agreed that the internationalization process has a high importance for companies in the footwear sector, as well as the domestic connections that facilitate this process. According to the interviewees, the internationalization process is indispensable for the growth and sustainable development of their companies, taking into account the small absorptive power of the national market.

> *"The footwear sector is currently one of the most internationalized, or extroverted, as we usually say, sectors of the Portuguese economy. We export, on average, more than 95% of what we produce. So, in general, we can say that everything we produce is for export."* (Association 1).

This internationalization is achieved, fundamentally, through international fairs dedicated to the sector, which promote the contact of organizations with potential foreign customers. In this context, collaboration with agents also takes on some relevance, since it allows companies to access privileged contacts and facilitates, in most cases, the entire process. On the other hand, the main barrier to internationalization pointed out by the interviewees is related to competition from countries that are able to offer more competitive prices, mainly due to an exponentially more economical workforce, and that are able to produce at impractical prices at the national level. As pointed out by Leonidou [35], scarcity in information, low pricing, consumers' customs, and political-economic factors (either in the country of origin or overseas) are aspects that hinder exporter behaviour. In contrast, internationalization seems to bring a central advantage to organizations, according to the entrepreneurs interviewed, generating growth at various levels (in financial terms, product quality, branding, etc.). In effect, Ayden et al.'s [94] results show that the internationalization activities of firms are influenced by the host country market conditions. Less or moderately competitive markets are more favourable to the internationalization of firms than more competitive markets.

Regarding the role of embeddedness in the exploration of foreign markets and the three variables under study, the territory, the social environment and the cooperation networks seem, equally, to have consensus in the group of interviewees. Both the territory in which the companies are located and the proximity that this location offers to aspects such as labour and raw materials such as the social environment, in the form of cultural or social connections (e.g., family background), are reflected in the way the company's activity is conducted, which includes a greater or lesser tendency to internationalize the business. The study of Propris et al. [113] disclosed that the Veneto-Timisoara case shows three things: (a) district companies internationalize their productive activities very differently from multinational companies, in that they tend to replicate the systemic model abroad, suggesting that companies are aware of the benefits of the usual location/agglomeration/external savings; (b) the relocation coincided with the internationalization of the value chain with only a few functions transferred abroad, which generated strong socioeconomic links between districts; (c) the governance structure of the inter-district network tends towards a hierarchical form (management network) due to the asymmetries of competences and, therefore, of powers between companies. With regard to cooperation networks, all interviewed agents agreed that networking plays a major role in the expansion of their external ventures, as in addition to facilitating this type of initiative, it provides important international opportunities, which without this type cooperation would probably not appear, or, as mentioned, would be more difficult to achieve.

The Network Theory postulates that the internationalization process of an organization develops through the relations that it establishes with all the actors involved in the development of its activity. Networked relationships allow for cost savings, more in-depth knowledge of international markets, and reduced transaction costs or economies of scale through joint research efforts [7]. For example, Yli-Renko, Autio and Tontti [114] demonstrated that the ties created between companies favour international growth through the creation of greater technological knowledge. Zhou, Wu and Luo [19], in turn, suggested the importance of social networks in explaining the relationship between internationalization and organizational performance [115]. Dogbe et al.'s [116] results, for instance, reveal the importance of network embeddedness on innovation performance.

Although there are some disparities between the cases under study, even considering that the companies in question are different in terms of the market segment in which they operate, it is possible to say that internationalization is practically indispensable for companies in the footwear sector that want to grow and expand their business. It is also possible to infer that networks play an important role in their growth and development, as they make it possible to boost sales, obtain different resources and share experiences and knowledge. In turn, embeddedness, in the form of the variables under study, represents an aspect that must be considered, bearing in mind the preponderance that the interviewees attribute both to the territorial dimension and to the social environment and cooperation networks.

6. Conclusions

With this study in mind to understand the role of embeddedness and cooperation networks in the business internationalization process, a qualitative methodology (case study) was used for companies in the Portuguese footwear sector.

With the analysis of the interviews carried out, it was possible to conclude that internationalization is fundamental for companies in the footwear sector, being the main process through which organizations sell their produce. It was also possible to perceive that the environment that involves companies, whether in territorial, social or cooperation networks, is effectively relevant to the business internationalization process, influencing the way organizations are internationalized. In view of their proximity to the resources necessary for internationalization, cultural and social connections to their place of origin and, in a superlative way, the access they may have to cooperation networks that, according to the interviewees, play a leading role not only in the genesis of the international processes of but also after entering foreign markets and, therefore, throughout the period in which the exploitation of these markets continues.

In theoretical terms, this study contributes to the literature of the scope in question, namely with regard to a better understanding of domestic relations in the internationalization process, as well as the role of embeddedness and networks in the internationalization process of organizations. It also makes possible the identification of possible future investigations in this matter, thus contributing to its progress.

In practical terms, it is expected that this study will help policy makers with regard to the creation of local regulations for organizations in the footwear sector, bearing in mind the importance of embeddedness, related to tax benefits for organizations that cooperate internally and use nearby resources, contributing to the growth of the regional economy and, more extensively, to the growth of the national economy. It is also hoped that the investigation will allow companies, as responsible entrepreneurs, to demonstrate that the development of networked businesses can bring tangible benefits to their organizations.

Throughout the study, some limitations were found that must be considered both in the interpretation of results and in future investigations. The first limitation identified is related to subjectivity. Despite taking all the precautions recommended for this type of investigation, qualitative studies always show some subjectivity in the analysis of results and in the coding and categorization system of the interviews. The second limitation has to do with the fact that the study sample was obtained by a convenience sample. Finally, the last limitation is related to the fact that the study focuses only on one sector, which despite being the most representative at national level, does not represent all industrial activity.

The limitations previously presented can be a starting point for future investigations, thus contributing to the development of the existing literature. In this context, it would be important to extend this study to a perspective of comparison between companies that internationalize their activity mainly to the European market and organizations whose international activity is more dependent on non-European markets. It could also be interesting to make a comparative investigation between the Portuguese footwear market and the footwear sector in Italy, for example, since they are two of the main powers of the industry at the European level.

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