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# Micro and Small Enterprises (MSEs) strategic responses in Brazilian textile industry

## Respostas estratégicas de micro e pequenas empresas (MPEs) da indústria têxtil brasileira

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### **ABSTRACT**

This study aimed to identify the strategic responses of micro and small enterprises (MSEs) in the textile industry located in the western region of Santa Catarina to the institutional environment. Therefore, we proceed a multiple case study, conducted through semi-structured interviews with the managers of six companies in the textile industry, located in the western region of Santa Catarina, Brazil. The main contributions of this stu-

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dy are that the strategic responses of companies are basically reactive (acquiescence and compromise) tied with normative environmental and cultural-cognitive pressures. As they are under to similar pressures from the institutional environment, companies show similar structures and processes, and the adjustment process of these companies can be characterized as normative and mimetic isomorphism.

**Keywords:** Institutional Theory; strategy; case study.

## RESUMO

Este estudo objetivou identificar as respostas estratégicas de micro e pequenas empresas (MPEs) da indústria têxtil ao ambiente institucional, investigando o polo localizado no extremo-oeste do estado de Santa Catarina, Brasil. Para isso, foi conduzida uma pesquisa por meio de um estudo de múltiplos casos, operacionalizado por meio de entrevistas com gestores de seis empresas do setor. Os resultados do estudo mostram que as respostas estratégicas da MPEs da indústria têxtil do extremo-oeste de Santa Catarina são basicamente reativas (isto é, aquiescência e compromisso), vinculadas às pressões ambientais normativas e cultural cognitivas. Por estarem sujeitas a pressões similares do ambiente institucional, as empresas possuem estruturas e processos semelhantes, e o processo de adaptação delas pode ser caracterizado como isomorfismo normativo e mimético.

**Palavras-chave:** Teoria Institucional; estratégia; estudo de caso.

## 1. INTRODUCTION

Organizations are transformed by the current management models, standardized behavior and adherence to the new skills and other ways which are reflected a transition phase or a continuous process of breaking on the accelerated unpredictability and complexity that threaten organizations. The Institutional Theory achieves a space in organizational studies because of its ways to absorb implicit patterns in existing companies (PEREIRA, 2012).

The Economic Theory and a large portion of organizational theories seek to demonstrate how organizations are different from each other. On the other hand, the Institutional Theory, in organizational analysis, seeks to understand how organizations be similar (DIMAGGIO; POWELL, 1991). Thus, the Institutional Theory proves

to be of great value to the understanding the relationships between individuals, organizations, and environments. It is noteworthy that in the evolution of humanity, institutions predate organizations (SCOTT, 2008) and organizations tend to take institutionalized practices and procedures in society, gaining legitimacy and a greater chance of survival (MEYER; ROWAN, 1977). So, understanding how organizations respond to the institutional environment, it is cogent, especially in emerging countries, where the analysis of the institutional lens allows us to analyze market imperfections, not privileged by other theories.

Because of its importance in the Brazilian economy, the textile industry was chosen as the research sample. The textile chain moved in 2014 around R\$ 126 billion and the jobs generated in the industry were 1.6 million, or in other numbers, 16.8% of the workers at the industrial production in 2014. These statistics reflect the importance of the industry, especially its social impact (SINTEX, 2016).

This industry has suffered several pressures, especially from international competition through the market entry of goods from Asia (COSTA; ROCHA, 2009), occurred due to the end of import quotas, and so some countries, particularly China, emerge as the most likely center of world supply, because of the significant advantages in terms of the available volume of labor and the relative labor costs, among others (MENDONÇA; SALGUEIRO; GOMES, 2013; NORDAS, 2004). Other pressures refer to the need to invest more in sustainable and eco-friendly production (GOLLO *et al.*, 2013; MENEZES, 2011), innovativeness, especially in small business (HILLEN; MACHADO, 2015), increased competitiveness through organizational skills (PUGAS; CALEGARIO; ANTONIALLI, 2013).

It is, therefore, important that organizations in the textile industry seek new strategies to gain an advantage in the market. In this context, for the industry, this study is relevant for providing more knowledge in relation to corporate strategic responses, and from this information, companies in the industry may set new agendas. In addition, the study will improve the understanding, from the lens of the Institutional Theory on strategies that made the companies in this industry be efficient over the years, especially as they are located in an emerging country.

So, this study aims to explore the isomorphic behavior and the strategic responses of micro and small enterprises (MSEs) in the textile industry located in the western region of Santa Catarina to the institutional environment. In Santa Catarina are located 15.4% of the producers of the Brazilian textile chain, or 4,937 production units, producing 798 or hulling of textile manufacturing and 4,139 manufacturers of made-up articles, representing approximately 27% of the national scores (SINTEX, 2016), which justifies the choice of companies in this state.

This first section was designed to present the motivation of the study. The second and third section refers to the theoretical background, to form the framework for the research protocol. Then are presented the methodological procedures that guided the application of research. The fifth section presents the results of empirical research, and finally, we present the discussion, to understand their academic and general implications and limitations.

## **2. THE INSTITUTIONAL THEORY**

Institutional Theory (IT) has its base and backgrounds in fields such as sociology, economics, and political science, and deals with the deepest and most resilient aspects of social structure, as well as investigating how these elements are created, disseminated, adopted and adapted over time and space, and how to decline and fall into disuse (SCOTT, 2008). Thus, the IT considers the processes by which structures including schemes, rules, norms, and routines are established as legitimate guidelines for social behavior, from regulatory, normative and cognitive-cultural elements (SCOTT, 2008).

The new institutionalism emerged in the late 1970s and early 1980s (DIMAGGIO, POWELL, 1991; MEYER; ROWAN, 1977). The great strength of the Institutional Theory focused on giving meaning organizations as parts of complex social systems to overcome the limitation of the current paradigm which emphasized in their analysis of purely technical and rational aspects of nature of management processes and little considered the issues symbolic character involving organizations, emphasizing the subjective dimensions of organizational behavior. Thus, IT sought advance based on theories

and revealing background, beyond the surface reality, the processes in existing social structure (HOLANDA, 2003).

The fundamentals of IT are the assumptions about the institutionalism of Meyer and Rowan (1977), where they clarified that organizations are pressed to incorporate procedures prevailing in the environment in which the organization operates and are institutionalized in society. Institutions, in turn, are understood as arrangements of cognitive-cultural, normative and regulative which, together with activities and associated resources, provide stability and meaning to social life (SCOTT, 2008).

Thus, organizations are structured in accordance with the characteristics of their environments and tend to become isomorphic with them. In other words, become identical to the environment due to technical interdependencies and existing knowledge exchange (DIMAGGIO; POWELL, 1991; ROSSETTO; ROSSETTO, 2005). It is noteworthy that the institutions usually adopt an isomorphic behavior compared to the industry-leading organizations to build a self-defense, while seeking to resolve the difficulties that cannot solve with the strategies of the company itself (SILVA; FONSECA, 1993). It becomes imperative for organizations to develop their structures and practices based on environmental values, in order to increase the chances of survival of organizations to a greater extent than the effectiveness or the immediate performance of the strategies and procedures adopted (MEYER; ROWAN, 1977).

## ***2.1 Environmental pressures***

Organizations are not independent elements that can determine or trigger, in isolation, methods without considering the external actions that permeate the institution's environment (HOFFMAN, 2001). The institutional context makes the organizations more homogeneous. This pressure is held by institutions welcome the regulative pillars, normative and cultural-cognitive (Figure 1) – seeking to provide balance and concept for social life (DIMAGGIO; POWELL, 1991; SCOTT, 2008).

Figure 1: Pillar of the institutions

	Regulative	Normative	Cultural-Cognitive
<b>Basis of compliance</b>	Obedience	Social obligation	Take-for-grantedness; shared understanding
<b>Basis of order</b>	Regulative rules	Binding expectations	Constitutive schema
<b>Mechanisms</b>	Coercive	Normative	Mimetic
<b>Logic</b>	Instrumentality	Appropriateness	Orthodoxy
<b>Indicators</b>	Rules, laws, and sanctions	Certifications, accreditation	Common beliefs; shared logic of action
<b>Insertion form</b>	Fear, guilt, innocence	Honor, shame	Sure, confusion
<b>Basis of legitimacy</b>	Legally sanctioned	Morally governed	Comprehensible; recognisable; culturally supported

Source: Scott (2008, p. 60).

This way, the regulative pillar refers to the competence to determine rules, check the conformity of society in general or organizations, and at the time, it takes, uses sanctions or rewards or punishments, as proof handle future behaviors. The normative pillar, in turn, refers to mandatory regulations, which are shared by a certain group, and the participants of this consider their values and norms that include them credibility and certification before society. The cultural-cognitive pillar concerns the organizations that serve as foundations for new institutions and to underpin the already sediment in society. Internal interpretations of words, signs and gestures, the same as the community granted as objects or activities are transformed by the external social structure. These cultural components diversify in their degree of institutionalization, from where they are grounded to other cultural components and the step that are associated with organizational behavior (SCOTT, 2008). The pressures, in turn, can emerge both the organization itself, the environment, as explained in Figure 2.

Figure 2: *The antecedents of deinstitutionalization*

Level of analysis	Political pressures	Instrumental pressures	Social pressures
Organizational	Increase in performance crisis	Change in economic utility	Increased social fragmentation
	Conflicting internal interests	Increased technical specification	Break in historical continuity
Environmental	Increased pressures for innovation	Increased competition for resources	Change in institutionalized values or rules
	Change in external dependencies	Emerging data or events	Increased structural disaggregation

Source: Oliver (1992, p. 567).

Political pressures are those arising from changes in interest or the underlying power rating that gives structure to the existing institutional arrangements (SCOTT, 2008). The instrumental pressures are linked to the technical or functional importance that modifies or increase doubts about the instrumental value of an institutionalized action, being an institutionalized action that has an intrinsic value or legitimacy that go beyond the technical requirements (OLIVER, 1992). Social pressures are associated with the environment and the presence of beliefs or different or discordant heterogeneous practices (SCOTT, 2008).

Knowing the categories of pressures, companies can present several strategic responses against the pressure. This is the subject of the next section.

### 3. STRATEGIC RESPONSES TO INSTITUTIONAL PROCESSES

The term strategic response refers to the ability of decision makers to define between environmental pressures, in order to guarantee their autonomy in the environment, reaching the level of performance that it is intended. The strategy is employed to suggest how they are addressed important issues for an organization, especially those that need to have the ability to progress in a competitive environment and maintain accreditation. The strategic option extends the environment in which the organization is working, challenging the patterns of desired performance against limiting environmental pressures, evaluating them and defining which courses to take strategic actions (CHILD, 1997).

Oliver (1991) proposed a typology to identify how organizations answer to institutional pressures. Her hypothesis is that the answer changes from one extreme of complete passivity and submission to the most intense conduct of rejection and control experience of institutional forces. Thus, for the author (1991), the strategic responses can take many faces (see Figure 3).

More specifically, the first response strategy proposed by Oliver (1991) is acquiescence. In this strategy organizations become adherent to institutional pressures, and can manifest as behavior, imitation or obedience. The compromise, in turn, is adopted when organizations are in situations where they judge the unpleasant or impractical accordingly, this is, conflicting or inconsistent institutional demands. Facing this scenario, institutions often seek: balance, pacify or bargain.

The third strategic response is a way that the organization uses to avoid compliance fleeing rules or institutional expectations. Thus, the organization makes use of concealment, protection or escape. The fourth strategic response, defy, widely used by companies, it uses methods such as dismiss, challenge or attack. The fifth strategic response, manipulate, aims to transform actively or hold power over the ability of expectations, or above constituents who seek to impose them in the environment. (OLIVER, 1991)

Strategic responses, over the years, has been the subject of investigations in Brazil, with emphasis on their study with graduate programs in check as evaluating how Capes interferes with academic cooperation network (CRUBELLATE *et al.*, 2008), as well as the ascertainment of the meaning of quality in higher education from the strategic responses of higher education institutions (CRUBELLATE; MENDES; LEONEL JUNIOR, 2009) and measurement of changes in co-authorships configuration between teachers linked to programs graduate, as a method of strategic response to the program itself (MELLO; CRUBELLATE; ROSSONI, 2010); the pharmaceutical market, exploring the influence of the expansion of a network of pharmacies in the strategic response of independent pharmacies (HASHIMOTO; FONSECA, 2009); and in project offices conceptions configuration – and how it is influenced by environmental demands (MARTINS; MOURA; MESQUITA, 2011). However, the textile industry has not been explored, as well as the studies focus on a temporal break between 2008 and 2011.

Figure 3: Strategic responses to institutional processes

Strategy	Tactics	Examples
Acquiesce	Habit	Following invisible, taken-for-granted norms
	Imitate	Mimicking institutional models
	Comply	Obeying rules and accepting norms
Compromise	Balance	Balancing the expectations of multiple constituents
	Pacify	Placating and accommodating institutional elements
	Bargain	Negotiating with institutional stakeholders
Avoid	Conceal	Disguising nonconformity
	Bulter	Loosening institutional attachments
	Escape	Changing goals, activities, and domains
Defy	Dismiss	Ignoring explicit norms and values
	Challenge	Contesting rules and requirements
	Attack	Assaulting the sources of institutional pressure
Manipulate	Co-opt	Importing influential constituents
	Influence	Shaping values and criteria
	Control	Dominating institutional constituents and processes

Source: Adapted from Oliver (1991, p.152).

#### 4. METHOD

Firstly, we present the scheme of analysis of environmental pressures (see Figure 4), with emphasis on institutional pressures of the industry environment. We developed three analytical categories to assist in response to the research problem and to allow the analysis of data collected with companies in the textile industry.

In this study, it is classified as environmental pressures events that occur in the institutional environment, which pressure organizations to become more homogeneous. In this process, the institutions related, regulatory, cultural-cognitive emerge from the three institutional pillars, which associated with other activities and resources pushing society aiming to provide stability and meaning to social life (DIMAGGIO; POWELL, 1991; SCOTT, 2008).

Strategic responses (characterized by organizations in Figure 4) denote the actions taken by organizations to preserve their interests against the environmental pressures. They can range from acquiescence to institutional standards already sediment in the environment to the active resistance of the organizational agents, depending on the targeted institutional pressures and/or the goals set by organizations in their planning (OLIVER, 1991).

Figure 4: Scheme of analysis of environmental pressures



Source: Developed by the authors (2017).

From these definitions, it was possible to structure the empirical research, performed by a descriptive and qualitative approach, conducted through multiple case study. According to Yin (2010), each case must be selected to provide similar results or, in opposition, produce contrasting results for predictable reasons.

#### **4.1 Case studies selection**

It is defined as the universe of this research the companies in the textile industry located in the western region of Santa Catarina, Brazil. This region was chosen for reasons like accessibility, as well to represent a textile region poorly investigated in the State different from Blumenau region – that is an important region in this industry.

Initially, we proceeded a survey on public agencies to identify the target companies, respecting the definition of being micro or small businesses and able to receive the researchers and to participate in the study. Six companies that fit into these requirements represent the research sample.

Primary data were collected through semi-structured interviews with the companies' managers. The interviews were guided by a protocol, adapted from the study of Scherer (2007) – who investigated the strategic responses in heavy construction companies. Data collection happened in person and through online tools like Skype. The interviews were recorded and fully transcribed and coded for analysis.

## 4.2 Companies profile

Given the term of privacy and confidentiality, the companies will be named as Company A, Company B, Company C, Company D, Company E and Company F. Its main characteristics are shown in Table 1. We also described the profile of managers, and the summary information is presented in Table 2.

Table 1: Companies characteristics

	Founded in	Number of employees	Operational regions	Transactions
Company A	1993	19	Southern Brazil	business-to-business
Company B	2010	3	Just the city that is located	business-to-consumer
Company C	1992	60	Southern Brazil and São Paulo	business-to-consumer and business-to-business
Company D	2000	2	Just the city that is located	business-to-consumer
Company E	1999	18	Rio Grande do Sul, West of Santa Catarina and Paraná	business-to-consumer and business-to-business
Company F	2004	4	Western of Santa Catarina	business-to-consumer

Source: Developed by the authors (2017).

Table 2: Managers profile

	Age	Gender	Education	Experience in the textile industry
Company A	57 years	Male	Elementary School	21 years
Company B	36 years	Male	Elementary School	4 years
Company C	27 years	Female	Graduate	7 years
Company D	35 years	Female	High School	2 years
Company E	49 years	Male	High School	15 years
Company F	40 years	Female	Elementary School	10 years

Source: Developed by the authors (2017).

So, we found that the most companies are in the market for over 10 years. Regarding the size, the companies investigated, if at all, are characterized as micro and small enterprises (MSEs), analyzing and classifying them according to the number of employees. The operating region can be considered regional, and only one company operates out of southern Brazil. Only one of the companies does not do transactions with the final consumer.

Analyzing the managers profile, it was possible to observe a match regard to gender, and overall have more than five years of experience in the textile industry and older than 35 years.

### 4.3 Data analysis procedures

To analyze the results of a case study, Yin (2010) suggested the creation of categories, that should be already tested in other studies or theoretically based. Thus, for the data analysis, we delimited the categories of analysis shown in Figure 5.

Figure 5: Categories of analysis

Category	Subcategory
1. Macro context and institutional environment	2.1 Influence of institutions
	2.2 Strategic responses to institutional pressures
	2.3 Isomorphic processes/homogenization of the industry
2. The textile industry	3.1 Competition
	3.2 Competitive dynamics
3. Management model	4.1 Management processes
	4.2 Adaptive cycle: dynamic and decision

Source: Adapted from Scherer (2007).

## 5. RESULTS

This section presents the results of the empirical research. As presented by Oliver (1991), the strategic responses to institutional pressures can change from passive compliance to active resistance into five types: acquiesce, compromise, avoid, defy and manipulate. These responses are contained in the analytical dimensions propo-

sed by Scherer (2007): macro context, institutional environment, the textile industry and management model, these being the following subsections.

### ***5.1 Macro context and institutional environment***

Regarding the institutional environment and its pressures, the managers were asked to describe the process of the company's design and the first years of activities in the industry.

The Company A, which began in 1993, reports that the company grows slowly and is used to adapt the products to new market needs. The manager explains that the company initially competed in a usual design of products, but now the company is focused on plus size women's fashion.

The Company B started the activities with the manufacture of uniforms for schools. The Company C began activities 22 years ago in the back of the owner's house with the manufacture of pajamas and sweatshirts. At the time of this research, the company was focused in sports line, school uniforms, coats, shirts, polo shirts, and caps.

The businesswoman of Company D decided to start a business because of the closure of the company where she worked before. So, her company started with reforms of clothes and over time she increased the products mix.

The Company E started as printing to other companies. Once started, they saw that the business was not profitable. So, changed its operations to manufacture, manufacturing sports uniforms, school's uniforms for and businesses in general.

The Company F began acting without direction. This lack of focus made the company go through many difficulties. Over the years, the company has invested in the production of clothing items in general and wool.

Analyzing the interviews and the companies behavior in relation to environmental pressures, it was possible to identify an isomorphic behavior in the process of management and adaptation over the years. In common, the companies emerged from the needs and opportunities identified by entrepreneurs who started the companies without a formal planning (and knowledge of the market).

We identify that the companies were obliged (at the risk of closing) to change its focus over the years. However, it appears that even arranged the same environment, the product line and the way of managing the companies remain different.

About the barriers and facilitators that the companies found throughout its existence, the Company A reported that the main barrier was the lack of representatives who believed in the products and the company's potential and the lack of experience of the entrepreneurs. The manager commented that the market has always been difficult and that one of the facilitators aspects was the support of the Sebrae (Brazilian Micro and Small Business Support Service) and the regional commercial and industrial association, which developed sectoral centers to strengthen the industry.

The manager of the Company B reported that the lack of government supports in the implementation of the company and the lack of skilled labor were the main barriers. As facilitators, the company also cited the Sebrae. In turn, for the Company C, the main barrier was the lack of skilled labor and as a facilitator was the good acceptance of the products by the consumers. The manager of Company D explained that the main barrier was the fear of investing not knowing the return that they would have, that is, lack of planning and lack of experience of the entrepreneur – even though the entrepreneur had work experience in the industry, but not in business management.

The Company E had difficulties related to lack of knowledge/ experience of the entrepreneur, as well as the lack of skilled labor, difficult to gain customers and difficulty in obtaining credit for the purchase of raw materials in the early years of the company. As a facilitator, the manager raised the support of the Sebrae. Finally, the Company F reported as a barrier the lack of skilled labor, as well as obtaining the raw material. The manager reported no facilitator.

It is inferred therefore that the main obstacles were the lack of entrepreneurial experience and the lack of skilled labor (indispensable if we analyze the nature of the industry). Furthermore, the support of the Sebrae and the associations were regarded as the main facilitators.

## **5.2 *The textile industry***

This category of analysis addresses the competitive dynamics of business and the positioning of these in relation to competition. It is inferred that, before the analysis of the interviews, companies have little focus on the analysis of its competitors and is primarily focused on the customer. Many of these companies work in partnership with others, where they exchange experiences, information of new markets and production know-how.

As for the maintenance of the company in the industry, respondents believe that the explanation lies in the intrinsic quality of its products, and this feature listed first for all companies in the sample. Moreover, we identify a movement of institutionalization of society's needs, as the Company A, when they invested in plus size clothes, given the demand and market needs; the need for employees' development (Company C and Company F); customer needs (Company B, Company C and Company F). On the other hand, specific characteristics of the companies have also been raised in the case like the delivery speed (Company D and Company E).

In general, the companies have similar structures and processes. Similar points refer to the focus on quality of products and processes in the enterprise (management, production, logistics, sales, and others). Based on this information, there is the influence of the environment and its pressures on the adjustments that companies have suffered over time. The adaptation of these companies to the institutional environment can be characterized as a mimetic, which DiMaggio and Powell (1991) explain that an organization can copy the other unconsciously or may not have the will to copy. On the other hand, the exposed interview data, responses were always reactive to the environment.

## **5.3 *Management models***

On process management, the Company A carries out planning, but just between the partners, and their focus is on the short and medium term. The Company B planning is done informally and implemented only by the owner and head of production. The Company C used to plan informally, in weekly meetings with supervisors and the leaders.

The Company D use to short-term planning (no more than two months) and the owner does it and uses it as scheduling and control tool (so, is just a production plan). The Company E makes long-term planning and is based on the sells. Who participates are the shareholders and those responsible for production. Finally, the Company F does not make long-term planning, and the company works based on the season and the market trends, and who makes the predictions are shareholders.

Based on this data we identify that the decision-making process of the sample is centered on the owners/shareholders. The lack of formal planning results in a more proactive action of the small business manager who ends up leading to more for its sensitivity than the administrative technique (MIGLIOLI, 2006). This can be widely seen in interviews, and the entire study trends and environmental monitoring is based on product demand and the decisions of the managers.

About the company's relationship with the consumer market, companies use to invest heavily in relationship policies, through feedback from the representatives and customers. They also invest in payment alternatives, improvements within delivery time and an increase of the variety of available products.

Regarding environmental monitoring, the companies claim that they have some actions (except Company D). However, this monitoring is fully focused on the figure of managers/owners. In general, companies understand the importance of monitoring. Regarding the search for new markets, only the Company B does not do it and justifies this position by stating that, because it is a small business, would not be able to expand the business.

The strategic priorities of the companies A, B, E and F suggest that their priorities are focused on quality, differentiation (in the case of Company A to plus size fashion) and customer service (logistics and delivery at the agreed time). The Company C focus the investment in technology and staff training. In turn, the Company D focus on investing in expanding its production plant.

Thus, it appears that the studied companies adopted a reactive and not proactive behavior in relation to existing pressures. Similar results have been postulated by Costa *et al.* (2005), which also ex-

plains that strategic planning is little used by small businesses, since most existing methodologies were developed for big companies, disregarding the particularities of small businesses and obstructing its implementation.

## **6. CONCLUSIONS AND IMPLICATIONS FOR THEORY AND PRACTICE**

In an overview, we realize that MSEs in the textile industry studied in this research suffered pressures from the institutional environment, especially instrumental pressures, which are related to increased competition in the industry and the significant change in products over the years. Strategic responses to institutional pressures ranging from acquiesce (the prospect of following the market and institutional models) to the compromise, in the way to accommodate and balance the expectations of the stakeholders. These responses reinforce the companies' reactive behavior to institutional pressures.

In addition, we identify isomorphic processes, coming from professional and participation in associations, thus taking its normative character. Nevertheless, environmental pressures (remember that businesses are located on the influence of a single region) made similar companies, mimetic way, processes, management, and beliefs – typical of small business.

The analysis of aspects of the institutional environment showed that companies feel the strong impact of institutions, however, this is not clearly identified by the managers. It was found that the companies had to adapt widely over the years, reacting to pressure from various agents of the institutional environment. However, the managers believe that external agents, except competitors, do not represent strong impact, as they work in partnership through the industry association, where exchange experiences and information of new markets and production know-how.

Another important finding of this study is related to the management of MSEs in the textile industry. It was found that the planning (of the different ways it happens in business) and decisions are centralized in the owners or partners. The same applies to the identification of potential markets and the customer study.

The results also identify the main point of the companies' competitiveness over the years has been the adaptation of products to

customer needs. The adaptation of products in this segment is vital and crucial for a company to remain on the market. It was also noted that companies seek to differentiate their markets, seeking expansion opportunities (between types of markets, geographic dispersion, and others) and offering differentiated products (like other customers). These results demonstrate a tendency for companies do not resist the changes imposed by the environment, but willingly adapt.

Thus, in theory, the study results allowed the construction of an important overview of the strategic responses of small businesses operating in the textile industry. In practical terms the results make it possible to build and define maintenance strategies and strengthening of the industry in the market, providing the generation of employment and income in Brazil.

Although the study has contributed to the theory and practice, must infer the existence of some limitations. The first limitation of the study refers to the inherent subjectivity of qualitative analysis. The second limitation relates to the place of research, considering that the analysis is focused on a single region on a single industry. Even if not objective of this study weave generalizations, it is here draw attention to the generalization and extrapolation of these results to the industry in Brazil. Thus, data collection can be part listed a border, while representing a potential issue to conduct further research.

New research, focused on the exploration of this theme can explore not only this important segment but also to the analysis of the responses from given environmental pressures. That is, check that the strategic responses are different, considering the intensity of the pressure.

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